

ASHFIELD DISTRICT COUNCIL: EXECUTIVE FUNCTIONS DECISION RECORD

Please use this form to record any Executive Decision taken by a Cabinet Member or Chief Officer.

TO BE COMPLETED BY THE DECISION TAKER:

1. Title / Subject Matter:

Please give a brief summary of what the decision was about. A short title for future reference would also be helpful.

Carbon Saving Works to Council Assets – Social Housing Decarbonisation Fund

The Council has affirmed its commitment to doing everything possible to combat climate change. For the Council and the wider community to work towards net zero emissions, investment is required putting significant pressure on existing budgets, with a clear gap between investment requirements and available budgets. To this end, the Council will, where possible, make use of funding opportunities associated with carbon reduction activity to maximise carbon reduction within the District.

The Government has very recently issued five new funding streams which could aid Councils in the delivery of their carbon reduction ambitions. All these funding streams have had exceedingly tight deadlines for submission of bids for funding, coupled with exceedingly tight deadlines for delivery of works if the bid is successful. Each funding stream has its own respective eligibility criteria, including when the works have to be completed by.

This EDR is in respect of the Social Housing Decarbonisation Fund.

1. Social Housing Decarbonisation Fund

Overview

The Social Housing Decarbonisation Fund (SHDF) targets social properties across all tenures with an Energy Performance Certificate (EPC) rating of D or below.

Funding will be administered by the Department for Business, Energy and Industrial Strategy (BEIS) .

Eligibility

Properties must be rated EPC band D or below, and be improved to at least a C rating, taking a 'fabric first' approach but which includes a range

of measures including low carbon heating and Solar Photovoltaic panels (SPV).

Funding Contribution

The Council will be required to fund a minimum of 33% of the cost of works. Funding is awarded on a sliding scale up to £16k per property dependent upon the current EPC rating of the property. Funding can be pooled across the whole project. The Council contribution will come from within the existing HRA Capital Programme.

Timescales

Guidance on the operation of the SHDF and the application form was made available on the 23rd August 2021.

Bids must be submitted before the 15th October 2021.

- Successful applicants will be notified in December 2021
- All projects should be completed by January 2023

Council Bid Proposal

Bids will be assessed on their strategic fit, delivery assurance and value for money. Bids must be able to show identified groups of properties, have the ability to manage tenant engagement and manage supply chain issues.

The Council's bid will target its D rated properties where considered most appropriate e.g. flat roof bungalows which are more difficult to heat, and lower D rated properties, predominantly through solid wall insulation, along with any of the other eligible measures as may be required and beneficial to bring the EPC rating to a C rating.

The Council's bid is estimated to be in the region of £1.2m, aiming to deliver up to 120 properties during the timeframe (between being notified if the bid is successful in December 2021, and the delivery end date of January 2023).

The works are able to include up to 30% properties in the private sector, and a small proportion of EPC C rated properties to enable an area wide approach to be taken. It is not intended to carry out works to private sector properties (as other funding streams cover such works) unless considered absolutely necessary, and with the funders approval, and whereby the Council will not contribute to the cost of works to any private sector properties.

Project Delivery

In relation to project delivery (detailed feasibility, design and installation), the Council has a number of options including delivering the project through the Housing Refurbishment Partnership Contract with J

Tomlinson, and/or through Efficiency East Midlands frameworks for such works (as for Green Homes Grant Phase 1B), and/or through direct engagement as an Exception to Contract Procedure Rules. The Council will review all options in order to secure supply chain resources to facilitate project delivery.

2. Recommendation

Given the above, there are two main options available to the Council:

- 1) Maintain the status quo – do not accept the funding offer to install carbon reduction measures and reduce fuel poverty.
- 2) Accept the offer of funding through the completion of relevant documentation and adherence to funding stipulations and requirements; to utilise HRA funding from the existing Capital Programme to make up the Council's contribution, including carrying out complementary works to the Council owned properties where considered beneficial; to accept the associated risks in order to maximise the benefits of receiving such funding to reduce carbon emissions and reduce fuel poverty; to carry out private sector works only where considered necessary and complementary, and with the funders approval; to return any unspent funding allocation.

