

CAPITAL INVESTMENT BUSINESS CASE

Home Upgrade Grant (HUG) Phase I



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

key notes from section 1

The scheme will help to tackle the prevalence of fuel poverty across the 13,500 households in the city who are currently experiencing it. PCC has been awarded £2,254,202.19 of funding as part of the Government's Sustainable Warmth Fund – Home Upgrade Grant (HUG) phase I. Low-income households in Plymouth will see their energy bills reduced by up to £200 a year. It is the first round of funding from a total of £950 million from the department of Business, Energy, and Industrial Strategy (BEIS) that was allocated to the HUG scheme by the government last year and will be available over the next 3 years to 2025.

key notes from section 2

It will provide an estimated £1 m of additional turnover for local installers. Households are predicted (be BEIS) to save over £200 per year on fuel costs with these upgrades.

The project is low risk as it is 100% externally funded.

key notes from section 4

The project will utilise £2,254,202.19 million external funding from the government.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£2,254,202.19	Contingency (show as £ and % of project value)	
Programme	Housing	Directorate	Place
Portfolio Holder	Rebecca Smith - Cabinet Member for Homes and Communities	Service Director	Paul Barnard (Strategic Planning & Infrastructure)
Senior Responsible Officer (client)	Kathryn Deeney	Project Manager	Kurt Borth
Address and Post Code	Various	Ward	Citywide

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

PCC has been awarded £2,254,202.19 of funding as part of The Government's Sustainable Warmth Fund – Home Upgrade Grant (HUG) phase I. The scheme will help to tackle the prevalence of fuel poverty across the 13,500 households in the city who are currently suffering

this. Low-income households in Plymouth will see their energy bills reduced by up to £200 a year. It is the first round of funding from a total of £950 million that was allocated to the HUG scheme by the government last year and will be available over the next 3 years to 2025.

The project will improve the energy efficiency of 115 owner occupier, fuel poor off-gas households currently rated E, F, or G on the EPC. This work will also see significant energy efficiency and insulation improvements for up to 45 park homes in Plymouth.

This funding forms part of the government's Home Upgrade Grant (HUG) scheme and will be allocated to local authorities across England to improve up to 4,300 low-income, off-gas grid households - which are reliant on alternatives such as bottled gas and oil to heat their homes. Grants will pay for energy efficiency measures such as wall and roof insulation as well as some new low-carbon heating systems, thermostats and room heating controls, expected to be delivered before the end of March 2023. This funding will also support new and existing jobs in the local green energy sector.

Proposal: *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

The project will improve the energy efficiency of 115 owner occupier, fuel poor households currently rated E, F, or G on the EPC and up to 40 Park Homes. Delivery will be completed by utilising an existing partnership between Plymouth City Council (PCC) and Plymouth Energy Community (PEC). We expect to install approximately 450 measures (including loft, underfloor, cavity wall and external wall insulation, draught proofing, and low carbon heating options across the HUG programme.

To maximise the delivery window the project will effectively continue the previous and ongoing LAD phase 1a delivery schemes that PCC were delivering in this space up to October 2021. As such PCC's HUG project will take the form of a grant programme to fuel poor households, whereby the household enters into a contract with their chosen installer after securing a grant from PCC.

PEC will provide quality and unbiased advice to householders on the most appropriate measures to be installed. This advice will also cover what to expect before, during, and after installation – effectively hand holding the householder as necessary to ensure a successful installation for all concerned.

If this programme did not proceed it is highly unlikely that these households would lower their carbon emissions and reduce their risk of fuel poverty.

Strategic Case:

Which Corporate Plan priorities does this project deliver?	a green sustainable city that cares about the environment
	reduced health inequalities
	Select a priority
Explain how the project delivers or supports delivery of Joint Local Plan/Plymouth Plan Policies (include policy references)	HEA 8 – Meeting local housing needs
	The above policy directly references fuel poverty: 'Tackling fuel poverty through supporting supplier switching, fuel debt relief, and community-led energy supply services, and promoting domestic and non-domestic energy efficiency.'

