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## Report of the Director of Environment and Neighbourhoods

### Executive Board

Date: 3rd December 2008

Subject: West Yorkshire Energy Efficiency Scheme – Expenditure Discharge & Legal Delegation

<p><b>Electoral Wards Affected:</b></p>          <input type="checkbox"/> Ward Members consulted (referred to in report)	<p><b>Specific Implications For:</b></p> <p>Equality and Diversity <input type="checkbox"/></p> <p>Community Cohesion <input type="checkbox"/></p> <p>Narrowing the Gap <input type="checkbox"/></p>
<p>Eligible for Call In <input checked="" type="checkbox"/></p>	<p>Not Eligible for Call In (Details contained in the report) <input type="checkbox"/></p>

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## EXECUTIVE SUMMARY

The five local authorities of West Yorkshire (Leeds City Council, Wakefield District Council, Calderdale Council, Kirklees Metropolitan Council and City of Bradford Metropolitan District Council) are working together to deliver a range of energy efficiency initiatives across the residential sector through the West Yorkshire Energy Efficiency Scheme. The aim of these initiatives is to support delivery of the Regional Affordable Warmth Strategy and Action Plan, and in turn, each Local Authority's individual Affordable Warmth Strategies to reduce fuel poverty and facilitate affordable warmth.

The Regional Scheme is funded to £2.5m over the period 2008-2011, which has been split equally amongst the 5 West Yorkshire authorities. Leeds City Council has been allocated £500k to fund capital measures and Scheme Management fees over the term of the initiative.

A tender process has been completed for the Scheme Manager to run the initiatives, for which Kirklees Energy Services have been provisionally appointed subject to signing of the contract. However, in addition, there is a requirement for a 'banker' to be put in place to administer the expenditure of the Scheme funds and for auditing purposes.

Calderdale Council were the Scheme banker for the period 2005-2008 and have offered to continue in this role for the new period 2008-2011.

## 1.0 Purpose Of This Report

- 1.1 To seek approval for Calderdale Council to be appointed as banker for the West Yorkshire Regional Energy Efficiency Scheme and be responsible for administering the scheme budget for the period April 2008 to March 2011.
- 1.2 To provide a position status update on the implementation for the new West Yorkshire Regional Energy Efficiency Scheme for 2008-2011.

## 2.0 Background Information

- 2.1 The five local authorities of West Yorkshire are working together to deliver a range of energy efficiency initiatives across the residential sector through the West Yorkshire Energy Efficiency Scheme. The aim of these initiatives is to support delivery of the Regional Affordable Warmth Strategy and Action Plan, and each local authority's individual Affordable Warmth Strategies to reduce fuel poverty, facilitate affordable warmth and provide warmer, more comfortable homes for the sub-region's population.
- 2.2 The measures to be installed through the Scheme will also assist towards meeting the targets under the new National Indicator 187 - tackling fuel poverty – as a percentage of people receiving income based benefits living in homes with a low energy rating below SAP 35 or to a higher energy efficiency rating above SAP 65.
- 2.3 Leeds City Council has been allocated £500k to fund capital measures and cover Scheme Manager's fees over the period from April 2008 to March 2011. This funding will be made available through 3 funding streams:
1. Affordable Warmth Scheme – to provide insulation and heating improvements to low income households in fuel poverty who do not qualify for measures under the Government's Warm Front scheme. There is also the provision for providing Warm Front top-up grants.
  2. Hard-to-Treat Scheme – to assist households that are difficult to make energy efficient by economic or conventional means, due to their construction or by virtue of the fuel type used for heating. This, by installing renewable energy technologies and/or solid wall insulation.
  3. Warmzone/Area Based Initiatives (ABI) – to provide additional funding for Community Warmth or similar schemes to assist grant take-up.

The Leeds Scheme apportionment approximate\* expenditure profile is as follows:

Activity	2008/9	2009/10	2010/11	Total
1. Affordable Warmth	£60,000	£40,000	£20,000	£120,000
2. Hard to Treat	£50,000	£200,000	£100,000	£350,000
3. Warmzone / ABI	£5,000	£10,000	£15,000	£30,000
<b>Total</b>	<b>£115,000</b>	<b>£250,000</b>	<b>£135,000</b>	<b>£500,000</b>

\*Some variation to annual and then expenditure by sub set may take place subject to delivery overall and expenditure is as stated.