2. Is this a Key Decision:

A Key Decision is one that is likely to:

- (a) Result in the Council spending or making savings of over **£50,000 revenue** or **£1m capital**, or;
- (b) Have a significant impact on **two** or more Wards, or electoral divisions in the Council's area.

The works will be carried out in multiple wards, and bid is intended to exceed £1m.

3. Decision Taken:

Briefly summarise what you have decided to do. For instance, to purchase a specific piece of equipment for a specific cost. Don't include any information in your summary that you would not want to be published.

- 1) To accept the offer of funding (if the bid is successful) through the completion of relevant documentation and adherence to funding stipulations and requirements; to utilise HRA funding from the existing Capital Programme to make up the Council's contribution, including carrying out complementary works to the Council owned properties where considered beneficial; to accept the associated risks in order to maximise the benefits of receiving such funding to reduce carbon emissions and reduce fuel poverty; to return any unspent funding allocation.
- 2) To include a small proportion of privately owned properties where considered absolutely necessary and with the funder's approval,

however only where affordable in that the Council will not contribute to the cost of works to private sector properties.

- 3) To engage with Legal Services to assist with the development/ approval of relevant documentation and formal agreements with relevant parties e.g. BEIS, J Tomlinson, EEM and its framework installation contractor, direct engagement with a supplier if necessary to secure supply chain resources (as an Exception to Contract Procedure Rules), and tenants/owner occupiers (e.g. relating to data collection and processing etc.).
- 4) To engage with Legal Services to formalise any relevant agreements.

If the above is approved, for the same to apply for upcoming rounds of the same SHDF funding at the discretion of the Director of Housing and Assets, subject to the funding conditions also remaining the same.

4. Reasons for the Decision:

Again, briefly explain why you thought this was the right decision.

To enable the Council to seek funding and reduce the carbon footprint of its domestic properties in the District and reduce fuel poverty, despite limited resources available to deliver the project and competing activities. This will also reinforce that the Council is committed to reducing carbon emissions and mitigating climate change.

5. Copy of the Report or Briefing Note setting out the information which was used as the basis for the Decision:

Please attach the relevant Report or Briefing Note. Unless classified as exempt, this information will be included with the Decision Record and published on the Council's website.

Please see attached.

6. Was the Decision classed as exempt? If so, what were the reasons for this:

Please refer to the Constitution which explains the legal grounds for exempting from publication information used to make a decision.

N/A

7. Alternative Options Considered / Rejected:

Briefly summarise what other options, if any, you considered and explain why you rejected them.

To not place a bid for such measures would pass up the opportunity to benefit from significant funding to reduce carbon emissions and reduce fuel poverty.

<p>8. Declarations of Interest and Dispensations – if applicable: Any Declarations of Interest relating to this decision and subsequent dispensations should be listed.</p> <p>N/A</p>
<p>9. Name / Title of the relevant lead Cabinet Member(s) consulted (if appropriate):</p> <p>N/A</p>
<p>10. Name / Title of the decision taker:</p> <p>Cabinet Member Councillor Cllr. Tom Hollis</p> <div style="background-color: black; width: 400px; height: 50px; margin-left: auto; margin-right: auto;"></div>
<p>Date: 8 October 2021</p>
<p style="text-align: center;">TO BE COMPLETED BY DEMOCRATIC SERVICES</p>
<p>1. Date that the decision was notified to members:</p> <p>8 October 2021</p>
<p>2. Date and time when the Call-In period for this decision ends:</p> <p>5pm – 15 October 2021</p>
<p>3. Date when the decision can be implemented (five working days following publication):</p> <p>16 October 2021</p>
<p>4. Decision Reference Number:</p> <p>N/A</p>

The completed form should be emailed to the Democratic Services Team:

democratic.services@ashfield.gov.uk

They will arrange for it to be published on the Council's web site.

EXEMPT OR CONFIDENTIAL BACKGROUND INFORMATION IN SUPPORT OF THE DECISION:

Use this section to share any confidential information. **This will not be published or placed on the Council's web site.** It will only be shared within the Authority, as appropriate.

For further support or guidance please contact Ruth Dennis, Director of Legal and Governance (and Monitoring Officer) r.dennis@ashfield.gov.uk or any member of the Democratic Services Team.

