

Climate & Energy team recruitment proposals – grant funded domestic energy and district heating schemes

Date: 6th March 2024

Report of: Chief Officer - Climate, Energy & Green Spaces

Report to: Director of Communities, Housing & Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

In March 2023, the Director of Resources gave approval for the Council to enter into a grant agreement with the Department for Energy Security and Net Zero and to inject the £15.5m of grant funding into the capital programme, as well as providing authority to spend.

The Director also gave approval to add up to 4 fixed term posts to the structure, subject to consultation with the Unions, to support delivery of the Help to Heat project, giving authority to recruit to these posts.

The area of the Climate & Energy team which would support delivery of this programme of work has a very strong record of securing grant funding and generating income to cover staffing costs. The team currently has around 8 members of staff, and all project managers/project officers within the team are fully occupied in primarily servicing externally funded/chargeable roles.

This report seeks approval to create and recruit to a range of linked posts for which Government grant funding has both already been or is expected to be secured in order to ensure that the associated grant funded, energy efficiency and decarbonisation related capital schemes can be successfully delivered and/or income to the Council maximised.

Recommendations

The Director of Communities, Housing & Environment is recommended to:

- a) Approve creation of and recruitment to a new PO6 Project Manager post to project/contract manage Home Upgrade Grant (HUG) Scheme projects to successful conclusion;
- b) Approve creation of and recruitment to a new PO6 Technical Manager to ensure high quality HUG Scheme installs in an increasingly complex and regulated environment;
- c) Approve creation of and recruitment to a new PO2 Senior Marketing/Communications Officer and a new SO2 Marketing/Communications Officer to drive demand for the HUG Scheme;

- d) Approve creation of and recruitment to a PO4 Senior Project Officer post in the event that the targeted district heating funding is secured or the successful PO6 Project Manager applicant (as per a) above) is an internal recruit from the existing team meaning that the essential additional capacity required to deliver the HUG Scheme is not secured. In this latter event, it is proposed that the previous substantive post of the successful applicant would be deleted to predominantly fund this new PO4 Senior Project Officer post;
- e) Approve the regrade of the existing B3 Retrofit Support Assistant post to C1 to recognise the increasingly technical administration requirements of HUG and other energy efficiency schemes.

What is this report about?

- 1 This report seeks approval to create and recruit to a range of linked posts for which Government grant funding has both already been or is expected to be secured in order to ensure that the associated grant funded, energy efficiency and decarbonisation related capital schemes can be successfully delivered and/or income to the Council maximised.

What impact will this proposal have?

- 2 Leeds City Council has been awarded up to £15.5 million under a government Help To Heat scheme. This grant funding will fund energy efficiency and low carbon heating upgrades to predominantly private homes that do not currently have gas heating and with below average household income.
- 3 The funding will provide insulation and low carbon heating to approximately 750 homes with lower-than-average household income across the city. It will make these homes cheaper to heat and reduce their carbon footprint. Homes off the gas grid tend to be more expensive to heat than those with gas heating and are likely to be worse affected by recent increases in fuel bills.
- 4 In doing so it will contribute to the council's net zero ambitions, reduce fuel poverty and lessen the impact of the cost-of-living crisis on the households that benefit from the scheme.
- 5 This project is likely to have a disproportionately positive impact on a number of protected characteristics; evidence indicates that fuel poverty is more prevalent in households containing people with disabilities and in those where the oldest occupant is aged 16-24, whilst the negative health outcomes of cold homes contain highest risk for elderly, pregnant, very young or disabled people.
- 6 In March 2023, the Director of Resources gave approval for the Council to enter into a grant agreement with the Department for Energy Security and Net Zero and to inject the £15.5m of grant funding into the capital programme, as well as providing authority to spend.
- 7 The Director also gave approval to add up to 4 fixed term posts to the structure, subject to consultation with the Unions, to support delivery of the Help to Heat project, giving authority to recruit to these posts.
- 8 The area of the Climate & Energy team which would support delivery of this programme of work has a very strong record of securing grant funding and generating income to cover staffing costs. The team currently has around 8 members of staff, and all project managers/project officers within the team are fully occupied in primarily servicing externally funded/chargeable roles. This includes:
 - Income/grant funding for c2.5 posts associated with the which have working on delivery of the national exemplar, award winning c£60m District Heating Network over 5 years;

