

<b>REPORT TO:</b>		Cabinet	
<b>DATE:</b>		20 March 2019	
<b>PORTFOLIO:</b>		Cllr Clare Cleary - Housing	
<b>REPORT AUTHOR:</b>		Fiona Goodfellow Housing Strategy & Policy Manager Regeneration and Housing	
<b>TITLE OF REPORT:</b>		Energy Efficiency – CHiL Delivery Partner	
<b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b>	<b>No</b>	Not applicable	
<b>KEY DECISION:</b>	<b>No</b>	If yes, date of publication:	

## 1. **Purpose of Report**

- 1.1 To inform Cabinet of the procurement process undertaken to appoint a delivery agent for Cosy Homes in Lancashire (CHiL), seek approval to waive the Council's Contract Procedure Rules and seek approval for Hyndburn Borough Council to enter into an agreement with Rhea Projects Ltd so residents and households in Hyndburn have access to opportunities and funding to improve the energy efficiency of their homes.

## 2. **Recommendations**

I recommend that Cabinet:

- 2.1 Agrees to waive the Council's Contract Procedure Rules in respect of appointment of a CHiL delivery agent and notes the procurement process lead by Blackpool Council on behalf of the Lancashire local authorities
- 2.2 Grant delegated authority to the Head of Regeneration and Housing, in conjunction with the Executive Director (Legal Services), to agree and sign an 'Indemnity Letter' in respect of the procurement process undertaken by Blackpool Council.
- 2.3 Grants delegated authority to the Head of Regeneration and Housing, in conjunction with the Executive Director (Legal Services), to agree terms for, and enter into, a contract / agreement with Rhea Projects Ltd as the delivery agent for CHiL.

- 2.4 Adopts the Hyndburn BC 'Statement of Intent for ECO Flexible Eligibility' attached at Appendix 1.

### **3. Reasons for Recommendations and Background**

- 3.1 Hyndburn Borough Council is committed to improving the energy efficiency of domestic homes within the Borough. This includes addressing health inequalities exacerbated by living in cold and damp homes, reducing fuel poverty, tackling seasonal excess deaths and reducing carbon emissions from domestic properties. The latest fuel poverty figures available (2016) show that Hyndburn had 5,008 households in fuel poverty representing 14.1% of households.
- 3.2 There have been a number of initiatives and funding available to Hyndburn residents over the years. Most recently this has been via the annual 'Affordable Warmth Fund' that has provided funding for boilers, central heating systems, loft and cavity wall insulation to qualifying households. This has been administered locally by the Council and Homewise.
- 3.3 CHiL and the procurement of a delivery agent
- 3.4 Cosy Homes in Lancashire (CHiL) is a brand established by the 12 district and 2 unitary council's in Lancashire and the County Council to co-ordinate and deliver domestic energy efficiency schemes across Lancashire. CHiL has been in place since 2014 and has evolved from a strong track record of the council's working collaboratively through the long established Lancashire Energy Officers Group.
- 3.5 CHiL projects seek to maximise government Energy Company Obligation (ECO) and other grant and funding opportunities that are available for energy efficiency and heating measures for Lancashire residents. CHiL particularly supports those households in fuel poverty and vulnerable to the effects of living in a cold home. Details of the current affordable warmth / energy efficiency measures available for Lancashire and Hyndburn residents along with the qualification criteria etc are shown at Appendix 2.
- 3.6 In order to access funding for energy efficiency through the latest government initiatives 'consortium' approaches are encouraged for efficiency and economies of scale. The CHiL brand is Lancashire's co-ordinated approach. It is proposed that Hyndburn BC become part of this consortium or collaborative working approach.
- 3.7 In October 2018 Blackpool Council, on behalf of the other Lancashire districts, undertook a procurement / tender exercise to select a delivery agent for CHiL. This approach was taken to ensure the delivery of a common and co-ordinated approach to households accessing energy efficiency measures across Lancashire and to benefit from 'economies of scale' rather than each district undertaking its own procurement process. It builds on the long standing collaborative working between the Lancashire Authorities. Rhea Projects Ltd was selected as the successful delivery agent. The Council is satisfied with the procurement process undertaken.

- 3.8 In order for Hyndburn residents to benefit from the outcome of the procurement process undertaken and for the Council to enter into its own agreement with Rhea Projects Ltd the Council needs to sign the Indemnity Letter with Blackpool Council. In signing the Indemnity Letter the Council is confirming that Blackpool Council was the lead authority in undertaking the procurement process referred to in para 3.7 above and is satisfied with the processes and procedures that were followed.