Report To:	Delegated Decision	Date:	23.08.21
Heading:	Carbon Saving Works – Social Housing Decarbonisation Fund		
Portfolio Holder:	Councillor Tom Hollis (Portfolio Holder for Housing)		
Ward/s:	Various		
Key Decision:	Yes		
Subject to Call-In:	Yes		

Purpose of Report

The purpose of this report is to inform Members of the recommendations.

Introduction and Background

1. Background

With growing pressure on Local Authorities to be actors in the shift towards a low carbon economy, the Council is striving to pursue a proactive approach towards the decarbonisation of its assets and operations, as well as decarbonisation of the wider District where the opportunity and funding arises.

The Council has reaffirmed its commitment to doing everything possible to combat climate change including committing to a robust climate change strategy, and to include an assessment of the implications for sustainability and the environment in all relevant reports to Committees.

For the Council and the wider community to work towards net zero emissions, investment is required putting significant pressure on existing budgets, with a clear gap between investment requirements and available budgets. To this end, the Council will, where possible, make use of funding opportunities associated with carbon reduction activity to maximise carbon reduction within the District.

The Government has very recently issued a number of funding streams, some of which the Council has already bid and received funding for, to aid the Council in the delivery of its carbon reduction ambitions. All these funding streams have exceedingly tight deadlines for submission of bids for funding, coupled with exceedingly tight deadlines for delivery of works if the bid is successful. Each funding stream has its own respective eligibility criteria.

This EDR is in respect of the Social Housing Decarbonisation Fund.

2. Social Housing Decarbonisation Fund

Overview

The Social Housing Decarbonisation Fund (SHDF) targets social properties across all tenures with an Energy Performance Certificate (EPC) rating of D or below. The Government has earmarked £160m to this fund and is looking for Councils to utilise the funding to improve the EPC rating to at least a C rating, aimed at a fabric first approach (insulation measures), however it can include other measures such as low carbon heating and solar photovoltaics.

Funding will be administered by the Department for Business, Energy and Industrial Strategy (BEIS) .

Eligibility

Properties must be rated EPC D or below, and be improved to at least a C rating.

Unlike the Green Homes grant funding, there is no income eligibility requirement.

A 'fabric first' approach is preferred and although some further measures and low carbon heating can be included, such measures overall must not increase the energy bill of the tenant.

Fossil fuel heating is not eligible.

Funding Contribution

The Council will be required to fund a minimum of 33% of the cost of works. Funding is awarded on a sliding scale up to £16k per property (see table below).

Funding can be pooled for a whole project approach (i.e., a D and an E property would jointly receive £22k where the overall cost exceeds £33k, which could be spent on both). The funding offer also includes an additional contribution towards project management costs.

EPC rating	Grant	Match Funding
D	£10,000	£5,000
E	£12,000	£6,000
F or G	£16,000	£8,000

The Council contribution to the works will be funded from within the existing HRA Capital Programme.

Timescales

Guidance on the operation of the SHDF and the application form was made available on the 23rd August 2021.

Bids must be submitted before the 15th October 2021.

- Successful applicants will be notified in December 2021
- All projects should be completed by January 2023

As with similar recent funding bids, it is anticipated that, should the Council be successful in its bid, BEIS will provide the Council with relevant documentation, for the Council to complete and return by a set date and time, which will include a signed Memorandum of Understanding.

Council Bid Proposal

Bids will be assessed on their strategic fit, delivery assurance and value for money. Bids must be able to show identified groups of properties, have the ability to manage tenant engagement and manage supply chain issues.

Further funding rounds of the SHDF are anticipated in three waves, up to 2030, although this is not guaranteed at this point. The recommendations within this EDR will apply to further SHDF streams which have the same (or better) funding conditions.

The Council's bid will target its D rated properties where considered most appropriate e.g. flat roof bungalows which are more difficult to heat, and lower D rated properties, predominantly through solid wall insulation, along with any of the other eligible measures as may be required and beneficial to bring the EPC rating to a C, including solar photovoltaic panels and renewable heating. The bid will have to account for the ability of contractors to deliver the works. Anecdotally, demand in the solid wall insulation industry has been 3-4 times the ability to supply as a consequence of the Government pumping Green Homes Grant Funding into a very tight timeframe, whereby the market was unable to respond quickly to such a dramatic change in demand.