- Service charge to HRA for c3 posts which have secured tens of £ millions in external income to the HRA;
 - One off revenue income this year:
 - Project manage the Energy Bill Support Scheme (EBSS) and Alternative Fuel (AF) grants (c£40k);
 - Delivering WYCA community grants (c£60k for next two financial years);
 - Delivering Microgeneration Certification Scheme (MCS) Charitable Fund grant (£50k);
 - Delivering European Regional Development Fund (ERDF) projects (c£15k – claimed by the HRA);
 - Delivering Local Authority Delivery (LAD) projects (c£100k).
- 9 The team has a national track record of delivery so can expect significant additional income streams to continue to be delivered for the foreseeable future. The team has historically and consistently over many years been part funded by external grant funding.
- 10 As noted above, the team has now secured a £15.5m Help to Heat grant for the Home Upgrade Grant (HUG) scheme (£13.5m capital and £2m revenue) and is close to appointing a contractor to deliver the works, with a deadline of March 2025. We have held off recruitment to this point, but now need resources to manage the time intensive grant delivery period.
- 11 As well as the capital budget, HUG has a £878k staffing budget. This can be used flexibly by the service and will be partially used to offset other budget pressures, and some existing team members will work on the project. However, it is essential now to recruit new staff to deliver the grant to avoid under-delivery against the target of 750 homes, which would result in having to hand back millions of pounds of capital grant along with the associated reputational damage.
- 12 In addition to this the team has also applied for c£28m of grant for two district heating projects which also contain an element of staffing costs. These run for c3 years and can fund at least 2 posts during that time. The Council has had positive feedback and support for these bids and expects them to be successful and for work to commence in in early.

Recruitment proposals

- 13 In support of the HUG scheme delivery, it is now essential to recruit as follows:
- New PO6 Project Manager:
 - This is a major project and without this role, there is no appropriate responsible officer to contract manage to a successful conclusion;
 - New PO2 and SO2 Marketing/Communications Officers:
 - It is essential to drive demand for HUG to ensure we can recruit 750 households to participate;
 - These posts also support the existing PO4 Comms Mgr, which is currently unsupported and a single point of failure in the team, compounded by the fact that the PO4 Comms Manager postholder has now handed in their notice and will leave the Council in March 2024.
 - New PO6 Technical Manager:
 - We need to ensure high quality installs in an increasingly complex and regulated sector and currently have no staff with appropriate technical skills;
 - If not recruited, this service would have to be bought in at a much higher cost;
 - This post can also support the District Heating team by providing NEC Supervisor skills to avoid having to buy these in externally (a cost of £18-36k+ pa).
 - Approval to create and recruit to a PO4 Senior Project Officer post is also sought in the event that: a) the DH funding referred to above is secured, or; b) the successful PO6 Project Manager applicant (as above) is an internal recruit from the existing team meaning that the

essential additional capacity required to deliver the HUG scheme is not secured. In this event, since some of the existing job descriptions within the team require updating to reflect the current service requirements, it is proposed that, rather than simply backfill, the previous substantive post of the successful PO6 applicant would be deleted to predominantly fund this new PO4 Senior Project Officer post.

- Approval to also regrade the existing B3 Retrofit Support Assistant post to C1 to recognise the increasingly technical administration requirements of HUG and other energy efficiency schemes.

- 14 The Communications and Project Manager/Officer posts above have been adapted, primarily just to amend team references, from existing job descriptions either from within the Climate & Energy team or the corporate Communications & Marketing team and job evaluation has therefore not been deemed necessary. The PO6 Technical Manager JD and additional Retrofit Support Assistant duties have been subject the job evaluation and confirmed at the proposed grades in February 2024.
- 15 In conclusion, securing this internal resource, which formed an integral part of the original proposals for grant funding approved in March 2023, is critical in terms of the Council's ability to deliver the schemes and therefore retain the significant Government grant funding secured. The Climate & Energy team has been part-funded by grant funding in this way consistently for many years, with a highly successful track record of bidding successfully for grant funding, enhanced by its track record of delivery which has made Leeds a national exemplar in this regard. Although the funding of the proposed posts beyond the term of the grant funding currently secured is technically not yet guaranteed, the wide range of anticipated opportunities for further grant funding for the foreseeable future (see paras 20-21 below) means that the risk of not being able to fund this posts over the long-term is considered minimal, whilst the loss of capital (as well as revenue) grant funding is far more costly and significant, and is inevitable should the Council not be able to provide the necessary project management for these schemes.
- 16 Given the funding is secured until March 2025, delaying or preventing the recruitment of these posts will have no bearing on the council's budget in either the 23/24 or 24/25 financial years, and the team's structure could be reviewed in late 2024 before there has been any implication on the council's revenue spend.

