

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 07 December 2021

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Local Authority Delivery Phase 2 (LAD2) Funding Scheme for energy efficiency measures to Council Homes – Update.</b>
<b>Report of:</b>	Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	Proving housing choices

**Purpose:**

To update the Executive on additional LAD2 funding now available to improve the energy efficiency of Council homes. This is further to the LAD2 funding approved at the October Executive.

The report seeks approval to expand the energy efficiency works originally planned and for the funding mechanisms to meet the Council's contribution.

**Executive summary:**

At its meeting of the 11 October 2021, the Executive discussed the LAD2 funding opportunity to improve Council owned homes. The funding and contract approach were also approved at this meeting.

Further discussions have taken place on funding availability and it has emerged that the Council could apply for more works than originally anticipated. At the current time it is not possible to determine the exact number of properties, however, work is already underway to understand this given the short timescales of this funding.

This report seeks approval to extend the contract with City Energy for energy efficiency works to the Council social housing stock. Approval is also sought for the funding arrangements. 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 budget of £350,000 will be into the HRA capital programme over the next 2-3 financial years. This is in addition to the £150,000 agreed at the October Executive.

**Recommendation/Recommended Option:**

It is recommended that the Executive agrees:

- (a) that the extension for the contract for the works which facilitate the use of LAD2 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 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 budget of £350,000 will be into the HRA capital programme over the next 2-3 financial years. This is in addition to the £150,000 agreed at the October Executive.

**Appendices:** None.

**Background papers:** 11 October 2021 Executive Report - Local Authority Delivery Phase 2 (LAD2) funding scheme for energy efficiency measures to Council homes.

**Reference papers:**

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	07 December 2021
<b>Subject:</b>	Local Authority Delivery Phase 2 (LAD2) Funding Scheme for energy efficiency measures in Council homes
<b>Briefing by:</b>	Deputy Chief Executive Officer
<b>Portfolio:</b>	Housing

#### INTRODUCTION

1. At its meeting of the 11 October 2021, the Executive discussed the LAD2 funding opportunity to improve Council owned homes. The funding and contract mechanisms were also approved at this meeting.
2. Further conversations have been underway on availability of funding and it has emerged that the Council could apply for more works than originally anticipated. By extending the contract with City Energy, the company delivering these works, the Council can improve the energy efficiency in more of its social housing stock.

#### 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 financial 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. As with the initial stage of this project, the thermal insulation of the Council's properties will be targeted first. Further modelling is still to be undertaken by City Energy, the agent appointed by the SW Energy Hub, to understand how many more properties can be improved. Once this is complete site surveys can be undertaken to understand whether any further enhancements, such as solar panels, can be incorporated.

#### FUNDING ARRANGEMENTS

5. The LAD2 scheme stipulates that 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. At the meeting of the 11<sup>th</sup> October, the Executive approved a total budget of £150,000 to contribute towards the costs of the scheme to improve the 47 properties identified as potentially eligible.

6. An additional £350,000 budget will ensure that the maximum number of eligible properties can be reached in the time available. This means a total of £500,000 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.
7. 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**

8. The extension of the LAD2 scheme enables us to improve the energy efficiency of more of our housing stock. It also delivers on the principles of our Fareham Housing Greener Policy and the Fareham Borough Council Climate Change Action Plan. By improving the energy efficiency of our properties, we hope to also drive down energy costs for our Council tenants.

## **Enquiries:**

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