The Council's bid is estimated to be in the region of £1.2m, aiming to deliver carbon emission improvements to up to 120 properties during the timeframe (between being notified if the bid is successful in December 2021, and the delivery end date of January 2023). There is no guarantee that the Council will be able to deliver this number as it will be reliant on securing the supply chain (supply and installation), against fierce competition and larger bids e.g. by City Councils.

The works are able to include up to 30% properties in the private sector, and a small proportion of EPC C rated properties to enable an area wide approach to be taken. The intention is to maximise funding to assist the HRA by targeting Council owned properties, and include only a very small number of private properties if absolutely necessary, subject to the approval of the funder and at the discretion of the Director of Housing and Assets. The Council will not contribute to any funding to privately owned properties should any privately owned properties be included. The bid will not include an intention to carry out works to private sector properties. Note the Green Homes Grant (Phases 1B and 2) target private sector properties.

Risks

There are a number of potential risks associated with the project, including:-

- The Council being required to meet stringent reporting requirements pre, during and post works.
- The Council being required to collect and share personal and sensitive data (to establish eligibility and provide BEIS with property/tenant/owner details), all in accordance with the Data Protection regulations and BEIS' Data Sharing Agreement and Privacy Notice.

- Inability to complete the project - inability to procure an installer; as with similar funding the funding window is extremely tight, resulting in Local Authorities up and down the country vying for limited resources (contractors meeting BEIS installation criteria – MCS accredited/Trustmark certified/able to install to PAS2030 and 2035 standards), whereby the Council will look to secure such resources as quickly as possible but which is not guaranteed.
- Inability to complete the project - access issues; there is no guarantee that tenants/owner occupiers will wish to or be able to engage with us for various reasons including the current pandemic. It is understood that funding will be provided for works completed, such that if the project is only able to deliver half of the proposed properties e.g. no engagement/access then funding would be proportionate.
- Inability to complete the project – lack of suitable properties – physical characteristics; To install wall insulation, a number of surveys will have to be carried out. These include surveys to ensure that the properties are structurally sound to receive works, surveys to identify asbestos containing materials (which can significantly add to the cost of works if these have to be removed), surveys to identify if there are any bats or birds (which can mean that a license is required or that the works cannot be carried out during the required timescales). Works will also require access licenses to adjacent properties (reliant on adjacent occupiers being amenable to the works being carried out to their adjacent property), Party Wall notices to some properties (also requiring consent of adjacent owners), and also may require Planning permission; given the outcome of such surveys it may require a larger contribution than 33% by the Council, however this will be funded from within the Carbon Savings budget within the current Capital programme envelope.
- Although it is not intended to carry out any works to private sector properties, should any private sector properties need to be included, subject to the approval of the funder, the average cost of such properties must not exceed the funding received as the Council will not Council to contribute to the cost of works to private sector properties, and so the average cost of works to such properties must be less than or equal to the funding received, which would be problematic as the new standards for installation of insulation measures (PAS20235 - to go live in October 2021) is much more stringent, requiring a whole house approach, thus costing significantly more.

The Council would be expected to return any unspent funding, unless the Government provides any other alternative options to the Council for its use.

Project Delivery

In relation to project delivery (detailed feasibility, design and installation), the Council has a number of options including delivering the project through the Housing Refurbishment Partnership Contract with J Tomlinson (signed 17th August 2021), and/or through Efficiency East Midlands frameworks for such works (as for Green Homes Grant Phase 1B), and/or through direct engagement (as with Green Homes grant Phase 2 with Eon). All the suppliers under these options will be under extreme pressure to meet demand, and so the intention is to explore all options to maximise the ability to secure supply chain resources to provide the Council with a reasonable chance of delivering the project in the requisite timescales. Should it be considered necessary to engage directly with a supplier, this EDR is seeking approval to do so as an Exception to Contract Procedure Rules.

Social Housing Retrofit Accelerator (SHRA)

The SHRA has been set up to help social housing providers put together a bid for SHDF. The Midlands Energy Hub (MEH) may be able to provide some support through the SHRA. Council will engage with the MEH regarding any support required.

