



Title of report: Warm Homes: Local Grant

Decision maker: Cabinet Member – Environment

Decision date: April 17th, 2025

Report by: Project Manager - Capital

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

The report seeks approval for the Council to accept the Warm Homes: Local Grant (WH:LG) capital funding of approx. £2,485,440 via the signing of a Memorandum of Understanding with Shropshire Council as the lead Local Authority. Herefordshire Council will join a small consortium with Shropshire and Telford Local Authorities.

This funding will be used to enable an estimated 200 fuel poor households across Herefordshire to be supported with home energy efficiency and renewable heating measures.

Recommendation(s)

That:

- a) **Approval is given for the acceptance and expenditure of the full allocation Warm Homes: Local Grant awarded to Herefordshire of approx. £2,485,440 capital and £372,816 revenue funding and any additional funding if granted 2025/26;**

- b) **The Section 151 Officer adds the allocated grant to the capital programme and accept any additional Warm Homes: Local Grant funding should it be granted;**
- c) **The Council signs a back-to-back Memorandum of Understanding (MoU) with Shropshire and Telford & Wrekin Councils with Shropshire signing the main MoU as the Consortium lead; and**
- d) **The Service Director for Growth be authorised to take all operational decisions necessary to implement recommendation a).**

Alternative options

1. Not to accept or part accept the grant funding. This is not recommended as this would make it difficult for Herefordshire fuel poor households to receive support at the levels stated within the bid, as other funding streams alone are likely to result in significant funding shortfalls for fuel poor households. This will result in a risk of not achieving the council's strategic objectives within the Herefordshire Council Plan 2024 – 2028 and will not make progress towards the Council's 2030 net zero carbon ambition for the county.

Key considerations

Background

2. Fuel poverty remains a significant issue in Herefordshire, with an estimated 19,688 households thought to suffer from fuel poverty across the county which amounts to 19.2% of all households in the County and is higher than the national average of 13.1%. This has increased from just under 17% before energy costs rose significantly in 2021.
3. Fuel poverty levels in the county are a result of a combination of low incomes, above average numbers of older, 'hard to treat' properties and poor coverage of the mains gas network, due to rurality. A household is said to be in fuel poverty when they're unable to keep adequately warm at a reasonable cost, given their income.
4. Many homes in the county therefore rely on expensive heating fuel systems and as a result have poor energy efficiency ratings and high relative greenhouse gas emissions. There are an estimated 58,000 properties Energy Performance Certificate (EPC) rated D to G (Building Research Establishment 2019) in Herefordshire.

Proposal

5. The WH:LG scheme aims to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality homes, delivering progress towards reducing fuel poverty, the phasing out of high carbon fossil fuel heating and the UK's commitment to achieve net zero by 2050. The fund also aims to support the green recovery in response to the economic impacts of Covid-19 and to help take low-income families out of fuel poverty (Appendix A).
6. The scheme will target support to 200 households at an average of £12,400 per home across the project. Any work carried out is fully funded with no resident contribution required. Future servicing of measures will be the responsibility of the resident
7. Herefordshire Council will form part of a small consortium with Shropshire & Telford Local Authorities with Shropshire acting as the lead authority. As lead authority Shropshire will sign the principal MoU with the Department for Security & Net Zero. As the lead authority they will be responsible for all reporting, scheme delivery and financial management Herefordshire and Telford & Wrekin Councils will sign a back to back MoU that reflects the conditions of the main

MoU. An annual admin amount of approx. £11,500 will be paid to Shropshire to cover their management costs from Herefordshire Council's allocation.

8. Household eligibility will be assessed on:

- a) EPC rating of properties - only D, E, F or G homes will qualify as will Park Homes (which do not require an EPC). Where no EPC exists, homes will be pre-assessed by an independent assessor. commissioned and funded through the project budget.
- b) Combined household annual income of no more than £36k gross, before housing costs, and linked to either:
 - i. Existing means-tested benefits as a proxy or;
 - ii. Use existing Council set and publicised criteria and processes to gather evidence of household income. These are set out in the council's Statement of Intent (Appendix B).
 - iii. Be located in the WH:LG eligible area(A new area-based eligibility route has been introduced for WH:LG, using income deprivation data drawn from the Indices of Multiple Deprivation (IMD) 2019. Households living in the most economically deprived neighbourhoods (income deciles 1- 2) will be automatically eligible for upgrades, provided they meet the criteria set out on Herefordshire Council's website.

9. Installed measures are expected to focus on replacing broken and inefficient heating systems with renewable air source heat pump (ASHP) systems as well as installing internal and external solid wall insulation (SWI), double glazed windows and insulated doors. These measures complement each other from a whole-house perspective, which is a central ambition of the proposed scheme.

10. The project will also look to incorporate other eligible measures as allowed under the scheme and where suitable for the properties and households identified. Eligible measures are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve EPC band D, E, F or G rated homes. This includes, but is not limited to, measures such as wall, loft and underfloor insulation, as well as low carbon technologies and solar photovoltaics.

11. Fossil fuel heating systems are not an eligible measure through the scheme i.e. gas, oil, LPG and solid fuel systems.