Recruitment/Vacancy Controls

- 17 The context of the current extreme financial pressures and recruitment vacancy controls are fully acknowledged, and the relevant considerations and criteria are addressed below:

- *Is the vacancy service critical?*

These posts are considered critical in their contribution to addressing fuel poverty and the climate agenda, also supporting Best City Ambitions of Net Zero and Health and Wellbeing. Crucially, however, they are critical in terms of the Council's ability to retain substantial Government grant funding already secured, and the ability to secure further grant funding and/or generate additional income to the Council.

- *Will reconfiguring services remove the need for the vacant post?*
- *Can the team reschedule or reprioritise work within existing resource?*
- *Can delivery of certain functions stop?*

As already noted, the Project Manager/Project Officer resource within the Climate & Energy team is already fully committed in delivering existing priority grant funded or income generating schemes, or in the essential delivery of the maintenance programme for the corporate estate.

Therefore, there are not functions within the Climate & Energy team that can be ceased without reducing income levels or impacting critical services.

The corporate Communications & Marketing team has been consulted in terms of whether existing communications resource could be reprioritised to support this area, but they have confirmed that they do not have any capacity to release at this PO2 level.

To delay recruitment to these posts would risk the Council having to hand back existing grant funding and would rule out forthcoming opportunities to secure future grant funding and further income generation streams.

- *Can the flexibility protocol help to meet service needs?*

Given the project management and technical knowledge and experience required by the posts, we have explored potential options with other services with similar staff skills in Housing. However, these services are also delivering service critical functions with high vacancy levels and cannot spare staff.

18 In terms of the priority categories for recruitment identified, the following are considered to be met:

- **roles that will directly prevent future increased cost** by providing insulation and heating for vulnerable people, tenants and children to provide affordable warmth. This is shown to improve health and wellbeing, improving educational attainment and reducing social and healthcare costs.
- **roles that generate income that exceeds the salary of the post proposed for recruitment** by securing the £13.5m of capital and £2m of revenue associated with HUG and helping to reduce DH costs, currently running at £1,500-3,000 per month for external consultant support;
- **externally funded roles or funded by capital receipt that deliver externally funded projects** by securing the £15.5m HUG grant.

19 These posts are required to support the HUG funding that has been secured together with anticipated GHNF funding. These funds are in place for the following timescales:

- HUG funding is to March 2025;
- GHNF funding is to Dec 2026.

20 Beyond this, we are working with WYCA to submit a funding application for Gainshare Funding (early 24 to 26/27) and preparing for the next round of the Social Housing Decarbonisation Fund (mid 24 to 26/27). We are also part of the Advanced Zoning Pilot and have a programme that would see additional resource made available to deliver centrally funded DH works commencing in 2025. The DH Zoning Policy is now open for consultation (having been made law as part of the Energy Act 2023) and we anticipate receiving new burdens funding to deliver the Zoning Co-ordinator role from 2025.

21 In addition to these known programmes, the current government has laid out a commitment to investment in housing to 2030 and the Labour party had made clear that they intend to make a £20bn investment in the green economy and have a preference for delivering place-based work via local authorities. All of this will require staff to develop and deliver externally funded schemes.

22 We are therefore confident that these roles will continue to generate income to be self-financing and to attract multi-million pound investment into Leeds, supporting all 3 Best City pillars.

