
REPORT TO:	COUNCIL	AGENDA ITEM: 8
DATE OF MEETING:	23 FEBRUARY 2022	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR SERVICE DELIVERY – ALLISON THOMAS	OPEN
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SUBJECT:	SOCIAL HOUSING DECARBONISATION GRANT	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS01

1.0 Recommendations

- 1.1 To accept the Social Housing Decarbonisation Grant of £1,099,835
- 1.2 To authorise the Chief Executive and Strategic Director (Corporate Resources) to sign the declarations.

2.0 Purpose of the Report

- 2.1 This report confirms the acceptance by the Department of Business Energy and Industrial Strategy (BEIS) of the bid by the Council for Social Housing Decarbonisation Grant Funding of up to £1,099,835 which was endorsed by the Housing and Community Services committee on 30 September 2021 and the Finance and Management Committee on 7 October 2021. (The acceptance letter is attached at Appendix1).
- 2.2 The report also contains the Memorandum of Understanding which must be completed and returned to BEIS before 28 February 2022.
- 2.3 Since the original bid was submitted the timetable for delivery of the project has moved back after a delay in the assessment of bids. The programme must now be delivered between 1 April 2022 and 31 March 2023.

3.0 Executive Summary

- 3.1 In 2017, the Council's Asset Management Strategy Action Plan, committed to take a specific action to improve energy efficiency and reduce fuel poverty in Council-owned homes. This was reaffirmed by the Housing and Community Services Committee in 2020.
- 3.2 Nottingham City Council was commissioned by the Council to conduct six hundred Energy Performance Certificate surveys of the Council's residential stock and provide an indication of the stock condition and the investment necessary to improve energy efficiency and reduce their carbon footprint. Additional funding was awarded to

Nottingham City Council by BEIS which allowed for an additional one hundred properties to be added to the survey. The survey work was completed and a detailed report was provided to the Housing and Community Services Committee

- 3.3 In August 2021, the Government published the funding regime and guidance for “Wave One” of its Social Housing Decarbonisation Fund (SHDF). The data provided by Nottingham City Council was used to inform a bid to this fund.
- 3.4 The Finance and Management Committee on 7 October 2021, endorsed the Council bid for funding of £1million and agreed to the Council contributing the required landlord contribution of 33% of the total cost of improvements that would be delivered by this scheme (approximately £500,000).
- 3.5 The bid was submitted after joint work between the Council and NOVUS as the main contractor for the work with the support of Turner Townsend the BEIS approved support advisors.
- 3.6 For the delivery stage of the project BEIS has appointed a Monitoring Officer from the Ricardo consultancy for each Council Provider. This monitoring officer will assist the Council with monitoring and reporting progress to BEIS.
- 3.7 The BEIS national team has confirmed that reporting and monitoring for the project will be demanding in the early stages although it is prepared to work in partnership with providers in order to make Wave 1 a success. BEIS hopes to use learning from this to inform the future waves of funding which will provide around £800 million for the social housing sector in future funding rounds.
- 3.8 Whilst the resolution of the Finance and Management Committee authorised the submission of the bid, it does not authorise the acceptance of the conditions attached to the acceptance of the bid.

4.0 Detail

- 4.1 In order to comply with the requirements of BEIS, the Council must complete and return a Memorandum of Understanding (MOU) by 28 February 2022 (the document is attached at Appendix 2).
- 4.2 This document also contains a number of annexes for completion by the Council and the contractor either at submission of the MOU or at the specified date. These annexes are:
 - Annex 1: Section 151 or Section 73 Officer Declaration (to be provided with the signed MoU)
 - Annex 3: Grant Claim Form (to be provided with the signed MoU)
 - Annex 4: Risk Register (to be provided with the first monthly report)
 - Annex 5: Data Sharing Agreement (to be provided no later than 15 April 2022)
 - Annex 6b: Updated Baseline Milestone Schedule (to be provided with the signed MoU)
 - Annex 9: AP1a form (to be provided with the signed MoU)
 - Annex 10: Small Amounts of Funding Declaration (to be provided with the signed MoU).

