
Subject:	LOCAL AUTHORITY DELIVERY SCHEME 2 (LADS2)
Date:	27 April 2022
Report of:	Roger Walton, Strategic Director (Operations and Commercial)
Portfolio Holder:	Councillor Chris Vinson, Portfolio Holder for Finance, Governance, Digital and Climate Change
Decision Type:	Key
Classification:	Unrestricted

Purpose of the report:	To acknowledge that Dartford Borough Council continues to lead the consortia between Dartford Borough Council and Dover District Council for the Local Authority Delivery Scheme.
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Recommendation:	To confirm agreement to the arrangement that Dover District Council's Local Authority Delivery Scheme 2 funding be awarded to and administered by Dartford Borough Council on Dover's behalf.
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1. Summary

1.1 Dartford Borough Council acted as Lead Authority in a joint bid between Dartford BC and Dover District Council for both 1a and 1b of the Local Authority Delivery Scheme. DBC entered into a memorandum of understanding and Data Sharing Agreement with the Department for Business, Energy & Industrial Strategy ('BEIS'), and legal documentation and all other necessary governance arrangements were made. DBC has also made the necessary procurement arrangements in order to secure a contractor to install energy efficiency measures. Funding secured through and administered by the Lead Authority has enabled some Dover residents to receive fully funded insulation. Both of these bids have benefitted Dover residents who, through the arrangements, have received insulation measures (external wall insulation, cavity and loft insulation). Dartford is now willing to act in the same way for LADS2 funding, to ensure that allocated spend (calculated according to numbers of fuel poor households) benefits DBC and DDC residents.

In Autumn 2020 the BEIS awarded the Greater South-East Energy Hub (GSEEH) funding amounting to £78,350,000 to deliver the Local Authority Delivery Scheme 2 for its entire area (£365,000 allocated to Dover District, £285,000 Dartford Borough). On 4 November 2022 the GSEEH notified Local Authorities that it had been unable to sign contracts and invited LAs to choose one of three options.

Option 3 of Direct Grant Award was considered the most likely to deliver as the Council would have direct control over funds and be in a position to provide funding for properties currently on a 'waiting list'. Council Officers expressed concerns over wording in both the Direct Grant Award document and GDPR documentation. The GSEEH was unable to address these concerns ahead of the acceptance deadline of 31 January 2022.

However, several conversations with the BEIS, GSEEH and Officers from Dartford and Dover Councils after the January 2022 deadline have resulted in the possibility of direct grant funding for both Councils going to Dartford BC as Lead Authority and an extension to scheme deadlines.

2. Introduction and Background

The purpose of the Local Authority Delivery Scheme (LADS) streams is to raise the energy efficiency rating of low income and low Energy Performance Certificate ('EPC') rated homes by installing energy efficiency measures. The Council has been part of a consortia delivering measures under LADS1a (closed August 2021) and LADS1b (scheduled to finish 31 March 2022). Funding is aimed at improving the thermal efficiency of fuel poor households living in E, F, G EPC-rated properties. Both low (cavity and loft) and high cost (external and internal wall insulation) have been installed through LADS1a and LADS1b to date. Low-cost insulation measures (loft and cavity wall insulation) and higher cost measures such as external wall insulation and internal wall insulation have been installed in the worst performing properties to date.

