

## **East Herts Council**

**Date of Meeting: 14<sup>th</sup> May 2025**

**Report by: Executive Member for Environmental Sustainability**

**Report title: Warmer Homes : Local Grant funding**

**Ward(s) affected: All**

---

### **Summary**

#### **RECOMMENDATIONS FOR COUNCIL, that:**

- (a) Council accepts central government's allocation of £1.5m Warmer Homes : Local Grant funding, thus adding it to the council's capital budget and enabling officers to contract with a suitably experienced organisation to distribution home energy efficiency grants to qualifying households.**

#### **1.0 Proposal(s)**

- 1.1 That Council accepts the £1.5m capital allocation of Warmer Homes : Local Grant funding from central government, thus enabling officers to put in place the necessary arrangements to use the funding, over the coming three years, to make up to 102 individual grants for vital energy efficiency works, based on the stated understanding of the Department for Energy Security and Net Zero (DESNZ) that the average grant would be £12,500, when administrative overheads from the total allocation are netted off.

#### **2.0 Background**

- 2.1 Warmer Homes: Local Grant (WH:LG) is a UK government initiative designed to improve the energy efficiency of homes, specifically for low-income households.
- 2.2 East Herts Council has been allocated £1.5 million under the WH:LG initiative to fund energy efficiency retrofit measures to eligible homes in the district across the coming three years.
- 2.3 Given the significant size of the allocation, Council is being asked to accept the allocation and, in doing so, allow it to be added to the council's capital budget. This will in turn enable officers to contract with a suitably experienced

organisation to distribute home energy efficiency grants to qualifying households.

- 2.4 Officers are looking to use an existing framework agreement developed by Watford Borough Council to engage the National Energy Foundation (NEF) to deliver this scheme. The council has a good working relationship with NEF, an independent charity focused on improving the use of energy in buildings, with regard to the delivery of other energy efficiency schemes.

### **3.0 Reason(s)**

- 3.1 WH:LG is a key government-funded scheme in England, designed to improve energy efficiency in homes, particularly those occupied by low income households. It replaces previous schemes such as Home Upgrade Grant (HUG) and Local Authority Delivery (LAD), both of which the council promoted to the benefit of local residents.
- 3.2 Taking advantage of this scheme will contribute to the council's efforts to promote net zero carbon across the whole district.
- 3.3 The council submitted an expression of interest for WH:LG funding last November and we have been allocated £1.5 million
- 3.4 The scheme will target:
- both properties that are on- and off-gas, unlike some previous schemes which focused on one or the other
  - properties that have an energy performance certificate (EPC) below C, that is, D to G
  - owner occupiers, private tenants and private landlords. Note: social housing can be only be included if it is incidental to a whole group of properties receiving works at the same time
  - £15,000 per home for energy performance upgrades and £15,000 per home for low carbon heating with it being possible to average the costs for individual properties across all those receiving works.

- 3.5 The council does not have capacity nor specialist knowledge to deliver this scheme. Therefore, a delivery partner is required. Should Council agree the recommendation to accept the grant allocation, officers will contract with a suitably experienced organisation to distribute home energy efficiency grants to qualifying households. To this end, officers are looking to use an existing framework agreement developed by Watford Borough Council to engage NEF to deliver this scheme.
- 3.6 Of the £1.5m allocation, up to 15% can be put towards administration and ancillary (A&A) costs, such as publicity, retrofit supplier administration and the processing of payments. Discussions between NEF and the council to date on the respective roles of both would see the A&A proportion split 2/3 to NEF and 1/3 to the council.
- 3.7 Of particular importance and relevance is the fact that the government's grant conditions dictate that the A&A monies taken from the grant cannot be higher than 15% of the *money actually paid out to grant recipients*. Thus, upfront publicity and applicant processing administration costs, for example, must be borne by NEF and/or the council prior to knowing how many successful grant applications, and their associated value, will be generated. There is therefore a risk that sums could be spent on advertising and administration, planned to be balanced over the entire scheme, that do not lead to a sufficient value of grants being made. This could result in insufficient funds from central government to cover the upfront costs incurred by NEF and/or the council.
- 3.8 To mitigate the impact of this, officers are negotiating with NEF that they would (a) fund the initial costs of publicity, (b) share with the council their spend monitoring and reporting processes, so that both parties can minimise any abortive costs and/or expenditure which would appear unrecoverable and (c) absorb any unrecoverable costs they incur. At the same time, the council would limit its exposure to unrecoverable costs by only conducting low-cost activities, for example, promoting grant availability on our website and through social media, in advance of more certainty about uptake.

- 3.9 Based on the average grant being between the government's estimate of £12.5k and the maximum allowable of £15k, the council's allocation minus the A&A overhead would yield between 85 and 102 individual grants. It is possible that the same property could receive a grant for energy performance upgrades and a separate grant for low carbon heating. If, say, a quarter of households benefitting from the programme received both grants, this would result in around 75 individual households benefitting.
- 3.10 The overall carbon emission reduction that could be achieved by the programme is hard to gauge at the outset as this will depend on the number of properties upgraded, each participating property's original carbon emissions and the actual works carried out at each property. Based on average carbon reductions from three modelled interventions – better loft installation, better wall insulation and a switch to lower carbon heating – the combined impact of the whole programme could be between a 1.5 and 3 tonne annual reduction.

