

**TITLE OF REPORT: Warm Homes Grant Applications**

**REPORT OF: Anneliese Hutchinson – Interim Strategic Director Economy, Innovation and Growth and Kevin Scarlett, Strategic Director Housing, Environment and Health Communities**

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**Purpose of the Report**

1. To request approval to submit a grant application to the Warm Homes Social Housing Funding, as part of a regional consortium bid, led by the North East and Yorkshire Net Zero Hub.
2. To note the submission of an expression of interest to the Warm Homes Local Grant, for grants for private homes.

**Background**

3. The Council is seeking to reduce the energy use, and carbon emissions of homes in the borough, in line with the Climate Emergency Action Plan, and the Housing Asset Management Strategy.
4. Two new grant schemes have been released, as follows:
  - a. Warm Homes Social Housing Fund, offering grants to social housing providers for energy efficiency (£7,500 per home, up to 50%) and low carbon heating systems (£20,000 per home, at 100%)
  - b. Warm Homes Local Grant, offering grants of up to £30,000 (100%) for energy efficiency (£15,000) and low carbon heating (£15,000)

**Proposal**

5. It is proposed to progress the following:
6. **Warm Homes Social Housing Fund.** A grant application for £1.494m, for 146 properties, will be submitted before 25<sup>th</sup> November 2024, through a regional consortium, led by the North East and Yorkshire Net Zero Hub. The outcome will be known by early 2025. Match funding of £3.697m would be required, which is already available from agreed HRA Capital Programme budgets for 2025/26-2026/27
7. **Warm Homes Local Grant.** An expression of interest will be developed, to secure a pot of funding to deliver energy efficiency and low carbon heating to between 250 – 350 homes (subject to ongoing feasibility work), to be submitted before 1<sup>st</sup> December 2024. Full grant applications will be required

before Spring 2025, which assume 100% funding for measures, with no contribution from residents or the Council.

## **Recommendations**

8. It is recommended that:
- (i) Cabinet approve the submission of an estimated £1.494m grant application to the Warm Homes Social Housing Fund, via a regional consortium led by the North East and Yorkshire Net Zero Hub.
  - (ii) Cabinet note the plan to prepare and submit an Expression of Interest for the Warm Homes Local Grant

For the following reason(s):

- (i) To improve energy efficiency and reduce carbon emissions of Council and private homes
- (ii) To reduce energy costs for residents
- (iii) To support the Council's Climate Emergency Action Plan to achieve net zero emissions by 2030

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**Simon Chrisp, Housing Asset Manager (ext. 5461)**

## **Policy Context**

1. These proposals continue to contribute to the delivery of many targets within the Corporate Plan, Thrive, Housing Asset Management Strategy and the Council's Climate Emergency Action Plan. specifically:
  - Improving energy performance of homes
  - Reducing carbon emissions of homes
  - Improving condition of homes, and healthy homes, including reducing occurrence of cold, damp and mould in homes.

## **Background**

2. Two grant schemes are available to seek grant support for various housing and decarbonisation energy schemes, as follows:
3. Warm Homes: Social Housing Fund (previously known as Social Housing Decarbonisation Fund). Similar funding as previously with some changes:
  - Eligible properties are all social housing properties with an EPC D or below, where some C rated properties and some private homes can be included as infills
  - Applies to both on and off gas grid properties
  - Eligible measures should focus on lowering household bills and include primary measures (efficiency) and then secondary (low carbon heating)
  - There are higher amounts of funding available for properties installing low carbon heating solutions, but this is as a percentage of overall number of properties
4. Warm Homes: Local Grant -
  - Takes learnings from previous schemes, Home Upgrade Scheme (HUG) and Local Authority Delivery (LAD) which are implemented into this scheme.
  - Provides local authorities with funding to distribute to households to install energy efficiency and low carbon heating measures
  - Focuses on reducing energy bills and helping to alleviate fuel poverty for owner occupied properties and private rented properties
  - Only properties EPC D-G are eligible
  - Various routes to eligibility, including properties which are in Indices of Multiple Deprivation OR a means tested benefit OR a gross annual income below £36,000 after household costs

## **Warm Homes – Social Housing Fund**

5. It is proposed that the Council joins a consortium bid, managed by the North East and Yorkshire Net Zero Hub (NEYNZH), and all North-East Councils have been requested to follow this approach by Kim McGuinness, Mayor of the North East Combined Authority. The consortium will then submit final consortium bids before the grant deadline of 25<sup>th</sup> November 2024.