4.3 The relevant conditions in the MoU are as follows:

- Clauses 43-49 – the Secretary of State can request that the Council repay all, or part of the Grant (inclusive of interest) if it considers that the Council is in breach of the MoU
- Clause 44 allows the Secretary of State to suspend delivery of the project if one of the provisions of the MoU is not met
- The Council is responsible under the MoU for the failures of its employees, contractors, agents or partners when delivering the project.
- The Council must inform the Secretary of State in writing if it has any concerns that any of the grounds in paragraph 44 might arise or that it will not be able to meet the provisions of the MoU
- If the Council does not use all the Grant, it must work with the Secretary of State to agree how it will be spent. However, the Secretary of State is entitled to determine an extension or in the instance an agreement cannot be reached can order the Council to repay the remainder within 30 days of the end of the Funding Period.
- The Council must complete the risk register, provide monthly reports to the Secretary of State's Project Team, notify the Project Team of any variation in the project and keep the records for 10 years.
- The Council must ensure that the project complies with the subsidy control regime (see 4.4 below)
- The Council must comply with all relevant requirements of UK law relating to public procurement in force and applicable from time to time (see 4.5 below)

4.4 In relation to the subsidy control regime, the Council submitted a letter at application stage explaining that it intended to utilise the current Whole House contract with NOVUS to deliver the project and that this contract had been properly procured through a Framework Agreement and thus satisfied the subsidy control regime.

4.5 In relation to public procurement, as the Council intends to use the Whole House contract to deliver the project and NOVUS was selected under a Framework Agreement, the Council is compliant with all UK law relating to public procurement

4.6 The aim of the programme is to improve the Energy Performance Certificate (EPC) ratings of 111 Council Housing properties in the District from a total award value of £1.557 million (Exc. VAT). The typical properties are sheltered bungalows, selected on their low EPC rating and the vulnerability of their older tenants. The outcome will be warmer homes, reduced energy, improved tenant wellbeing and the elimination of fuel poverty. Measures include roof, cavity, internal, external wall and underfloor insulation, double glazing, LED lighting and Solar Photo Voltaics. These have been designed to cause least disruption to the vulnerable tenants whilst meeting the funding aims.

4.7 NOVUS played an important role with its teams assisting in compiling the bid and also through its understanding and experience of the Council's housing stock and the fact that it holds key supply chain partnership agreements with manufacturers and suppliers.

4.8 Appendix 3, attached to the report provides a detailed summary of the bid itself. This includes:

- Project costs
- Starting EPC levels

- Stating Space Heating Demand Levels
- Property Type
- Fuel Type
- Planned outcomes.

4.9 The measures identified to improve the EPC rating of properties that are currently above or below level C are detailed in the tables below.

Table 2a - Social Housing below EPC Band C Measures			
Measures	Total number of estimated installations in each home per application	Estimated total costs /£ (inc. non-recoverable Vat)	Estimated total costs /£ (Exc. Vat)
External Wall Insulation	78	£ 1,134,904.20	£ 1,070,664.34
Cavity Wall Insulation		£ -	
Underfloor Insulation	0	£ -	£ -
Loft Insulation	95	£ 53,345.02	£ 50,804.78
Draughtproofing		£ -	
Air Source Heat Pumps		£ -	
Ground Source Heat Pumps		£ -	
Shared Ground Loops		£ -	
Communal Heat Networks		£ -	
District Heat Networks		£ -	
High Retention Storage Heaters		£ -	
Biomass	0	£ -	
Solar PV	15	£ 68,288.01	£ 68,288.01
Solar Thermal		£ -	
Double Glazing	101	£ 268,275.12	£ 255,500.11
Other (list below)			
Low Energy Lighting	111	£ 59,841.43	£ 49,867.86
Efficient Boiler Replacements		£ -	
Internal Wall Insulation	0	£ -	£ -
Party Wall Cavity Insulation	80	£ 40,354.83	£ 38,433.17
Electric Storage Heater Replacements	0	£ -	
Flat Roof Renewal	0		0
Total	480	£ 1,625,008.61	£ 1,533,558.27

Table 2b - Social Housing EPC Band C and above Measures			
Other (list below)			
Loft insulation	9	£ 3,939.73	£ 3,752.12
Windows Doors	10	£ 16,273.18	£ 15,498.27
Party Wall Cavity Insulation	8	£ 4,530.61	£ 4,314.87
Total	27	£ 24,743.52	£ 23,565.26