#### Energy Company Obligation

- 3.9 The current Energy Company Obligation (ECO) is an obligation on energy suppliers aimed at helping households cut their energy bills and reduce carbon emissions by installing energy savings measures and the majority of funding for affordable warmth measures now comes through this route.
- 3.10 Following a review of the Governments ECO in 2017 a new revised scheme 'ECO Flexible Eligibility' Scheme was launched in April 2017 which provides greater flexibility for local authorities to utilise funding from energy suppliers. This new initiative allows local authorities to set their own qualification criteria for assistance to address local need. The funding can be accessed directly from an energy supplier or through a 3<sup>rd</sup> party contractor and can be used to carry out energy saving measures to domestic properties.
- 3.11 Local authorities can only access this funding if a 'Statement of Intent' (SOI) has been published detailing their eligibility criteria for qualifying households and this statement has been published on the Council's website and BEIS (Department for Business, Energy and Industrial Strategy) have been notified of its publication. It is proposed that the Council has its own Statement of Intent for ECO Flexibility (Appendix 1).
- 3.12 This SOI responds to the statutory requirements for the ECO Scheme, sets out the criteria the Council will use in making declarations for qualifying residents under flexible eligibility and the delivery arrangements in place. The scheme aims to help households that are on a low income with high fuel costs and are recognised as vulnerable. The SOI defines the vulnerability and low income criteria.
- 3.13 The SOI requires the LA to make a declaration for each installation prior to work being undertaken. This declaration demonstrates that the Council has been consulted on the proposed works and considers that the household meets the Council's eligibility criteria. It is proposed that the Housing Strategy and Policy Manager will make these declarations on the Council's behalf.

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 The Council could undertake its own procurement exercise to appoint a Hyndburn delivery agent and / or approach energy companies direct to access funding for energy efficiency measures. This approach would be time and resource intensive. As stated above the Government encourages 'consortium' approaches for efficiency and economies of scale. As a Lancashire wide approach is in place through CHiL it seems sensible that Hyndburn becomes part of this.

4.2 The Council is required to adopt a Statement of Intent for ECO Flexible Eligibility so qualifying households can potentially benefit from energy efficiency measures as part of the Government’s Energy Company Obligation Scheme. The Council could choose to adopt the Lancashire SOI, however it is preferable to adopt our own version so we have flexibility around the delivery of energy efficiency measures for Hyndburn residents.

**5. Consultations**

5.1 The approach to tackling fuel poverty detailed above has been developed and discussed at the Lancashire Energy Officers Group and with the individual local authorities. It has been determined as the preferred way forward to access current funding opportunities for energy efficiency measures to help reduce fuel poverty for Hyndburn and Lancashire residents.

**6. Implications**

<p><b>Financial implications (including any future financial commitments for the Council)</b></p>	<p>ECO Flex funding will be sourced by our delivery agent Rhea Projects Ltd through agreements with Energy Companies. The amount available is primarily determined by the energy companies. If a shortfall in funding is identified for an individual household the Council may be requested to make a contribution from any Affordable Warmth Fund should resources permit. This amount will only be paid on satisfactory completion of the works. The contractual relationship for energy efficiency work is between the householder and the installer.</p>
<p><b>Legal and human rights implications</b></p>	<p>Blackpool Council has procured a delivery agent, on behalf of the Lancashire Authorities, to administer and deliver energy efficiency initiatives including ECO Flex. The Council proposes to enter into a contract with Rhea Projects Ltd as the successful delivery agent and issue its own Statement of Intent for ECO Flexible Eligibility.</p>
<p><b>Assessment of risk</b></p>	<p>Risk of the delivery agent going bankrupt or claims against the Council by eligible households however the contractual relationship for energy efficiency work is between the householder and the installer which should minimise any risk.</p> <p>Reputational risk should a household not get the assistance they feel they are eligible to. This risk will be minimised through monitoring and working with the delivery partner closely</p>

	and ensuring that no unrealistic expectations are made to customers..
<p><b>Equality and diversity implications</b>  A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</p>	<p>Energy efficiency interventions will be available to all qualifying households as detailed in the Hyndburn SOI and in Appendix 2. Qualification is primarily based on health vulnerabilities and the determination of fuel poverty.  See attached CFA.</p>

**7. Local Government (Access to Information) Act 1985:**

**List of Background Papers**

- 7.1 *Copies of documents included in this list must be open to inspection and, in the case of reports to Cabinet, must be published on the website.*

***If the report is public, insert the following paragraph. If the report is exempt, contact Member Services for advice.***

**8. Freedom of Information**

- 8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.