6. Funding is only available for housing stock rated D band or below. The Council currently has 58.3% of the calculable social housing homes (16,605 assets), at EPC Band C or above. But, ongoing data cleansing, as part the implementation of the HRA's new energy management software SAVA, suggests this could be 10-15% higher. This means the pool of homes eligible for grants is less, which has complicated the selection of appropriate stock to include in a bid.
7. In addition, we need to find measures that are affordable under the grant and are deliverable as unified works packages. Gateshead has actively insulated homes since the mid 1990's, with all its non-traditional homes having been insulated. Borough wide cavity wall and loft insulation schemes have also been carried out. Some measures – e.g. solid wall insulation – remain high cost (greater than £20k per home) and are not affordable, or viable from a delivery perspective, even after grant funding.
8. The scope and cost of a bid is still to be finalised, but the current outline has defined a core number of properties, with high priority for improvement works to thermally insulate flat roofs, that are eligible for primary measures, at a grant of up to £7,500 per home (at 50% grant funding). The target is 146 homes. Areas include:
  - New modern green energy solutions for Barlow (Solar PV, heat pumps), an off gas street currently with solid fuel heating appliances.
  - New insulated flat roof installations to bungalows and family homes, with solar PV where viable, including the installation of enhanced ventilation to mitigate against the risks associated with condensation and mould.
  - Split Crow Road scheme to bring back into use two empty HRA assets that will pilot green technology solutions in a new family home and single person dwelling.
  - The renewal of five multi storey roofs where the thermal performance of the roof section has begun to fail.
9. The current scheme cost estimate and grant application amounts, is as per the table below, based on 146 identified properties to date:

Item	Total costs, £m	Cost per home
Cost of works	£5,191m	£35,558
Grant value	£1.494m	£10,210
Cost to HRA	£3.697m	£25,322

10. The scheme would run over 2 financial years, with a forecast HRA budget requirement of £1.52m (60 homes, 2025/26) and £2.18m (86 homes, 2026/27). This would be funded from the already agreed net zero budget, within the HRA 5 year business plan, which is currently agreed at £3.9m per annum.

11. Whilst the scheme is a consortium bid, the Council will still be able to co-ordinate how it procures and delivers these works. We expect to hear the outcome by early 2025.

### **Warm Homes: Local Grant**

12. It is proposed that the Council submits an expression of interest (EOI) to the Warm Homes: Local Grant, to secure grant funding for privately owned and privately rented properties, which needs to be submitted before 1<sup>st</sup> December 2024.

13. The priority for this funding will be as follows:

- To secure funding, of up to £15,000 per home for energy performance and £15,000 for low carbon heating, for all eligible privately owned homes (including private sector landlords) on the Old Fold / Nest House estate. On current estimate, this could be ca. 150 properties. This is justified as:
  - a. Heat networks remain the priority low carbon measure for homes (in line with the Council's Zero Carbon Heat Strategy)
  - b. Old Fold / Nest House is the Council's focus for expanding low rise heat networks, and the funding model is not yet viable for the estate wide heat network extension. This grant would support viability for the full estate scheme.
- To secure a funding pot for a wider pool of measures (insulation, solar PV, low carbon heating systems), for between 100 –200 private properties elsewhere in the borough, based on estimates of what is deliverable and affordable within the grant delivery period. The Council is exploring the potential of working with a delivery partner to provide a turnkey solution to give the best output for the Council and its residents as there is limited funding for the administration of the scheme.

14. Financially, the grant scheme is based on 100% fully funded measures, with no contribution required from residents or the Council. It is on that basis that the EOI is progressed.

15. At this stage, the EOI is non-committal, and does not require formal Cabinet approval. Should a formal grant application be required, if our EOI is accepted, this will be reported to Cabinet for consideration and decision.

### **Alternative Options**

16. **Not submitting the grant applications:** This has been rejected. The HRA Asset Management Strategy and Business Plan are predicated on accessing grant to meet the Council's statutory obligations. Gateshead would fail to benefit from these significant funding opportunities and proposals are based on what is determined to be deliverable and achievable within the criteria and timescales available.

### **Consultation**

17. The Housing and Economy portfolio has been consulted on these proposals .

## Implications of Recommended Option

### 18. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that this the HRA Capital Programme has budgets allocated within 2025/26 and 2026/26 under the Net Zero Budget, to provide match funding, if the Warm Homes Social Housing Fund is successful. Commitment of capital funds would only be confirmed at the stage of grant acceptance.
- b) **Human Resources Implications** – Schemes will be delivered by externally procured delivery contractors, but managed by appropriate Council services (project / contract management)
- c) **Property Implications** - The scheme will improve conditions, and energy efficiency, of respective Council homes, in line with Asset Management strategies and support the mitigation of risks linked to damp and mould.

19. **Risk Management Implication** – The risks around submitting grant application are limited to staff time / resources to prepare / manage bids before its confirmed funding will be secured. There will be financial and delivery risks to consider if successful.

20. **Equality and Diversity Implications** - None

21. **Crime and Disorder Implications** – None

22. **Health Implications** - supporting the energy efficiency of homes, as well as measures to alleviate damp / mould, to continue providing health benefits to residents

23. **Climate Emergency and Sustainability Implications** - The project will reduce energy consumption and carbon emissions of homes, in line with the Council's Net Zero targets.

24. **Human Rights Implications** - None

25. **Ward Implications** - the schemes are potentially borough wide, and exact locations will be confirmed through approval of any grant funding offered.

### Background Information

26. None