23 To summarise, and to address the recruitment challenge criteria in terms of the potential impact if the posts were not recruited to:

- *Why you cannot delay recruitment for 3 months:*

As noted above, recruitment has already been delayed as far as possible, and to further delay these posts would risk the Council handing back grant funding, and seriously jeopardise opportunities to secure future grant funding and income generation streams.

- *Confirmation that your vacancy meets the criteria for recruitment and you have explored alternatives, as detailed in the vacancy control guidance above:*

The criteria and potential alternatives are systematically addressed in the section above.

- *The impact of stopping recruitment to the role:*

As set out above, stopping recruitment would mean the Council risking handing back the existing grant funding secured further to the approval of March 2023, and would also rule out currently anticipated opportunities to secure future grant funding and income generation streams. Furthermore, to attempt to recruit based on fixed term contracts only would also impact unacceptability on the ability to successfully recruit to these roles, thus seriously jeopardising the grant funding to the Council.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

24 The proposals support all three pillars of the Best City Ambition.

25 Successful delivery of the HUG and other domestic energy related schemes will make homes warmer and cheaper to heat, cut fuel poverty and reduce cold related illness.

26 Funding is targeted at low-income homes and reduces fuel poverty, promoting inclusion in the city.

27 The project will also create good quality jobs in the construction sector to carry out works to homes. These will be new green jobs in a sector with some of the highest potential for low carbon employment and where the switch to a green economy is most crucial and training needs are highest.

28 The project will reduce the energy consumption of 750 homes, making a substantial contribution to our net zero ambitions. We expect each property supported will increase by at least one EPC band, those with the lowest current EPCs are expected to increase by at least two bands.

29 Off-gas homes tend to have expensive and inefficient heating systems. Electric storage heaters are to be particularly inefficient, switching to efficient heat pumps will greatly reduce their carbon footprint.

30 The points above in relation to net zero carbon and local economic benefit apply equally to the expansion of the district heating network, and further future grant funded domestic energy schemes or funding rounds.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 31 The relevant Senior Finance Business Partner has been consulted, and will need to approve the individual staffing requisitions, although it is anticipated that the costs will be wholly covered by grant funding.
- 32 The Executive Member and Trade Unions (TUs) have been briefed regarding the intention to add fixed term posts funded by this grant at the time of seeking the grant funding related approvals in March 2023.
- 33 TUs have now been consulted on the proposals in this report between 16th and 29th February 2024 and no comments were received.

What are the resource implications?

- 34 The cost associated with the above posts to support HUG, including employer's costs (based on top of grade) are as follows:

| Post | SCP | 2024/25 |
|------------------------------------|-----|-----------------|
| PO6 Technical Manager | 43 | £67,844 |
| PO6 Project Manager | 43 | £67,844 |
| PO4 Senior Project Officer* | 38 | £8,374 |
| PO2 Senior Marketing/Comms Officer | 32 | £52,695 |
| SO2 Marketing/Comms Officer | 28 | £47,903 |
| C1 Retrofit Support Assistant** | 17 | £3,744 |
| Total | | £248,404 |

* Only to be recruited to if DH funding received or successful PO6 Project Mgr applicant is from within existing team. Cost based on difference between PO4 and PO2, which is considered a likely worst-case scenario.

** Cost based on difference between C1 and B3 following proposed re-grade.

- 35 Although the HUG grant funding expires in March 2025, the GHNF funding will extend to 26-27. The team has a strong track record of securing external grant funding and already has applications both underway and planned, meaning that there is a high level of confidence that additional sources of grant funding will be secured to fund these posts on a permanent basis.

What are the key risks and how are they being managed?

- 36 See Recruitment/Vacancy Controls section above.

What are the legal implications?

- 37 None, other than those addressed through observing the Council's own recruitment policies and procedures.

Options, timescales and measuring success

What other options were considered?

- 38 Options are addressed in the Recruitment Vacancy Controls section above.

How will success be measured?

39 Retention of grant funding, successful delivery of schemes and securing of further grant funding for energy efficiency measures.

What is the timetable and who will be responsible for implementation?

40 Timetables will be developed for individual projects. The Chief Officer for Climate, Energy & Green Spaces will be responsible for implementation.

Appendices

- None

Background papers

- Delegated decision report – Director of Resources - Help to Heat Scheme – 9th March 2023
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