

## Urgent Cabinet Report/Delegated Decision Form

<b>Report/Decision Title</b>	Local Authority Delivery 2 (LAD2) Delivery
<b>Date of request</b>	29/07/22
<b>Date of meeting/decision</b>	

### **Urgent – General Exception**

The Green Homes Grant Local Authority Delivery Phase 2 (LAD2) Scheme aims to improve the energy efficiency of homes of low-income households, help to reduce fuel poverty, phase out high carbon fossil fuel heating, and deliver progress towards the UK's commitment to net zero by 2050.

Phase 2 comprises of £300m allocated through Local Energy Hubs for regional delivery up to December 2021. The North East, Yorkshire and Humber Energy Hub has secured £51.95m in LAD2 funding from the Department of Business Energy and Industrial Strategy (BEIS).

Redcar & Cleveland Borough Council applied for £1,014,564 allocation which BEIS have calculated based on Redcar & Cleveland's fuel poverty figures. This allocation includes an allocation for the costs of delivery, marketing, and development costs £129,250. Funding will be claimed via robust monthly monitoring returns to the Energy Hub.

Energy Hub (BEIS) who awarded the funding to local authorities advised programme participants that there was an underspend in the budget, and they sought out capacity in the programme to make use of the underspend with an assurance that it could be fully committed. Due to tight timescales for mobilisation and delivery of works under the funded programme, we consulted with our existing scheme partner EON. They were in agreement that due to the good progress with the programme in this borough, and the number of expressions of interest which had been received additional outcomes could be achieved from an increase in the

grant funding. With the assurance provided to BEIS, additional £ 1,165,362 of funding was secured and the delivery of measures in approximately 100 more eligible homes across the borough was agreed.

Approval is being sought via a delegated power, for a variation to the existing contract with EON. This is to accommodate the delivery of additional measures in homes across the borough as a result of the further £1,165,362 of funding which the local authority was able to secure from the programme funder. It is being requested that to allow for the existing contract with EON to be varied to accommodate the delivery of measures in homes across the borough as a result of a further £1,165,362 of grant funding being secured from BEIS, that the 28 day forward plan period is not followed on this occasion, but rather this urgent matter is subject to a shorter 5 day publish period, followed by consideration of the matter via a Delegated Power by the Cabinet Member for Housing & Health. The programme and all activity comes to an end as of September 2022.

**I confirm that the relevant chair of Scrutiny and Improvement Committee (or if there is not chair, the whole committee individually) and the Cabinet Member have been informed by notice in writing of the decision to be taken.**

<b>Officer name (Delegated Power Author)</b>	Erika Grunert	<b>Officer Signature</b>		<b>Date</b>	29/07/22
<b>Assistant Director Name</b>	Frances Anderson	<b>Assistant Director signature</b>		<b>Date</b>	29/07/22

**This urgent report/decision has been seen and agreed by the following:**

<b>Officer / Member</b>	<b>Signature</b>
Managing Director	

Section 151 Officer	
Monitoring Officer	

# Delegated Power Record

Are the details of the decision to be public or confidential?

## Public

If the details of the decision are confidential, please select the category for exemption under the Local Government Act 1972

<b>Reference</b>	<b>ADCOM-22-173</b>
<b>Corporate Plan Priority</b>	Meeting Residents' Needs
<b>Delegation Title</b>	Variation to existing EON Contract, delivering works funded by Green Homes Grant (Local Authority Delivery 2021/22)
<b>Delegated Power Number</b>	453 – In accordance with the Council’s Contract Procedure Rules 9.17: Power to vary the terms of an existing contract, where there is provision within the contract to do so
<b>Date of Exercise</b>	<a href="#">Click here to enter a date.</a>
<b>Cabinet Member</b>	Clr Barry Hunt
<b>Assistant Director</b>	Fran Anderson

<b>Type of Decision (Key/Executive/Non-Executive)</b>	Key - Executive
<b>FOR KEY DECISIONS ONLY</b>	
<b>Delegated Power Forward Plan Ref</b>	
<b>Delegated Power Forward Plan Ref</b>	
<b>Date Decision Published in Forward Plan</b>	
<b>Urgency (For Key Decisions not included in Forward Plan only)</b>	Urgent - General Exception - Forms Attached

### Background to Decision:

The Green Homes Grant Local Authority Delivery Phase 2 (LAD2) Scheme aims to improve the energy efficiency of homes of low-income households, help to reduce fuel poverty, phase out high carbon fossil fuel heating, and deliver progress towards the UK’s commitment to net zero by 2050.

Phase 2 comprises of £300m allocated through Local Energy Hubs for regional delivery up to December 2021. The North East, Yorkshire and Humber Energy Hub has secured £51.95m in LAD2 funding from the Department of Business Energy and Industrial Strategy (BEIS).

In preparation of make funding bids the Tees Valley local authorities began discussions with EON Energy Solutions (E.ON) to agree a contract to deliver the scheme. The five Tees Valley Local Authorities have worked collaboratively; operational leads, procurement, finance, and legal officers to ensure the proposed procurement route was compliant with Standing Orders.

The local authority was awarded £1,014,564 of LAD2 funding and would be a partnership between Redcar and Cleveland Borough Council and E.ON.

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LAD2 was mainly aimed at homeowners in fuel poverty. The government required that the funding must be targeted at households with an energy performance certificate (EPC) rating of Band D, E, F or G, although Band D is subject to a cap of 50% of Band D homes in any Local Authority proposal. Those receiving measures must have a combined household annual income of no more than £30,000. Those homeowners who qualify can have a maximum of £10,000 of works done to their property at no cost such as external wall insulation / air source heat pumps / solar PV / loft insulation / double glazing / smart heating controls. LAD2 funding cannot be used to subsidise fossil fuel products or to fund gas boilers. The vision of the scheme is to improve individual properties EPC band to C and above.

