

14th October 2021**Agenda Item: 6****REPORT OF THE CHAIRMAN OF ECONOMIC DEVELOPMENT & ASSET
MANAGEMENT COMMITTEE****SOCIAL HOUSING DECARBONISATION FUND – WAVE 1 BID SUBMISSION****Purpose of the Report**

1. The purpose of this report is:
 - To seek approval for a partnership submission to be made to the Department for Business, Energy and Industrial Strategy (BEIS) under Wave 1 of the Social Housing Decarbonisation Fund (SHDF);
 - Provide an update on the related Demonstrator Project that is currently being undertaken between the Council, Mansfield and Bassetlaw District Councils (Districts) and the Arc Partnership (Arc) as approved at the Policy Committee 9 December 2020.

Information

2. The SHDF is a grant based funding programme being managed by BEIS. The SHDF forms part of a wider package of measures announced by the Government with £3.8bn being utilised over a 10 year period to improve the energy performance of social rented homes. In parallel to producing improvements to energy efficiency, the programme is anticipated to make sizeable and realisable contributions to the alleviation of fuel poverty.
3. The first phase of SHDF was the creation of a Demonstrator whereby BEIS allocated £62m in late Autumn 2020 to various partners to deliver innovative retrofit social housing projects. The County Council leads a partnership with the Districts of Bassetlaw and Mansfield with Arc Partnership and successfully submitted a bid of £0.75m for Demonstrator funding (matched by an equal contribution from the Districts). This investment will secure retrofit works to 25 social housing properties. Physical works are due to start on site for the Demonstrator Project.
4. The purpose of the Demonstrator was to enable BEIS to design and test how the SHDF should operate; how should the funding be provided to partners and to test appropriate delivery targets and performance measures. From this Council's perspective, the Demonstrator Project has afforded the partners to establish due processes and to ensure that the partner relationship and delivery mechanisms are robust. This positions our partnership well for further applications for funding.

5. BEIS has recently announced the first wave of funding (Wave 1) to be released under the SHDF, amounting to £160m available nationally, with bids needing to be submitted by 15 October 2021. Physical delivery of works would need to be completed by January 2023.
6. Subject to future spending reviews the intention of BEIS is to release further annual funding waves (following a similar bidding process) in order to deliver the £3.8bn funding pledge. Although not certain, the expectation is that future funding waves will be larger in scale. In advance of future calls for SHDF bids, the Council will approach other social housing stock-owning Nottinghamshire councils and housing associations with a view to raising awareness and gauging interest. This will include an offer to observe and learn from what is hoped to be a successful Wave 1 scheme (see below).
7. The focus of Wave 1 SHDF will be different from the Demonstrator. Notably, successful Wave 1 projects will need to deal with lower complexity issues with an emphasis on a “fabric and worst first” approach. In contrast, the key objective of the Demonstrator was to focus on innovative solutions and processes. A natural result of Wave 1 is that there will be lower capital grant funding (per property) and a need to deliver more properties. Although the per-property impact on the cost of heating will be lessened, the Wave 1 programme will target some of the county’s fuel-poorest households and will make a notable difference to these household’s energy bills.

Wave 1 Bid Proposal

8. Given the successful bid and current delivery of the Demonstrator Project the Council, the same Districts and Arc have reviewed the Wave 1 bid guidance and discussed the principle of submitting a Wave 1 bid. The Districts have confirmed their desire to participate in a Wave 1 bid and have identified capital budgets to provide their match funding. All parties have concluded that it would be efficient and effective to structure the Wave 1 bid as per the Demonstrator Project, with the County Council leading the consortium and acting as accountable body to BEIS and with Arc acting as the physical delivery partner.
9. Any risks to the Council that are occasioned by its role in leading the consortium will be mitigated by a Memorandum of Understanding (MoU) building on the MoU signed between the parties for the existing Demonstrator Project.
10. The detail of the bid remains under development given the short timescales. As it stands, Arc is currently working with the Districts to ensure our bid can meet technical and practical parameters (for example minimising disruption to tenants) as well as being affordable within the revised BEIS parameters.
11. In addition, work on agreeing the number of properties to be targetted, the precise nature of the proposed retrofit works, the capital cost of works per housing unit and the quantum of grant funding to be asked from BEIS is being finalised at the time of drafting this report. Committee will be provided with an update at the meeting.
12. Finally, while issues regarding procurement and subsidy control were reviewed and deemed resolved under the Demonstrator Project (as referenced in the December 2020 report), further work is being completed to ensure compliance with all relevant regulations.
13. From the Council’s perspective, gaining approval to submit the bid will mean acceptance of the BEIS Memorandum of Understanding. In turn, should the bid be accepted then the Council will be committed to act as an accountable body in terms of the proper utilisation of

grant funding and be subject to potential clawback of grant, although this risk will lie with the Districts in the event that the clawback arose due to any of their acts or omissions.

Reasons for Recommendations

14. Submission of the Wave 1 bid builds on the Council's existing relationship with Bassetlaw and Mansfield DCs. Through this organisation's supportive and enabling input, we can begin to develop a future role for the Council in providing 'soft leadership' within the county on Place-related issues – particularly those related to carbon neutrality and 'levelling up'.

Statutory and Policy Implications

15. 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

16. The financial implications of the proposed bid will be included within the exempt report to be completed prior to the meeting of this Committee.

RECOMMENDATIONS

17. It is recommended that Policy Committee:

- a) Approves in principle the submission of a bid to the Social Housing Decarbonisation Fund under Wave 1, utilising the Memorandum of Understanding, as further detailed in the exempt appendix.
- b) Delegates authority for final sign-off of the Wave 1 submission to the Corporate Director (Place), in consultation with the Chairman of the Policy Committee and the Section 151 Officer.
- c) Subject to the bid being successful, receives a further report to approve the appropriate amendment to the Council's Capital Programme to reflect the amount of funding awarded and the Council entering into the necessary agreements to deliver Wave 1 with our partners.

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Constitutional Comments (CEH 05.10.2021)

17. Policy Committee has the authority to consider the report and recommendations. Legal advice is being sought on the legal agreements and other considerations such as procurement issues and subsidy control in respect of this scheme.

Financial Comments (GB 05.10.2021)

18. There are no financial obligations to the County Council as a result of submitting this bid. If the partnership bid for BEIS funding is successful approval will be sought, through the usual capital approval processes, to vary the capital programme to incorporate this programme of work.

Background Papers and Published Documents

- Social Housing Decarbonisation Fund Guidance, published 27 September 2021 and available online [here](#).
- [Social Housing Decarbonisation Demonstrator](#). Report to Policy Committee, 9th December 2020, Agenda Item 7

Electoral Divisions and Members affected

- All within the district council areas of Bassetlaw and Mansfield