#### **4.0 Options**

- 4.1 Do not accept the WH:LG allocation of £1.5m from government. NOT RECOMMENDED as this would act against the council's stated aim to promote domestic retrofit in its Climate Change Strategy and Climate Emergency Declaration. As noted above, officers have taken significant steps to insulate the council from the risk of unrecoverable expenditure.
- 4.2 Accept a place on the WH:LG programme but assume and plan for far lower grant expenditure than £1.5m. NOT RECOMMENDED as the council has one of the best track records in the county in enabling uptake of previous government grants for domestic energy efficiency and by contracting with NEF, officers believe that effective publicity and resident 'hand-holding' through the process can be put in place to maximise grant take-up.
- 4.3 Accept the £1.5 WH:LG allocation offered. RECOMMENDED for the reasons given in this report.

## **5.0 Risks**

- 5.1 Officers have identified a series of risks and mitigations.
- 5.2 Risk 1: monies are spent on advertising and administering the scheme which cannot then be recovered through the A&A percentage because of low grant uptake by residents. As discussed above, officers would mitigate this risk by negotiating with NEF that that they would (a) fund the initial costs of publicity, (b) share with the council their spend monitoring and reporting processes, so that both parties can minimise any abortive costs and/or expenditure which would appear unrecoverable and (c) absorb any unrecoverable costs they incur. At the same time, the council would limit its exposure to unrecoverable costs by only conducting low-cost activities, for example, promoting grant availability on our website and through social media, in advance of more certainty about uptake.
- 5.3 Risk 2: demand cannot be met by local suppliers, leading to reputational risk. Officers proposed to mitigate this by contracting NEF as the delivery partner. The council has previously engaged NEF to provide advice and assistance regarding domestic energy efficiency to East Herts residents and certification of contractors operating under the Energy Company Obligation. NEF thus have insight into demand and supply in our district and have already secured supplier resources to be able to match the two.

## **6.0 Implications/Consultations**

- 6.1 The implications of accepting the WH:LG allocation have been discussed above with specific implications highlighted below.

### **Community Safety**

Yes/No

### **Data Protection**

Yes/No

Sensitive data relating to, for example, a household's income would be collected and processed as part of this scheme. The council would rely on its current well-developed data protection protocols and would

require its data handler, that is, NEF, to meet data protection standards as part of the contract.

**Equalities**

Yes/No

National evidence has found that many people with protected characteristics under the Equality Act 2010 are likely to experience lower incomes than others. It is thus to be expected that individuals with protected characteristics would form a notable proportion of retrofit grant recipients. The council and the appointed delivery partner will monitor the characteristics and accessibility requirements of recipients throughout programme delivery to ensure equitable grant-making, with steps taken to handle any under-representation identified.

**Environmental Sustainability**

Yes/No

The WH:LG grants to individual householders would have a direct beneficial impact on the reduction of carbon emissions across the whole district.

**Financial**

Yes/No

The monies would be made as a capital grant to the council, with the administrative and ancillary (A&A) costs equating to 15% of the total spend being able to be capitalised. The maximum A&A costs claimable by the council would amount to £75,000, with another maximum of £150,000 payable to the delivery partner.

The full grant has been split by DESNZ across the three years of the programme in the following way.

	<b>Award Total</b>
	£1,500,000
2025/26	£375,000
2026/27	£562,500
2027/28	£562,500

The grant conditions specify the triggers and mechanisms for drawing down the grant, which the council would then pay over to the delivery partner, except to cover its own A&A costs.

The financial risk to the council of expending money on A&A which is ultimately unrecoverable is low as much of the risk would be passed to the delivery partner – as discussed in the body of this report – and any

abortive costs that the delivery partner may seek to recover from council would be minimised by (a) maximising the proportion of abortive costs they would absorb and (b) ensuring they phase their spend to minimise potentially unrecoverable costs from arising in the first place, while the council would not commit to any significant spend until grant uptake rates have been established.

### **Health and Safety**

Yes/No

### **Human Resources**

Yes/No

### **Human Rights**

Yes/No

### **Legal**

Yes/No

Acceptance of the WH:LG allocation would require the council to accept DESNZ's grant conditions. This is standard practice regarding government funding and officers have not identified any issues with this.

While outside the scope of this report, it is worth noting that should Council approve acceptance of the grant, this will trigger the appointment of a suitably experience delivery partner. Officers are looking to use an existing framework agreement developed by Watford Borough Council to engage the National Energy Foundation (NEF) to deliver this scheme. The council has a good working relationship with NEF, an independent charity focused on improving the use of energy in buildings, with regard to the delivery of other energy efficiency schemes.

### **Specific Wards**

Yes/No

## **7.0 Background papers, appendices and other relevant material**

7.1 None.

## **Contact Member**

Cllr Tim Hoskin – Executive Member  
for Environmental Sustainability

*tim.hoskin@eastherts.gov.uk*

## **Contact Officer and Report Author**

Jonathan Geall – Director for Communities

Contact Tel No 01992 531594

*jonathan.geall@eastherts.gov.uk*

and

Linda Meehan – Sustainability Manager

*linda.meehan@eastherts.gov.uk*