

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 October 2021

Portfolio:	Housing
Subject:	Local Authority Delivery Phase 2 (LAD2) funding scheme for energy efficiency measures to Council homes
Report of:	The Deputy Chief Executive Officer
Corporate Priorities:	Providing Housing Choices

Purpose:

To provide an overview of the LAD2 funding opportunity which will improve the energy efficiency of many Council homes.

Executive summary:

The second phase of the Local Authority Delivery scheme (LAD) was launched in spring 2021 and is now open for applications. This funding is aimed at improving the energy efficiency of homes for low-income households. This would typically consist of improvements to insulation or, in some instances, installation of solar panels. The scheme in Fareham is being co-ordinated by the SW Energy Hub and will be delivered by City Energy.

The Council would be required to fund up to £5,000 or 1/3 of the works, per property; LAD2 funding will typically cover the remaining 2/3 of the costs of the improvement measures. A total budget of £150,000 will be incorporated into the HRA capital programme over the next 2-3 financial years to ensure this funding opportunity can be utilised.

This report seeks approval to enter into an appropriate contract with City Energy for works to the Council's social housing stock. Approval is also sought for the funding arrangements, incorporated into the HRA capital programme over the next 2-3 financial years.

Recommendation:

It is recommended that the Executive agrees:

- (a) that entering into a contract for the works which facilitate the use of LAD2 funding be delegated to the Deputy Chief Executive Officer; and
- (b) the funding mechanisms to meet the Council's contribution toward the costs of the works.

Reason:

To meet the commitments in the Housing Greener Policy and the Fareham Borough Council Climate Change Action Plan.

Cost of proposals:

The Council is required to fund up to £5,000 or 1/3 of the works, per property. A total budget of £150,000 will be incorporated into the HRA capital programme over the next 2-3 financial years in line with the required spend profile to qualify for LAD2 funding.

Appendices: None

Background papers: The Fareham Housing Greener Policy
The Fareham Borough Council Climate Change Action Plan.

Reference papers: None

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Executive Briefing Paper

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Briefing by:	The Deputy Chief Executive Officer
Portfolio:	Housing

INTRODUCTION

1. Phase 2 of the Local Authority Delivery scheme (LAD) was launched in spring 2021 with funding of £300m being allocated to Local Energy Hubs. The Hubs would then appoint delivery organisations to undertake the works in partnership with Local Authorities. The aim of the scheme is to improve the energy efficiency of homes of low-income households.
2. On 16 December 2019 the Executive approved the Fareham Housing Greener Policy. On the 7 June the Executive approved the Fareham Borough Council Climate Change Action Plan. Both documents set out actions to invest in the energy efficiency of our social housing stock, with the aim of ensuring our tenants can afford warm homes and maximise grant funding opportunities. The LAD2 funding provides the perfect opportunity to deliver on these commitments.

THE LOCAL AUTHORITY DELIVERY PHASE 2 (LAD2) SCHEME

3. LAD2 is the second phase of the Government Local Authority Delivery scheme. The intention of LAD is to improve the household energy efficiency for those on low income. The scheme is open until the end of the year and is aimed at properties with poor energy efficiency. These have been stipulated as homes with an Energy Performance Certificate (EPC) of D or lower. A cap of £30,000 combined income per household has also been set to ensure the works target those who need help the most.
4. The delivery of LAD2 differs to the first phase. In this wave the Local Energy Hub (the SW Energy Hub in the Solent region) appoints a managing agent to co-ordinate and undertake the improvement works. This is in contrast to previous waves where the local authority would apply for funding directly. This means that LAD2 is a simpler process; the managing agent is responsible for confirming works, overseeing delivery, arranging procurement, and submitting audit information. Therefore, officers can focus just on tenant engagement rather than the usual intensive requirements of a bid process.
5. LAD2 is open to both private and social households. The scope of this report is limited to the Council's own residential properties. The remit for this type of funding for private households falls elsewhere in the Council.

6. The requirements of LAD2 stipulate that properties should have an EPC of D or lower to be considered for the scheme, and also that the household income should not exceed £30,000. City Energy, the agent appointed by the SW Energy Hub, has been able to confirm that 47 properties have been identified for further detailed surveys and works. There is potential for more properties to be incorporated into future waves of the LAD2 scheme, should this become available.
7. The purpose of the LAD2 scheme is to improve energy efficiency and best practice is to target the thermal insulation. This means that wall and roof insulation will likely be the first measure implemented. Modelling will be undertaken by City Energy to look at the energy efficiency measures currently in place and where potential improvements could be made. Then site surveys will confirm the works and identify whether any other enhancements, such as solar panels, could be fitted. The nature of the works means that although there will be some disruption, it is not likely that tenants will need to move.
8. It is likely that the majority of LAD2 funding will be used towards improvements to Council houses rather than flats. Flats are far more complex in terms of energy efficiency improvements. A separate piece of work is already underway (also grant funded) to help the Council understand the best and most cost-effective solution for Council flatted stock.

FUNDING ARRANGEMENTS

9. As with all the LAD schemes, the Council will be required to contribute towards improvement costs. This contribution will typically be up to £5,000 or 1/3 of the works, per property. However, in the unlikely event that the total cost went over £5,000, the Council would need to contribute the net difference.
10. A total budget of £150,000 will be incorporated into the HRA capital programme over the next 2-3 financial years to ensure this funding opportunity can be utilised. This also allows for a small contingency / flexibility to best use the grant opportunity available. This cost to the HRA will utilise existing budgets for improvements to Council stock rather than any new budgetary provision. In many instances it will allow us to access grant funding toward work that would have already fallen within our planned maintenance programme.

CONCLUSION

11. The LAD2 scheme provides an excellent opportunity to improve the energy efficiency of our stock. This will deliver on the principles of our Fareham Housing Greener Policy and the Fareham Borough Council Climate Change Action Plan. More energy efficient homes will also help to drive down energy costs for our Council tenants.

Enquiries:

For further information on this report please contact Fleur Allaway (Ext 4304)