3. Options

Given the above, there are two main options available to the Council:

- 1) Maintain the status quo – do not accept the funding offer to install carbon reduction measures and reduce fuel poverty.
- 2) Accept the offer of funding through the completion of relevant documentation and adherence to funding stipulations and requirements; to utilise HRA funding from the existing Capital Programme to make up the Council's contribution, including carrying out complementary works to the Council owned properties where considered beneficial; to accept the associated risks in order to maximise the benefits of receiving such funding to reduce carbon emissions and reduce fuel poverty; to carry out private sector works only where considered absolutely necessary and complementary; to return any unspent funding allocation.

Recommendation(s)

Option 2 is recommended.

- 1) To accept the offer of funding (if the bid is successful) through the completion of relevant documentation and adherence to funding stipulations and requirements; to utilise HRA funding from the existing Capital Programme to make up the Council's contribution, including carrying out complementary works to the Council owned properties where considered beneficial; to accept the associated risks in order to maximise the benefits of receiving such funding to reduce carbon emissions and reduce fuel poverty; to return any unspent funding allocation;
- 2) To include a small proportion of privately owned properties only where considered absolutely necessary, and with the funders approval, however only where affordable in that the Council will not contribute to the cost of works to private sector properties;
- 3) To engage with Legal Services to assist with the development/approval of relevant documentation and formal agreements with relevant parties e.g. BEIS, J Tomlinson, EEM and its framework installation contractor, direct engagement with a supplier if necessary to secure supply chain resources (as an Exception to Contract Procedure Rules), and tenants/owner occupiers (e.g. relating to data collection and processing etc.);
- 4) To engage with Legal Services to formalise any relevant agreements;
- 5) If the above is approved, for the same to apply for upcoming rounds of the same SHDF funding at the discretion of the Director of Housing and Assets, subject to the funding conditions remaining the same (or better).

Reasons for Recommendation(s)

To enable the Council to seek funding and reduce the carbon footprint of its domestic properties in the District and reduce fuel poverty, despite limited resources available to deliver the project and competing activities. This will also reinforce that the Council is committed to reducing carbon emissions and mitigating climate change.

Alternative Options Considered

(with reasons why not adopted)

To not place a bid for such measures would pass up the opportunity to benefit from significant funding to reduce carbon emissions and reduce fuel poverty.

Detailed Information

N/A

Implications

Corporate Plan:

Cleaner and Greener – to reduce the Council's carbon footprint and reduce energy costs.

Legal [RLD 03/09/2021]

Contract Procedure Rules enable the Council to choose the most appropriate contractor route for this project either by engaging existing contractors under ongoing agreements, through frameworks or via direct engagement where there is an urgency such that carrying out a full procurement exercise would not be possible due to time constraints.

Legal Services will provide advice and assistance as set out in the report.

Finance: (PH 14/09/21)

Budget Area	Implication
General Fund – Revenue Budget	N/A
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	<i>The Council will contribute 33% of the value of works carried out plus the cost of any additional works required to Council owned properties during the project e.g. structural remedial works, windows and external doors to complement the insulation works. Based on the proposed bid of £1.2m, the Council would therefore contribute a minimum of £600,000 from the HRA (from within the existing Capital Programme). The Council will not contribute to the cost of works undertaken on private properties.</i>

Risk:

Risk	Mitigation
As included in 'Risks' above.	<i>To seek assistance from relevant departments relating to their respective specialisms e.g. Legal, Finance and Planning, to complete the requisite tasks; to have a number of options available in the delivery of the works to reduce procurement timeframes; to establish costs (as far as possible) prior to entering into agreement with private owners (if and where applicable).</i>

Human Resources: (KB 30/09/21)

The are no HR implications contained within the report.

Environmental/Sustainability

The works covered by this EDR will reduce the carbon footprint of the properties receiving works and contribute towards the overall reduction in the district's emission. It will also contribute to a reduction in fuel poverty.

Equalities:

There are no perceived Equalities implications.

Other Implications:

N/A

Reason(s) for Urgency

N/A

Reason(s) for Exemption

(if applicable)

Background Papers

(if applicable)

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