



HEALTH OVERVIEW AND SCRUTINY COMMITTEE – 1 MARCH 2023

GREEN LIVING LEICESTERSHIRE – AN APPROACH TO DOMESTIC ENERGY EFFICIENCY RETROFIT ACROSS LEICESTERSHIRE

REPORT OF THE DIRECTOR OF PUBLIC HEALTH

Purpose of the Report

1. The purpose of this report is to update Members on the existing Domestic Energy Efficiency Retrofit Programme (DEER), including progress made to date and plans to extend the scheme.

Policy Framework and Previous Decisions

2. DEER has multiple benefits, spanning health improvements, economic growth and carbon reduction.
3. Leicestershire County Council's Strategic Plan 2022–26 is based on five strategic outcomes that outline the Council's vision for Leicestershire. Amongst the five outcomes are the 'Clean and Green' and 'Safe and Well' outcomes. DEER contributes to these outcomes by reducing carbon emissions and fuel poverty.
4. In 2022, the Council launched the first Public Health Strategy for Leicestershire, setting out the Authority's priorities and identifying areas for focus over the next five years. DEER contributes to multiple objectives, including reducing health inequalities, improving housing, reducing fuel poverty and excess winter deaths, as well as improving air quality.
5. The County Council declared a climate emergency on 15 May 2019 with unanimous cross-party support. The Council has committed to achieving net zero for its own operations by 2030 and working with others to achieve a net zero county by 2045, approving a Net Zero Leicestershire Strategy and Action Plan at a meeting of County Council in December 2022. DEER will contribute to the Action Plan by tackling one of our largest areas of carbon emissions – domestic property emissions.

Background

Drivers

6. The latest data shows that 46% of existing homes in Leicestershire are rated as energy efficient in quarter 2 (2022/23). Comparisons with other English county councils show that the 'Percentage of domestic properties with Energy Performance certificate rating C+' falls within the third quartile (below average), indicating that existing homes in the County would still benefit from more energy efficient incentives.
7. In 2020, there were an estimated 13.2% of households in fuel poverty in England under the Low Income Low Energy Efficiency metric. In the East Midlands this increased to 14.2% and in Leicestershire ranges from 9.6 – 12.4%, equating to 32,496 households. It is anticipated that the cost of living and energy price crises have increased levels of fuel poverty in the County, increasing the risk of cold related health conditions and excess winter deaths.
8. Carbon emissions from domestic properties currently account for 24% of Leicestershire's carbon emissions. Both demand reduction and decarbonisation of heat and power in buildings have been identified as key areas of intervention in the Net Zero Leicestershire Action Plan.

Funding Opportunity

9. In July 2020 the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England. Under this, £500m funding will be allocated to local authorities through the Local Authority Delivery (LAD) scheme, to: improve the energy efficiency of low-income households, help reduce fuel poverty, phase out high carbon fossil fuel heating, and deliver progress towards the UK's commitment to net zero by 2050.
10. The current phase of funding combines phase 3 of LAD and the first round of Home Upgrade Grant (HUG) funding aimed at off-gas grid properties, collectively termed "Sustainable Warmth". Eligible properties are those with an Energy Performance Certificate (EPC) rating of D or below and with a household income of less than £30,000 per year.
11. Sustainable Warmth funding was allocated directly to Leicestershire districts by the Midlands Net Zero Hub, although Charnwood declined to participate in the Midlands Net Zero Hub bid so initially had no allocation. The allocation was calculated to reflect the proportion of Energy Performance Certificate D, E, F and G properties within a Local Authority area.
12. Many districts were unable to accept the funding independently due to lack of capacity and expertise to deliver the project by March 2023. In February 2022, the County Council offered to act as a consortium lead, pooling the district funding and hosting a project delivery team.
13. All districts but Oadby and Wigston Borough Council, who were committed to an existing project, agreed to support the consortium approach. Officers from the Growth Service and Warm Homes Service led the development of the project on behalf of the districts, securing the grant for the County.

Progress to Date

14. All districts but Oadby and Wigston Borough Council signed up to the Leicestershire Consortium, with the Council legal team developing a Collaboration Agreement to set out how partners will work together on this and future green projects, which was signed by the Council and all districts.
15. The Council secured additional funding for Charnwood Borough Council who were excluded from the initial allocation of funding. They have currently been awarded underspend from another local authority that declined the funding, but the Council continues to lobby for a further £742,500 to bring them up to the allocation they should have received based on the funding calculation methodology.
16. The project has attracted a further £675,000 from the Bettercare Fund, bringing the project total to £4.305m, with district allocations as set out in Table 1 below.

Local Authority	HUG1		LAD3		Scheme Total	Bettercare Fund
	Capital	Admin	Capital	Admin		
Blaby	£84,167	£8,417	£400,000	£40,000	£532,583	£150,000
Harborough	£284,167	£28,417	£315,000	£31,500	£659,083	£75,000
Hinckley and Bosworth	£219,167	£21,917	£485,000	£48,500	£774,583	£150,000
Melton	£274,167	£27,417	£230,000	£23,000	£554,583	£150,000
North West Leics	£304,167	£30,417	£395,000	£39,500	£769,083	£150,000
Charnwood	£169,167	£16,917	£140,000	£14,000	£340,083	£ -
Total	£1,335,000	£133,500	£1,965,000	£196,500	£3,630,000	£675,000

Table 1: Funding allocations by district

17. The Warm Homes Service has used the admin portion of the grant to create and appoint to three new roles, including customer support, administration and funding development.
18. The Council Commissioning Support Unit have supported with the procurement of a new Domestic Energy Efficiency Retrofit Framework worth £35m over four years. Five suppliers have been awarded a place on the contract, with the first Call Off Contract awarded to EON Energy Solutions Ltd for delivery of Sustainable Warmth Competition funding. EON included a strong social value plan in their response which will see the project provide:
 - a. apprenticeship, training and full time roles created in the County;
 - b. all products sourced from local suppliers;
 - c. local subcontractors used where viable;
 - d. support for community initiatives (to be confirmed);
 - e. biodiversity interventions installed alongside energy efficiency measures.