5.0 Financial Implications

- 5.1 As outlined in the earlier reports to the Housing and Community Services and Finance and Management Committees, the bid has achieved 66% funding for the overall cost of the programme which is around £1.648 million which will, therefore, require £549,917 landlord contribution to be provided by the Council.
- 5.2 This contribution will be met from the Housing Revenue Account (HRA) Capital budgets and the Major Repairs Reserve in line with the Medium-Term Financial Plan presented to Housing and Community Services Committee in January 2022 and Finance and Management Committee in February 2022 as part of the Budget round.
- 5.3 The Council should be mindful that the Secretary of State has the ability to request that the Council repay some or all of the grant if the Council is considered in breach of the MoU.

6.0 Corporate Implications

Employment Implications

- 6.1 An allowance is made within the SHDF funding for the administration of the scheme. Initially it was envisaged that this allowance would be used to extend the role of the Green Homes Grant project coordinator already employed by the Council to assist in the delivery of the Green Homes Grant – Local Authority Delivery Phases 1b and 2 and 3 if the Council were to be successful in also winning further funding under these schemes. If unsuccessful then an additional short-term post will need to be supported in order to manager and deliver the scheme.

Legal Implications

- 6.2 Since the submission of the bid the current “Whole House” contract with NOVUS which already has scope for the delivery of major improvement works to Council properties has been extended and endorsed by the Housing and Community Services Committee on 27 January 2022. The contract is also currently subject to negotiations around a number of variations proposed by the Council.
- 6.3 The contract was procured in accordance with UK procurement rules as a call off contract under a Framework Agreement and is compliant with the grant conditions relating to subsidy control and procurement.

Corporate Plan Implications

- 6.4 The contents of this report make a direct contribution to the aims of the Council's Corporate Plan to:
- Tackle climate change - Strive to make South Derbyshire District Council carbon neutral by 2030.
 - Work with residents, businesses and partners to reduce their carbon footprint
 - Promote health and wellbeing across the District.
 - Improve the condition of housing stock and public buildings.

Risk Impact

- 6.5 The contents of this report make a direct contribution to mitigating the risk identified within the Corporate Risk register: Climate Emergency – The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050.
- 6.5 A risk assessment framework is provided within the bid documentation. This will be completed and submitted to BEIS as requested with the first monthly report.

7.0 Community Impact

Consultation

- 7.1 Council tenants have already been engaged in the project through their participation and cooperation with Nottingham City and Council staff in arranging surveys in their homes. A requirement of the bid is that there is a robust plan for customer engagement in the delivery of improvement works. This duty will be shared between the Council and the contractor delivering the work. NOVUS has confirmed that its communication with affected tenants will commence twenty days before they are due to start on site.
- 7.2 The recently formed Council Tenants group has also been informed of the success of the bid.

Equality and Diversity Impact

- 7.3 The contents of this report will assist in ensuring that homes for tenants including those with Protected Characteristics will be more energy efficient, improving their health and wellbeing.

Social Value Impact

- 7.4 The potential outcomes of the successful delivery of insulation and improvement plans could have a positive effect on the health and well being of tenants through the provision of homes that are affordable to manage for tenants.

Environmental Sustainability

- 7.5 It is a requirement of the bid that the impact of the project on improving the carbon and energy efficiency of homes is measured and reported to BEIS. This will also allow the Council to gauge the success of the project and provide a starting point for similar works to its properties in the coming years.
- 7.6 The provision of homes that reduce the amount of energy required to heat them and consequently the carbon footprint of these homes provides an environmentally sustainable housing stock for the future.

8.0 Conclusions

- 8.1 Securing SHDF Wave 1 funding is a significant achievement for the Council.
- 8.2 The delivery and report timetable is demanding and will require the additional resource identified in order to meet the reporting conditions of the MoU.

- 8.3 The funding provides an excellent opportunity for the Council to begin its longer-term journey to reduce the Carbon footprint of all Council-owned homes.

9.0 Background Papers

Report to Housing and Community Services Committee 30 September 2021

Report to Finance and Management committee 7 October 2021