

REPORT OF THE LEADER OF THE COUNCIL**SOCIAL HOUSING DECARBONISATION FUND DEMONSTRATOR****Purpose of the Report**

1. To seek Committee support for a submission to be made to the Department for Business, Energy and Industrial Strategy (BEIS) under the Social Housing Decarbonisation Fund Demonstrator, and approve the appropriate amendment to the Capital Programme, should the bid be successful.

Information

2. Nottinghamshire County Council as a local authority, major employer, service provider, community leader and partner, plays a leading role in protecting and improving the environment for Nottinghamshire residents and businesses. In fulfilling that role, in March 2020, this Committee approved the Corporate Environmental Policy and Strategy. The Strategy, alongside an overarching environmental policy, covers key activities of the Council that interact with the environment and seeks to improve the environmental impacts of them. This includes Council projects, strategies and policies.
3. With a particular focus on kick-starting a green recovery, the Council now has the opportunity to move ahead with a pilot project using innovative solutions that aim to significantly reduce property emissions, heat loss and running costs for residents. Subject to Committee approval, this will provide important learning to develop larger-scale programmes and proposals more widely across Nottinghamshire.
4. The Social Housing Decarbonisation Fund was launched by BEIS as part of the government's commitment to reach Net Zero emissions by 2050. The fund aims to deliver transformational change in the social housing sector, by upgrading the performance of energy poor performing homes through a whole house retrofit. Whole House Retrofit is a complete approach to making homes more energy-efficient, focusing on the fabric of the house first including the walls, roof, floors, windows and doors, to strategies for ventilation, heating efficiency and cooling in the summer months.
5. The initial release of £50m funding is for demonstrator projects to inform the delivery of the main scheme which, subject to the Autumn spending review, should begin in the next financial year 2021/22. This UK-wide demonstrator scheme will see grants supplied to upgrade the energy efficiency of over 2000 of the worst-performing social homes. It is estimated that those living in upgraded properties will save between £300 and £500 on their energy bills each year.
6. At the end of October 2020, BEIS approached the County Council to consider leading on a bid to the Demonstrator Fund, with a deadline of the 12th November 2020. Given this tight deadline, an initial application will have been submitted by the date of this Committee.

Because it can be delivered through existing structures it was considered appropriate to submit the application in advance of seeking Committee approval and to seek the Committee's approval for amendments to the Capital Programme should the submission be successful.

7. The demonstrator bid will be seeking £800,000 of funding to upgrade the energy efficiency of up to 25 properties across Bassetlaw and Mansfield through a complete retrofit. The entire grant must be spent by the end of December 2021.
8. This new funding from BEIS will complement existing programmes including the Warm Homes Fund and the Green Homes Grant Local Authority Delivery scheme, for both of which the County Council acts as accountable body. However, as a social housing programme it will not be delivered through the Warm Homes Hub, instead through the Arc Partnership (Arc) and three district councils.
9. It is proposed that Nottinghamshire County Council will lead the consortium bid which will be managed and delivered through Arc, in partnership with Bassetlaw and Mansfield District Councils. The overall project management will be undertaken by Arc, with the grant being passported directly across to them. A decision from BEIS is anticipated imminently. If successful, and subject to Member approval to proceed, the project would be one of between nine and sixteen demonstrators operating nationally.
10. Procurement and State Aid considerations merit reference in making this submission, as follows.

Procurement Considerations

11. The delivery arrangements involve an agency and services agreement between the District Councils and the County Council in relation to the works, as well as collateral warranties from Arc for the delivery of the works. The estimated value of the works is in the region £1.6m which is significantly below the works OJEU threshold of £4,733,252. To the extent that the works do not have a realistic prospect of cross-border interest (so as not to engage EC Treaty Principles) then the District Councils could justify an award of such works to the County Council / Arc as not engaging EU procurement law obligations.
12. Arc is a "Teckal" body and therefore more than 80% of its activities should be provided back to the shareholding controlling authorities. It will be able to maintain this activity threshold even if the £1.6m works were to be counted as outside of the 80%, in being activities performed for the District Councils rather than the controlling authorities.

State-Aid Considerations

13. In this proposal, the homes which will be the subject of the decarbonisation retrofit are all owned by the District Councils in Nottinghamshire in the exercise of their statutory housing functions. They are not owned or managed by registered providers, remaining in the ownership of the local authorities and where occupied they are let out on tenancies at sub-market rents.
14. On this basis, it is considered reasonable to hold that the scheme will not involve aid at the level of occupiers or the building owners, none of whom are undertakings. In particular it is not considered that the District Councils when acting as housing authorities are offering goods and services on a market, but rather carrying out their duties under the relevant housing acts. Access to Council owned housing is allocated in accordance with the local housing policies.

15. The County Council will be acting as a conduit to receive and pass on the grant funding. The ultimate contractors tasked with carrying out the works are being procured through an existing framework which was procured in accordance with EU procurement rules, and accordingly represents the market price.
16. The balance of the costs will be met by the District Councils as owners of the properties. Since this is a 'no aid' case, issues of intensity levels do not arise.

Other Options Considered

17. Given the short timescale and the process for bidding, an alternative option would have been to deal with this matter through the Council's Urgency Procedures. However, as the initial bid did not commit the Council to expenditure it was felt more appropriate for this matter to be dealt with by Policy Committee. This approach enables Members to decide whether the bid be pursued further.

Reason for Recommendations

18. This submission supports the delivery of both the Council Plan and Corporate Environmental Policy, offering creative improvements to the housing stock, reinforcing Nottinghamshire as a great place to live, work, visit and relax. The County Council is committed to protecting and enhancing the environment for today and for future generations and is well-placed to use existing structures to deliver the project.

Statutory and Policy Implications

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.

Implications for Sustainability and the Environment

20. This project will support a green recovery in response to the economic impacts of COVID-19 and help some of Nottinghamshire's more vulnerable fuel-poor households living in less energy-efficient homes. By considering the whole house, these improvements will start a journey to healthier and more comfortable homes.

Financial Implications

21. No funding from Nottinghamshire County Council is sought or required. However, the receipt of funding will require a change to the Council's Capital Programme.

RECOMMENDATIONS

It is recommended that Policy Committee:

- 1) Support the recent submission of a bid to the Social Housing Decarbonisation Fund Demonstrator.

- 2) Subject to the bid being successful, approve the appropriate amendment to the Council's Capital Programme to reflect the amount of funding awarded.

COUNCILLOR MRS KAY CUTTS MBE
Leader of the County Council

For any enquiries about this report please contact: Nicola M^cCoy-Brown, Group Manager, Growth and Economic Development tel: 72580

Constitutional Comments (CEH 13/11/2020)

22. The recommendations fall within the remit of Policy Committee under its terms of reference.

Financial Comments (KRP 13/11/2020)

23. Whilst the County Council will be submitting the bid to BEIS for Social Housing Decarbonisation Fund Demonstrator grant funding, any funding received will be passed on to Arc who will be delivering the programme. There is no requirement for County Council funding should the bid be successful. Therefore, there are no specific financial implications arising directly from the report.

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.

- *Social Housing Fund Decarbonisation Demonstrator: Local Authority delivery. Guidance for Local Authorities*, published October 2020 and available online at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/923163/social-housing-decarbonisation-fund-competition-guidance.pdf
- *Corporate Environmental Policy*, approved by Policy Committee on 18 March 2020, the policy statement is available online at:
<https://www.nottinghamshire.gov.uk/policy-library/72901/corporate-environmental-policy>

Electoral Division(s) and Member(s) Affected

- All within the district council areas of Bassetlaw and Mansfield