- 2.1 BEIS took the decision that LADS2 would be administered by GSEEH and awarded GSEEH funding of £78m for the region in Autumn 2020. GSEEH allocating funding to LAs according to numbers of fuel poor households in each district - £365,000 allocated to be spend in the Dover District. The original deadline for completion was 31 December 2021, however BEIS has subsequently extended first until 31 March and then until 30 June 2022.
- 2.2 The GSEEH took on consortia lead as not one Kent Authority had sufficient resource to act as lead for the rest of Kent. The GSEEH developed its own delivery model (Managing Agent and Dynamic Purchasing Scheme) and contractual arrangements. The GSEEH region was split into four areas with the proposal that four Managing Agents would be appointed.
- 2.3 DDC's role was to provide a draft proposal setting out tenure type to be targeted in the district and met with the Managing Agent that successfully tendered for the Kent area to discuss delivery in the district in anticipation of commencement of scheme. DDC's proposal was submitted in accordance with GSEEH timescales with a follow up meeting to discuss and refine the proposal.
- 2.4 Although not part of the project delivery team DDC on behalf of its residents, who are stakeholders, repeatedly asked GSEEH for updates because as time went by there was no delivery in the district and concerns were growing. GSEEH on each occasion gave assurances that contracts were in the process of being signed and didn't communicate any concern that the scheme wasn't on course to deliver.
- 2.5 However, despite numerous assurances on 4 November 2022 GSEEH notified the LAs that it had been unable to sign the contract with the Managing Agent appointed for the Kent area. In fact, only one of the four Managing Agents (covering an area outside Kent) had signed a contract. The GSEEH recognised that it could no longer deliver within the timeline.
- 2.6 GSEEH offered Councils three different options, the most suitable for Dover would have been Direct Grant Award. However, the Legal and GDPR documentation provided by GSEEH raised concerns with both sections at the Council. As the GSEEH were unable to address these concerns ahead of the acceptance cut-off date of 31 January there seemed little hope that Dover residents would be able to benefit from this funding stream.
- 2.7 Representation highlighting concerns and disappointment about non delivery of LADS2 in the District was made to BEIS and GSEEH in a letter sent in November 2021 by the Strategic Director (Operations & Commercial) and the Portfolio Holder for Finance, Governance, Digital and Climate Change.
- 2.8 Follow up meetings were held with Officers from both Dartford and Dover Councils, BEIS, GSEEH as without access to funding the residents waiting for insulation (already identified through LAD1 scheme currently oversubscribed) would be further

disadvantaged due to the volatility in the energy markets and increases in the energy price caps.

- 2.9 The outcome of these meetings was that a new proposal was put before BEIS to allow for some of the allocation to spent by the end of June 2022, with Dartford BC acting as lead due to the fact that all of the necessary governance arrangements were already in existence (apart from DBC signing Direct Grant Award with GSEEH) and delivery could be continued through current contractor. The proposal submitted was for £216,255.00 to enable 27 properties to receive measures. Confirmation of funding and extension was received on 13 April 2022.
- 2.10 The proposal contained a request for an extension and additional funds (£444,730.00) to enable continued delivery until the end of September 2022, enabling a further 44 properties (in total) to become more energy efficient. On 13 April 2022 BEIS Change Board advised *'the change request submitted by the SE Hub requesting additional delivery time until September 2022 for Dartford/ Dover, has been denied'*.

3. Identification of Options

- 3.1 Option 1: DDC confirm agreement to Dartford BC acting as Lead Authority and receiving the £216,255.00 on the understanding that a percentage of funding is spent on improving Dover District owner occupied properties.
- 3.2 Option 2: not supporting the above option would result in no access to the LAD2 funding stream.

4. Evaluation of Options

- 4.1 Option 1 Enables seamless continuation of delivery as all of the governance/ procurement processes are already in place, building on LAD1 schemes. It will allow for delivery of energy efficiency measures to the worst performing properties and help vulnerable residents to reduce energy costs through increasing insulation in their homes.
- 4.2 Option 2. Funding allocated to the district, unspent through non delivery of the GSEEH delivery mechanism, will be lost and vulnerable households will miss out of the opportunity to achieve more affordable warmth. It will also mean the district misses an opportunity to cut carbon emissions from the worst performing homes.

5. Resource Implications

- 5.1 There will be no additional financial implications for the Council.
- 5.2 Any administration allowed under the funding application will remain with Dartford BC as Lead Authority to cover additional burden of reporting and administration of the scheme.

6. Climate Change and Environmental Implications

Improving the thermal efficiency of fuel poor homes in our district helps the resident to heat their homes at a lower cost, reduces the health inequalities and impacts of living in a cold/ damp home and reduces the carbon emissions as heating requirement from fossil fuels is reduced. LADS2 is part of the Government's push to reduce carbon emissions in the domestic sector. Therefore, maximising the opportunity this funding brings will have positive human, economic and environmental benefits. The Council has a Statutory Duty under HECA 1995 Act to take action to reduce fuel poverty, the Energy and Low Emission Strategy (supported by the Council) includes the need for action to reduce fuel poverty and this funding reflects commitment in the Council's own

Climate Change Strategy and Corporate Plan to support the district to become carbon neutral by 2050.

7. Corporate Implications

7.1 Comment from the Director of Finance (linked to the MTFP): Accountancy has been consulted and has no further comment (DL).

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however members are reminded that in discharging their duties, they must comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>.

7.4 Other Officers (as appropriate):

8. Appendices

None.

9. Background Papers

Contact Officer: Amanda Martin, Principal Climate Change and Sustainability Officer