Who are the key customers and Stakeholders	Fuel Poor Households Installers	Which Partners are you working with	Plymouth Energy Community Local Installers

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Completing full spend by March 2023 is not achieved	Low	Low	Low
Mitigation	We have completed a realistic delivery profile with level of forecast level of install We have engaged with installers in order to be ready for funding award There is no PCC funding required for this so lack of delivery will have no financial impacts	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Kurt Borth	
Risk		Select value	Select value	Select value
Mitigation		Select value	Select value	Select value
Calculated risk value in £ (Extent of financial risk)	£	Risk Owner		

Outcomes and Benefits

Financial outcomes and benefits:	Non-financial outcomes and benefits:
The funding will create an additional £1m of turnover for local businesses. Households are predicted (be BEIS) to save over £200 per year on fuel costs with these upgrades.	Improved Health & Wellbeing outcomes for those fuel poor households

Low Carbon

What is the anticipated impact of the proposal on carbon emissions	Significantly reduce carbon emissions on by installing etc etc these will be reported to BEIS..
How does it contribute to the Council becoming Carbon neutral by 2030	As above

Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)	Rebecca Smith - Cabinet Member for Homes and Communities
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Equalities Impact Assessment completed <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT : In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole.

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr. £	20/21 £	21/22 £	22/23 £	23/24 £	24/25 £	Future Yrs. £	Total £
Capital grants to householders				£1,950,000.00				
Capitalised Salaries PCC				£67,332				
Partner Admin and Ancillary				£236,869.11				
Total capital spend								

Provide details of proposed funding: Funding to match with Project Value

Breakdown of proposed funding	Prev. Yr. £	20/21 £	21/22 £	22/23 £	23/24 £	24/25 £	Future Yrs. £	Total £
BEIS - Sustainable Warmth Competition Grant				£2,254,202.19				£2,254,202.19
Total funding				£2,254,202.19				£2,254,202.19

S106 or CIL <i>(Provide Planning App or site numbers)</i>	
Which alternative external funding sources have been explored <i>(Provide evidence)</i>	This is 100% funded by the department for Business, Energy, and Industrial Strategy (BEIS). There are no alternative funding sources for this scale of project
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	Funding agreement is a MoU signed by section 151 officer. The funding will have terms and conditions attached to it. These will be reviewed when received and pending successful funding award. However, as there is no requirement for PCC to use its own funding the conditions will not impact on PCC's finance.

Tax and VAT implications	n/a		
Tax and VAT reviewed by			
Will this project deliver capital receipts? <i>(If so please provide details)</i>	no		
Schemes in excess of £0.5m should be supported by a Cost Benefit Analysis. Calculations undertaken should be attached as an appendix to support financial implications shown below. Please contact your revenue accountant for assistance with this section.			
Is the capital ask greater than £0.5m	No – external funding	If the answer is yes, have you attached the Cost Benefit Analysis	Y/N

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	£0 (no risk to service area)
Revenue cost code for the development costs	
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	Y/N
Budget Managers Name	Paul Elliott

Ongoing Revenue Implications for Service Area

	Prev. Yr.	19/20 £	20/21 £	21/22 £	22/23 £	23/24 £	Future Yrs.
Service area revenue cost							
Loan repayment <i>(terms agreed with Treasury Management)</i>							
Other <i>(eg: maintenance, utilities, etc)</i>							
Total Revenue Cost (A)							
Service area revenue benefits/savings							
Annual revenue income <i>(eg: rents, etc)</i>							
Total Revenue Income (B)							
Service area net (benefit) cost (B-A)							
Has the revenue cost been budgeted for or would this make a revenue pressure	Yes – included in the funding award						

Which cost centre would the revenue pressure be shown			Has this been reviewed by the budget manager		
Name of budget manager					
Loan value	£	Interest Rate	%	Term Years	Annual Repayment £
Revenue code for annual repayments		n/a			
Service area or corporate borrowing		n/a			
Revenue implications reviewed by					

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)


Author of Business Case	Date	Document Version	Reviewed By	Date
Kurt Borth	03/03/2022	v 1.0	Ruth Didymus	16/03/2022

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Portfolio Holder:

- Approves the Business Case and Executive Decision.
- Delegate's authority to Section 151 officer to sign the MoU.
- Allocates £2,254,202.19 for the project into the Capital Programme funded by BEIS Home Upgrade Grant (HUG) Programme.

Councillor Richard Bingley, Leader		Paul Barnard	
Either email dated:	22/03/2022	Either email dated:	18.03.2022
Or signed:		Signed:	
Date:		Date:	18.03.2022
		Service Director	
		[Name, department]	
		Either email dated:	date
		Signed:	
		Date:	