

22nd June 2022

Agenda Item: 2

REPORT OF SERVICE DIRECTOR INVESTMENT & GROWTH

GREEN & WARM HOMES FUNDING EXTENDED – SUSTAINABLE WARMTH SCHEME

Purpose of the Report

1. To provide an update on the decisions taken by the s151 Officer on 16th May 2022 to approve an extension to the Capital Programme to access additional funding to the Green and Warm Homes schemes¹ now combined as a single scheme: the Sustainable Warmth Scheme.
2. To provide an update on the s151 Officer decision to approve the amendment to the Capital Programme to add the additional £2.596m funding (see annex A).
3. To request approval to enter into any grant agreements and contracts required, including the procurement of (and contracting with) delivery partners for the swift and efficient delivery of the programme.
4. This is a Key Decision because it will result in expenditure of £1 million or over and it will have significant effects on two or more electoral divisions.

Information

5. In [The Nottinghamshire Plan](#), we are committed to [helping our people live healthier and more independent lives](#). In September 2020, Policy Committee approved the Council to deliver the Green Homes Grant Local Authority Delivery Scheme, utilising economic development funding from the Department of Business Energy and Industrial Strategy. This scheme funds home energy measures for households on low incomes, tackling fuel poverty and hunger through reducing energy use, and reducing the carbon impact of people's homes. These measures broadened the pre-existing offer established through the Warm Homes Fund set up to enable upgrades to central heating systems for the same purpose.
6. Working with Nottinghamshire Districts and Boroughs, EON and Nottingham Energy Partnership, the Council has delivered £2,163,461 (at March 31st 2022), to support heating upgrades and energy reduction measures for low carbon homes. This has targeted low income

¹ Also known as the Local Authority Delivery and Home Upgrade programmes

and vulnerable residents across Nottinghamshire for household savings of at least double the upgrade cost.

7. Under this new phase, the schemes are being combined and rebranded as the Sustainable Warmth Scheme. Properties targeted first will be Band E-G, the worst energy performance rated homes. Band D properties will be limited to 30%, and social housing to 10%, pending round 2 of Governments' Social Housing Decarbonisation Fund (expected in August 2022).
8. In February 2021, the Government decided to allocate Green and Warm Homes funds differently through local Energy Hubs. The Midlands Net Zero Hub (previously the Midlands Energy Hub) currently has £82m to spend proportionately on properties both on and off gas supply across the Midlands. This new approach to allocating funding is to reduce the need for bidding by each local authority and to target more upgrades on renewable heat and energy saving retrofit measures. Government is now phasing out funding for traditional fossil fuel boiler replacements, so the Sustainable Warmth Fund replaces it this year.
9. Under the new funding arrangement, each district/borough has been offered a pre-allocated funding pot by the Midlands Net Zero Hub, subject to submission of a suitable Delivery Plan for the programme of works. In March 2022, three districts/boroughs informed the Hub were not able to take up their allocation for this year due to resource constraints. The districts are, Ashfield, Broxtowe and Newark & Sherwood. There remains a high demand for the schemes across these parts of Nottinghamshire and wider.
10. Since learning of this issue in April, the Growth Infrastructure and Development Team has worked with the Midlands Net Zero Hub, Nottingham Energy Partnership and the three councils in question. A delivery plan for all three areas has been prepared, with a view to the County extending its existing contract management for Green and Warm Homes funding. The additional funding is £2.596m and is detailed in Annex A.
11. In order to act swiftly and to secure the funding, Officers sought the s151 officer approval to extend the Capital Programme to access additional funding to the Green and Warm Homes schemes. This will now be combined as a single scheme called "Sustainable Warmth Scheme". This will mean that the additional £2.596m funding is added to the Capital Programme.
12. An allocation for the funding has now been made on the understanding that the programme will commence as soon as possible, pending Cabinet Member approval of the spend. The next step is for the Midlands Net Zero Hub to feedback on any potential improvements to the plan. If this report is approved, contracts can be entered into to receive the funds, retender the contract and select the delivery contractor going forward.

Other Options Considered

13. We have considered the option of declining the funding allocation and not facilitating this scheme. This would create a highly undesirable local gap in provision for low-income households. This would mean Nottinghamshire would have the only such provision gap in the Midlands geography, and possibly wider. This would create the highly undesirable, uneven access to fully funded support in context of rising energy costs. We seek approval to enable extension of the funding and avoid a substantial change in policy of delivering these fuel poverty prevention schemes. This will enable Nottinghamshire to continue to work to deliver a wide range of renewable heat upgrades when the current contracts for Warm Homes Green Homes delivery expires in June 2022.