12. The project will aim to fund energy efficiency and renewable heating measures across tenures from the social and private rented sectors to privately owned households and park homes. We are currently engaging with partners from these sectors to identify eligible properties and maximise delivery potential.

13. Project promotion and targeting is planned via the following routes:

- a) Targeted social media posts informed by compiled data such as deprivation, fuel poverty, energy performance of property and fuel type
- b) Existing networks and established referral routes, such as Herefordshire Talk Community Social Prescribing teams and Energy Advocate officer roles as well as Herefordshire Affordable Warmth Network partners such as housing associations, Fire & Rescue service and community organisations

- c) Information and leaflet distribution through Parish Councils and in Council planned mail outs and private landlord correspondence
14. Local Authorities are responsible for delivering their allocation including submitting a proposal and identify areas for the customer journey support (CJS) to target.
- a) The CJS will be procured by the council and funded completely by the grant funding.
 - b) The CJS will assist regionally, inform residents of the process and provide a single point of contact and support. The CJS will check household eligibility, answer questions on the scheme and energy efficiency measures, register any complaints as well as provide additional support to help tackle fuel poverty
15. Timescales and deadlines for the project are outlined in the grant letter as follows:

Date	Event/Deadline
February 2025	Allocation confirmed by Department for Energy Security & Net Zero (DESNZ)
March 2025	Delivery Assurance Check (DAC) with DESNZ (Readiness)
April 2025	Admin & Ancillary (A&A) & Upfront Payment received
1 April 2025	Scheme starts
31 March 2028	Scheme ends

16. The proposed procurement approach for this project is to extend contracts with the council's existing whole house retrofit delivery partners who are currently delivering well for us on a similar scheme. This includes insulation measures, clean heat systems and renewables e.g. Solar PV (all applicable to PAS 2035:2023) These contracts can be extended for an additional 3 years pursuant to it's terms.
17. £372,816 of the allocated funding is designated for administration and ancillary costs for the following, some of which would be capitalised, for example preparatory building works:
- a) Project management, reporting, administration, and governance costs;
 - b) Building works to prepare for install – for example if there are issues with the walls that need to be rectified prior to insulation being applied;
 - c) Retrofit coordinator training costs;
 - d) Resident targeting, low-income verification and sign-up including lead generation; and
 - e) Communication activities.
18. Evaluation of the scheme will be facilitated by Department for Energy Security and Net Zero (DESNZ), with appropriate data sharing arrangements put in place to facilitate this as per the current HUG2 project.

Community impact

19. In accordance with the adopted code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts and encourages constructive challenge and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development and review.

20. This project will contribute towards the following local and regional strategic priorities, targets and legislation:

a) Herefordshire Council Plan (2024-28)

- Environment - Protect and enhance our environment and keep Herefordshire a great place to live.
- Improve the energy efficiency of homes.
- Community - Strengthen communities to ensure that everyone lives well and safely together.
- Reduce the number of households living in fuel poverty.
- Economy - Support an economy which builds on the County's strengths and resources.
- Spend public money in the local economy wherever possible.

b) Herefordshire Council Corporate Delivery Plan (2024-28)

- Support households and businesses to take action to address climate change - Install energy efficient measures to 200 homes and retrofit assessments completed for 150 households.

c) Herefordshire Health & Wellbeing Strategy

- Priority three - For older people (quality of life, social isolation, fuel poverty);
- Priority four - Impact of housing (fuel poverty and poverty and the impact on health & wellbeing).

d) Executive Response to the Climate Emergency

e) Air Quality Strategy for Herefordshire and Worcestershire

21. The funding aims to support low income households living in the least energy efficient homes (those rated EPC Band E, F or G). WH:LG will upgrade homes delivering progress towards:

- The statutory fuel poverty target for England
- The phasing out of the installation of high-carbon fossil fuel heating and reducing air quality emissions
- The UK's target for net zero by 2050

Environmental Impact

22. The Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

23. This proposal seeks to deliver the council's environmental policy commitments and aligns to the following success measures in the Herefordshire Council Plan by:

- a. Working in partnership with project partners to reduce county carbon emissions by the installation of energy efficiency and heating measures in fuel poor homes
- b. Improve the air quality within Herefordshire by replacing fossil fuel heating systems such as oil and LPG as well as reducing emissions through reduced energy use.

24. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management. The commissioning will aspire to utilise local suppliers, improve local air quality and reduce energy usage.

25. This decision / proposal seeks to deliver the council's environmental policy commitments and aligns to the following success measures and priorities in the County Plan.

- Reduce the council's carbon emissions;
- Work in partnership with others to reduce county carbon emissions;
- Improve the air quality within Herefordshire; and
- Improve energy efficiency of homes.

Equality duty

26. Due to the potential impact of this project being low, a full Equality Impact Assessment is not required.

27. The public sector equality duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.

28. The mandatory equality impact screening checklist has been completed for this project and it has been found to have low impact for equality

Resource implications

29. Resource implications to the council will be met through existing officer time and will be supported by the £372,816 of allocated revenue funding designated for administration and ancillary costs.
30. This project reserves the right to recruit to a position that is funded through the admin & ancillary budget.
31. There is no capital match contribution required from the council.
32. As these are grants awarded to household improvements across the County there are no ongoing revenue implications to the Council. This is fully funded from the external grant awarded to the Council.