- 2.4 A tender process has been completed for Scheme Manager to run the Scheme initiatives for which Kirklees Energy Services have been provisionally appointed subject to the signing of the contract.

### **3.0 Main Issues**

- 3.1 There is a requirement for a 'banker' to be put in place to administer the expenditure of the Scheme funds and for audit purposes.
- 3.2 Calderdale Council acted as 'banker' for the period 2005-2008 and levied a 3% charge against the total level of funding available. Calderdale Council have offered to act as banker for the period April 2008 to March 2011 on the basis of the same 3% charge being levied, thus amount to £15k of the £500k funding available to Leeds City Council over the 3 year program.
- 3.3 All local authorities at their earliest opportunity need to complete a 'Legal Delegation' (see Appendix 1) proforma formalising their approval for Calderdale Council to act as banker.

### **4.0 Implications For Council Policy And Governance**

- 4.1 Failure to give approval would add further delay to the expenditure of monies allocated for this financial year in agreeing a suitable banking arrangement with another provider. Furthermore, it may have a knock-on effect in terms of getting expenditure for Year 1 allocated, with the potential for limitations as to future carry over of funds to the next financial year.

### **5.0 Legal And Resource Implications**

- 5.1 There is a low level of risk associated with Calderdale Council fulfilling the role of banker, being that, as a local authority, their Finance Officers will be familiar with supervision of a Managing Agent over the period of 2005 to 2008, contractor payments and expenditure profiling.

### **6.0 Recommendations**

- 6.1 That approval to attach to the West Yorkshire Energy Efficiency Scheme is granted.
- 6.2 That the Scheme annual and approximate sub set expenditure is approved for discharge.
- 6.3 That Calderdale Council continue in their role as banker for the West Yorkshire Energy Efficiency Scheme for the period April 2008 to March 2011 and the Legal Delegation Form (in Appendix 1) is approved.

## **Background Papers**

- Calderdale Council *et al...* (2008) *Invitation to Tender for a Scheme Manager for the West Yorkshire Energy Efficiency Scheme: April 2008 – March 2011*
- Government Officer for Yorkshire and Humber (2006) *A Regional Affordable Warmth Action Plan for Yorkshire and the Humber*
- Leeds City Council (2007) *Leeds Affordable Warmth Strategy*
- Leeds City Council (2007) *Warm Homes, Cool Planet*
- Leeds City Council (26<sup>th</sup> September, 2008) *West Yorkshire Energy Efficiency Scheme – Expenditure Discharge & Legal Delegation*, a report to the Director of Environment and Neighbourhoods

**Appendix 1**

To:                   FAO Hazara Rahman  
                          Legal Services Manager  
                          Law & Administration  
                          The Borough Council Of Calderdale  
                          Westgate House  
                          Halifax  
                          HX1 1PS

Copy to:            Richard Armitage  
                          Housing Projects Manager  
                          Calderdale Council  
                          Northgate House  
                          Halifax  
                          HX1 1UN

**RE: REGIONAL HOME ENERGY CONSERVATION SCHEMES**

The Executive of the Borough Council of Leeds City Council (the “Executive”) hereby gives notice that the Executive at its meeting of 3<sup>rd</sup> December 2008 resolved that under the provisions of the Local Government Act 2000 and Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2000 the Executive’s function of making payments of Affordable Warmth grants and Hard to Treat Homes grants approved under the Borough Council of Leeds City Council’s Private Sector Housing Renewal Policy 2003 in accordance with the Regulatory Reform (Housing Assistance) Order 2002 be discharged by the Executive of the Borough Council of Calderdale. A certified copy of the minute of meeting referred to above is attached.

The exercise of the function to be in terms to be agreed between the Borough Council of Calderdale and Kirklees Energy Services in accordance with a copy of the draft contract attached.

Signed.....

**Please insert**

***Name***

***Title***

Leeds City Council  
Civic Hall,  
Calverley Street,  
Leeds,  
LS1 1UR