Reason/s for Recommendation/s

12. The County is currently administering the previous scheme allocations for all of the county, with ongoing demand. The current programme is due to end in June 2022.
13. The ability to utilise additional funding for the areas of Newark and Sherwood, Broxtowe and Ashfield, is now on the condition that the County Council continue to offer the contract management resources for these schemes and that the contract is tendered anew to test current market pricing and supplier ability to deliver.
14. Section 151 officer approval has been granted by the County to accept the additional funding to extend the programme delivery to March 2022/23. The cabinet member approval will enable swift action to ensure the allocation is retained for Nottinghamshire. Delay in this case risks losing the funding as the timetable for delivery is now squeezed (delivery was expected to have begun in April).
15. Cabinet Member approval is therefore sought, for Officers to enter into any grant agreements (such as with Midlands Zero Hub) and contracts required, including procuring and contracting with delivery partners for the swift and efficient delivery of the programme. This decision is needed so that we can sign the draft funding agreement with the Midlands Zero Hub (which has already been received).

Statutory and Policy Implications

16. There are no new statutory or policy implications. Accepting the funding would be consistent the pre-existing long-term policy of the Council, to deliver such funding when grants are made available to the Local Authority.
17. State Aid advice has been obtained to affirm there is no new barrier to utilising the additional funding. UK Public Contracts Regulations 2015 continue to apply and will be adhered to in identifying the delivery partner for the additional funding allocation. We have access to the Midlands Next Zero Dynamic Purchasing framework which enables tendering for a delivery partner over 10 working days.
18. There is no change to target recipients for the fund, though more on lower incomes will now qualify under the new £30K low income definition. Social housing will continue to be targeted separately through the social housing decarbonisation fund which is Government preferred funding vehicle and has been designed for this purpose. On this scheme we have already run a successful demonstrator project and recently secured additional funding for further delivery, generating over £2.6m new funding for low carbon social housing.
19. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

20. The additional capital scheme will be fully funded from external sources and there will be no overall increase in future revenue costs. As with the previous grant funding there is no financial gain to the Council and no VAT will apply to the contract.
21. There are no Human Resources Implications. All additional staff to support delivery of the extended scheme will be employed externally for example a retrofit co-ordinator must be employed by the delivery contractor. The tenders must be published for a minimum of ten working days and must end on a working day.

Public Sector Equality Duty implications

22. An up-to-date Equality Impact Assessment will be completed. The programme is of particular importance to older residents regarding the need for warm homes, and vulnerable groups, due to contractors visiting people in their homes to install measures.
23. Data Protection procedures are being followed, and a Data Protection Impact Assessment has been completed with due consideration of the issues by an experienced senior officer.

Implications for Sustainability and the Environment

24. The programme is expected to have a significant positive impact for environment through reducing carbon emissions from installing measures for low carbon and more sustainable homes in Nottinghamshire.

RECOMMENDATIONS

It is recommended that the Cabinet Member for Economic Development and Asset Management:

- a. Notes the s151 Officer approval for an extension to the Capital Programme to access the additional £2.596m external funding available under the Sustainable Warmth Fund
- b. Approves that the Council delivering the next phase of the programme and entering any grant agreements (such as with Midlands Zero Hub) and contracts required, including procuring and contracting with delivery partners for the swift and efficient delivery of the programme.

Matthew Neal
Service Director Investment & Growth

For any enquiries about this report please contact: Joelle Davies, Group Manager 0115 977 4857

Constitutional Comments (CEH 31/05/2022)

25. The report and recommendations falls within the remit of the Cabinet Member for Economic Development and Asset Management under their terms of reference.

Financial Comments (Glen Bicknell 29/05/22)

26. This is an extension to current programmes, fully funded from external funding, no additional revenue implications (as it's grant funded) and should be supported. borrowing is involved just a variation to the capital programme to reflect Annex A is required.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

[Warm Homes Fund Report, Policy Committee, September 2019](#)

[Green Homes Report, Policy Committee, December 2020](#)

[Social Housing Decarbonisation Fund Demonstrator Report , Policy Committee, December 2020](#)

[Social Housing Decarbonisation Fund Wave 1 Report, Economic Development & Asset Management Committee, March 2022](#)

Electoral Division(s) and Member(s) Affected

- This issue is relevant to all Districts in Nottinghamshire.

Annex A Funding Profile

	Installations	Administrative & Ancillary	Total Allocation	Q2 2022-23	Q3 2022-23	Q4 2022-23
Sustainable Warmth Fund	£2,360,000	£236,000	£2,596,000	£53,020	1,271,490	1,271,490