The initial scheme proposed to deliver the following:

- 113 eligible housing retrofit measures.
- Delivery of the measures to 92 properties.

### **Decision Considerations:**

Energy Hub (BEIS) who awarded the funding to local authorities advised programme participants that there was an underspend in the budget, and they sought out capacity in the programme to make use of the underspend with an assurance that it could be fully committed. After consulting our partner EON we were in agreement that due to the good progress with the programme in this borough, and the number of expressions of interest which had been received additional outcomes could be achieved from an increase in the grant funding.

With the assurance provided to BEIS, additional £ 1,165,362 of funding was secured and the delivery of measures in approximately 100 more eligible homes across the borough was agreed.

### **Full details of decision:**

Approval is requested to vary the existing contract with EON to accommodate the delivery of additional measures in homes across the borough as a result of the further £1,165,362 of funding which the local authority was able to secure from the programme funder.

### **Financial detail:**

All costs associated with Green Homes Grant (LAD2) are fully funded from the Department of Business Energy and Industrial Strategy (BEIS).

The grant award by the Energy Hub (BEIS) to the local authority was initially £1,014,564, this allocation includes funding for the cost of delivery, marketing, and development.

The local authority was awarded a further £1,165,362 to spend under the programme due to underspend in other delivery areas.

Delivery Administrative costs to E.ON, accommodating the additional activity will increase from £57,534 to £138,397 with an additional budget of £17,750 proposed for marketing and lead generation which both the local authority and E.ON will work on jointly.

£15,000 toward local authority administration costs has also been awarded as part of the funding.

The spend is profiled, with the assumption of full use of the grant awarded, without any financial clawback by BEIS.

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The funding has been claimed via robust monthly monitoring returns to the Energy Hub.

The initial deadline for all the measures to be installed and works completed was 31 December 2021. The deadline was revised and extended until September 2022

A revised contract between E.ON and the local authority has been drafted to accommodate the uplift in budget and will be reviewed by our legal officer.

**Delivering Social Value:**

E.ON are the Principal Contractor supported by local subcontractors to deliver the requirement of the contract. E.ON has used a thoroughly vetted and approved framework of contractors, who will install measures in homes across the borough.

**Reasons for Decision:**

The scheme was challenging to deliver given the tight timescales, requirements such as the need to have a variety of skilled tradespeople and qualified Retrofit Assessors and the impact of Covid-19 making people more reluctant to have contractors carry out works in their homes. Using a recognised company, such as E.ON, encouraged people to take part and therefore we have been able to maximise the amount of investment in the Borough.

**Details of alternative options considered (if any) and reasons for rejection:**

Due to tight timescales for delivery and lack of internal capacity appointing a delivery partner was the only way to ensure we could meet the requirements of the grant and avoid any clawback of funding.

**Details of any conflict of interest declared by any Elected Member consulted in relation to the decision:**

**Details of any dispensation granted in respect of any conflict of interest:**

This must be left blank. Business Support will seek this information from the Cabinet Member.

**Background Papers:**

State where any additional papers may be held, any background information (if applicable)

<b>Officer Name (Print)</b>	Erika Grunert
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<b>Officer Signature</b>	
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<b>Submission date</b>	22/07/2022
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<b>Procurement Approval</b>	22/07/2022	This request complies with the Council's Contract Procedure Rules for works contracts.
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# Delegated Power Record

<b>Reference</b>	<b>ADCOM-22-173</b>
<b>Delegated Power Forward Plan Reference</b>	
<b>Corporate Plan Priority</b>	Meeting Residents' Needs
<b>Delegation Title</b>	Variation to existing EON Contract, delivering works funded by Green Homes Grant (Local Authority Delivery 2021/22)
<b>Delegated Power Number</b>	453 – In accordance with the Council’s Contract Procedure Rules 9.17: Power to vary the terms of an existing contract, where there is provision within the contract to do so
<b>Date of Exercise</b>	<a href="#">Click here to enter a date.</a>
<b>Cabinet Member</b>	Cllr Barry Hunt
<b>Assistant Director</b>	Fran Anderson

## Signatures

<b>CABINET MEMBER FOR NEIGHBOURHOODS &amp; HOUSING</b> 	<b>Date</b> <a href="#">Click here to enter a date.</a> 2.8.2022
<b>CHIEF FINANCE OFFICER</b> 	<b>Date</b> 29/07/2022
<b>CHIEF LEGAL OFFICER</b> 	<b>Date</b> 29/07/2022
<b>CORPORATE DIRECTOR FOR ADULTS AND COMMUNITIES</b> 	<b>Date</b> 01/08/2022

## **Call-In (Key Decisions Only)**

Call-In to be dis-applied due to urgency, reasons as follows:

It is being requested that to allow for the existing contract with EON to be varied to accommodate the delivery of measures in homes across the borough as a result of a further £1,165,362 of grant funding begin secured from BEIS, that the 28 forward plan period is not followed on this occasion, but rather this urgent matter is subject to a shorter 5 day publish period, followed by consideration of the matter via a Delegated Power by the Cabinet Member for Housing & Health. The programme and all activity comes to an end as of September 2022. For that reason, it is imperative that any delay is minimised, and the call-in period be disapplied in this case.

<b>Date Decision will become effective</b>	<a href="#">Click or tap to enter a date.</a>
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## Delegated Power Record

	To be completed by Democratic Services – date will be not less than expiry of 5 working days from publication unless urgency applies.
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