19. Branding has been created by the Council Communications team, with the scheme promoted as Green Living Leicestershire (see Figure 1 below). It is anticipated that the brand can be used for future collaborative green projects in the County.



Figure 1: Green Living Leicestershire branding

20. The Council Business Intelligence team have created a new customisable tool to identify target households – those in areas of deprivation and with poor energy efficiency.
21. Resident interest in the scheme has been extremely high, with over 1000 enquiries received in the first month of promoting the scheme through social media, press and mailouts. Eligibility checks of applicant residents and technical surveys are ongoing, with latest figures detailed in Table 2 and 3 below.

Local Authority	Target	Households confirmed as eligible	%
Blaby	40	91	228%
Charnwood	14	132	943%
Harborough	31.5	37	117%
Hinckley and Bosworth	48.5	76	157%
Melton	23	25	109%
North West Leicestershire	39.5	43	109%
Total	196.5	404	206%

Table 2: LAD customers prequalified (as per 8 February 2023)

Local Authority	Target	Households confirmed as eligible	%
Blaby	5.9	7	118%
Charnwood	15.4	6	39%
Harborough	24.4	16	66%

Hinckley and Bosworth	19.9	14	70%
Melton	19.9	19	95%
North West Leicestershire	15.4	24	156%
Total	101.0	86	85%

Table 3: HUG customers prequalified (as per 8 February 2023)

22. There is significant oversubscription in Charnwood for LAD funding, which is supporting our case for securing additional funding for the district. It has proven harder to identify HUG funded properties (off gas), with 4 districts currently under target, however, some properties may be eligible to receive additional funding through HUG based on their existing EPC rating, which may reduce the targets.

Outcomes

23. Eligible households are currently undergoing retrofit assessments to identify suitable energy efficiency measures. The project has been extended to September 2023 and it is expected that the full project budget will be delivered during the next six months. As of 16th February 2023, 36% of the project budget has been committed representing 90 out of an anticipated 463 measures. The scheme is now at the stage where delivery of installs will ramp up.
24. It is anticipated that c. 300 homes will receive measures including: loft, cavity or solid wall insulation, draughtproofing, energy efficient lighting, smart heating controls, double glazed windows and doors, air source heat pump, solar photovoltaic panels.

Programme development

25. A second round of HUG has been announced by the Government to run from April 2023 for two years. The Midlands Net Zero Hub have led a successful bid for the scheme which will see the districts awarded a further £6.831m as detailed in Table 4 below.

Local Authority	Capital	Admin	Total
Blaby	£425,000	£42,500	£467,500
Charnwood	£880,000	£88,000	£968,000
Hinckley & Bosworth	£1,030,000	£103,000	£1,133,000
Melton	£1,085,000	£108,500	£1,193,500
Harborough	£1,300,000	£130,000	£1,430,000
North West Leicestershire	£1,490,000	£149,000	£1,639,000
Total	£6,210,000	£512,609	£6,831,000

Table 4: HUG2 indicative allocations

26. It is the intention that HUG2 will continue to be led by the Council under the Collaboration Agreement and that the new Framework will be used to procure a provider for the project. Districts are currently securing approval for this approach.

27. A detailed delivery plan will be developed ahead of receiving the grant award in March, but it is anticipated that c.250-600 homes will be supported depending on their existing energy performance. We are able to provide between £10,000-25,000 per household depending on whether they have a D, E, F or G rated EPC.
28. The consortium is also working towards a countywide approach to delivering Energy Company Obligation 4 Local Authority Flexible Eligibility funding. A common statement of intent has been signed by the Council and all districts which sets out the intention to support fuel poor households in the County with energy company funding. The Council is currently considering delivery options and use of a preferred contractor to provide customer confidence in the works provided through the scheme. It is anticipated that households that cannot be supported in the current LAD3/HUG1 funding scheme due to oversubscription, will be supported to access measures via Energy Company Obligation 4 and HUG2 funding to minimise disappointment and support residents actively seeking to improve the energy efficiency of their homes.

Background Papers

Tool for household identification:

<https://public.tableau.com/app/profile/r.i.team.leicestershire.county.council/viz/SustainableWarmth/Householdmap>

Leicestershire Public Health Strategy:

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2022/7/28/public-health-strategy-2022-27.pdf>

Leicestershire Net Zero Strategy and Action Plan:

<https://www.leicestershire.gov.uk/environment-and-planning/net-zero/net-zero-leicestershire-strategy-action-plan-and-reports>

Circulation under the Local Issues Alert Procedure

None

Equalities and Human Rights Implications

29. DEER supports equalities and human rights objectives by tackling fuel poverty, providing access to affordable warmth and reducing health inequalities. Eligibility for the funding is set by the Government and includes a low household income and low energy efficiency rating.

Environmental Impact

30. DEER supports environmental objectives by improving energy efficiency, promoting renewable energy and reducing carbon emissions in the County. Biodiversity is also supported through the social value element of the contract.

Officer to Contact

Katie Greenhalgh

Environment and Net Zero Carbon Programme Lead, Chief Executive's Department

katie.greenhalgh@leics.gov.uk

Alex Clark

Warm Homes Service Manager, Public Health Department

alex.clark@leics.gov.uk

This page is intentionally left blank