Revenue or Capital cost of project (indicate R or C)	2025/26	2026/27	2027/28	Total
Capital measures funding for project to be paid to procured installers (indicative)	£500,710	£1,002,509	£982,221	£2,485,440
Associated project costs – administration, home energy surveys (EPC's) etc. (indicative)	£75,106	£150,376	£147,334	£372,816
TOTAL	£575,816	£1,152,885	£1,129,555	£2,858,255

Legal implications

33. The conditions of funding and memorandum of understanding will be required to be adhered to. Contracts must be procured in accordance with the Contract Procedure Rules.

Risk management

34. Accepting WH:LG Funding and project implementation will help to mitigate against fuel poverty in Herefordshire as well as reducing household carbon emissions. This could have a wide variety of benefits to householders such as reduced fuel bills, warmer and healthier homes as well as showing leadership from both Herefordshire and partner councils in this area and could lead to further opportunities to leverage funding.
35. The lessons learned from previous Green Home Grant (GHG) schemes has been implemented to ensure we maximise opportunities, which includes maintaining a strong relationship with our Contractors, as well as building a strong pipeline, which has been pivotal to the success of HUG2.

Risk / opportunity	Mitigation
Low interest in scheme and identification of suitable properties.	Taking lessons learnt from previous phases, an early pipeline of applicants as well as a robust Communication and Marketing plan will mitigate this. The addition of IMD properties in this phase will make it simpler to identify eligible properties and means that whole streets can be targeted.
Delays in the procurement of approved installers and a Customer Journey Support partner.	We are in a position to extend existing contracts with approved installers by an additional 3 years which is in progress.
Demanding delivery timescales.	As this phase is over three years and with contractors already in place, delivery will be more evenly distributed making it more manageable.
Homeowners with a planning constraint on their property e.g. Listed building/Conservation area could be disadvantaged due to limited measures being approved e.g. external wall insulation is unlikely to get consent.	Manage homeowners' expectations on which measures are likely to be approved and work with the Heritage team at HC to pursue all options.

Consultees

36. A political Group Consultation was held on Monday 6th January 2025

Appendices

Appendix A – WH:LG guidance

Appendix B – Principle MoU

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 25/03/2025
Finance	Karen Morris	Date 25/03/2025
Legal	Emma Brewerton	Date 25/03/2025
Communications	Luenne Featherstone	Date 09/01/2025
Equality Duty	Harriet Yellin	Date 14/03/2025
Procurement	Claire Powell	Date 13/01/2025
Risk		Date Click or tap to enter a date.

Approved by	Ross Cook	Date 09/04/2025
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Please include a glossary of terms, abbreviations and acronyms used in this report.

- Warm Homes: Local Grant (WH:LG) to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality on and off-gas grid homes, delivering progress towards: reducing fuel poverty, the phasing out of high carbon fossil fuel heating and the UK's commitment to net zero by 2050. The fund also aims to support the green recovery in response to the economic impacts of Covid-19 and to help take low-income families out of fuel poverty.
- Home Upgrade Grant 2 (HUG2)- Previous Government funded scheme
- Department for Energy Security & Net Zero (DESNZ) - Central Government department responsible for business, industrial strategy, science, research and innovation, energy and clean growth, climate change.
- Keep Herefordshire Warm (KHW)- Herefordshire Council commissioned affordable warmth service offering advice and support to residents, provided by Severn Wye Energy Agency (SWEA).
- Customer Journey Support (CJS) – procured internally and fully funded by the WH:LG scheme to support householders through the application process.
- Indices of Multiple Deprivation (IMD) - The Index of Multiple Deprivation 2015 is the official measure of relative deprivation for small areas (or neighbourhoods) in England.
- Air Source Heat Pump (ASHP) - Renewable heating technology that utilises an electric heat pumps to generate heat from external air in order to heat buildings and water.

- Solid Wall Insulation (SWI) - Insulation material that is applied onto the inside or outside of a building to reduce heat loss.
- Liquid Petroleum Gas (LPG) - is a [fuel gas](#) which contains a [flammable](#) mixture of [hydrocarbon](#) gases and used as a [fuel gas](#) in some [heating appliances](#)
- Memorandum of Understanding (MoU) - Agreement between project parties to set out working relationships and procedures.
- Building Research Establishment (BRE) - Independent organisation concerned with improving the quality and sustainability of buildings through research.
- Energy Performance Certificate (EPC) - Certificate issued by an independent energy assessor, which represents the energy performance of the building (asset) based on its fabric and installed building services (heating, cooling, ventilation and lighting) only.
- Standard Assessment Procedure (SAP) - methodology used by the Government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances that are needed to underpin energy and environmental policy initiatives (<https://www.gov.uk/guidance/standard-assessment-procedure>. 10/05/21)
- Energy Company Obligation scheme (ECO)- UK Government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty.