

8 March 2022**Agenda Item: 6****REPORT OF THE CORPORATE DIRECTOR, PLACE****SOCIAL HOUSING DECARBONISATION FUND – WAVE 1 BID AWARD OF FUNDING****Purpose of the Report**

1. The purpose of this report is to provide an update on the Wave 1 bid submission to the Social Housing Decarbonisation Fund and the successful award of funding working with district council partners Mansfield and Bassetlaw (“the Districts”).

InformationSocial Housing Decarbonisation Fund (“SHDF”)

2. SHDF is a grant based funding programme being delivered by the Department of Business, Energy and Industrial Strategy (“BEIS”). SHDF is linked to the 2019 Conservative Manifesto pledge whereby £3.8bn would be utilised over a 10 year period in order to improve the energy performance of social rented homes. The SHDF forms part of a suite of funding streams provided by Central Government to help improve energy efficiency and decarbonise the built environment. In Nottinghamshire, the SHDF has been used for innovation focussed “Whole House Retrofits”, improving as many fuel poor social rented homes as is reasonably practicable to a minimum of EPC Band C. Other funding streams include (for example) the Public Sector Decarbonisation Scheme and the Green Homes Grant (Local Authority Delivery Scheme).
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 Council working with the Districts and the Arc Partnership (“Arc”) successfully submitted a bid of £0.75m to the Demonstrator (matched by an equal contribution from the Districts) to secure retrofit works to 25 social housing properties (“Demonstrator Project”). The Demonstrator Project has provided valuable insight and learning experience to all partners and this will continue to inform the next Wave of the project.
4. SHDF funding will be released over a number of years in different Waves with the expectation that the requirements will change as BEIS alongside social housing landlords take the learnings from prior Waves in understanding the issues and challenges of delivering whole house retrofit work at significant scale.
5. Wave 1 reflects this continuous learning and feedback principle. Specifically BEIS are seeking to test and learn where the retrofit approach is very much focussed on dealing with the external envelope of the building; i.e. a fabric first solution.

Wave 1 Bid Status

6. Given the successful bid and current delivery of the Demonstrator Project the Council, Districts and Arc reviewed the Wave 1 bid guidance and following relevant approvals submitted a Wave 1 bid on 15 October 2021.
7. Working in partnership with the Districts significant input for the Wave 1 bid was provided especially in relation to identification of potential properties; data on condition and energy performance of properties; and insight on practical delivery considerations (e.g. resident perspective on works).
8. Aligned with BEIS's objectives, the Wave 1 Bid placed an emphasis on prioritising properties from both Districts where the current energy efficiency rating was very low; i.e an approach which focussed on dealing with properties on a "worse first" basis. In turn this targeted investment would help those residents manage and deal with energy bills and help alleviate fuel poverty concerns.
9. BEIS announced on 7 February 2022 that 69 local authorities had been offered funding which included the Council's Wave 1 bid.
10. The Council have been allocated c. £0.5m of grant funding which will be combined with capital contributions from the Districts to deliver retrofit works to 26 social housing properties owned by the Districts.

Implications

11. As with the Demonstrator, BEIS will require the Council to enter into a binding Memorandum of Understanding ("MoU") which confirm delivery targets, performance monitoring and the conditions under which BEIS can clawback grant funding. It is expected that the MoU will be similar to that signed by the Council in relation to the Demonstrator.
12. In turn the Council will seek to enter into a separate memorandum of understanding with the Districts which confirm their obligations and responsibilities to the Council in its role as accountable body for the grant funding. A similar document was created and signed for the Demonstrator and will be utilised for Wave 1 purposes.

Financial Implications

13. There are no financial obligations to the Council as a result of securing Wave 1 grant funding. The BEIS grant will be combined with capital contributions from the Districts in order to fund the proposed capital works. Approval is being sought, through the appropriate processes, to vary the capital programme to reflect the Wave 1 programme of work.

Other Options Considered

14. Not applicable

Reasons for Recommendations

15. Ability to secure grant funding of c. £0.5m from BEIS to undertake low carbon retrofit work.
16. Building on the work of the Demonstrator accepting the Wave 1 grant funding will enable the Council and its partners to deliver against a number of strategic objectives including

contributing towards a net zero carbon future; stimulating a green supply chain economy; and helping to alleviate fuel poverty.

17. Wave 1 will maintain and build on the strong partnership links and infrastructure created between the Council, the Districts and Arc in terms of the planning and practical delivery of low carbon projects which bring benefits to a wide range of stakeholders.
18. As highlighted above, Wave 1 will focus on testing and learning about a fabric first approach to retrofitting social housing stock. This learning will be invaluable to the Council and all partners, especially for District partners contemplating external wall insulation through their own capital replacement programmes.
19. The BEIS funding will be released in a number of waves (Wave 2 bidding is expected to open in the next financial year); accepting Wave 1 funding and delivering the project outcomes should help the Council and its partners with potential future bids.

RECOMMENDATIONS

- 1) That the Committee celebrate the additional funds and accept the SHDF Wave 1 grant funding allocation from BEIS (subject to the variation to the capital programme).
- 2) Committee delegates authority to the Corporate Director, Place (or his nominee) in consultation with Group Manager, Legal Services to agree the BEIS MoU and the Districts MoU to deliver the scheme.
- 3) That the Committee consider bidding for future SHDF funding rounds (subject to review of detailed funding guidance and approval to submit specific bids).

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Constitutional Comment (CEH 24/02/2022)

20. This report falls within the remit of Economic Development and Asset Management Committee. 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 Comment (GB 16/02/2022)

21. Once the value of the capital grant and the contributions from Districts have been confirmed there will be a requirement to vary the capital programme through the usual approval processes before expenditure is incurred.

Background Paper and Published Documents

- Social Housing Decarbonisation Fund Wave 1 Bid Submission – Policy Committee 14th October 2021
- Social Housing Decarbonisation Fund Guidance, published 27 September 2021 and available online [here](#)
- [Social Housing Decarbonisation Demonstrator](#). Report to Policy Committee, 9th December

Electoral Divisions and Members Affected

- All within the district council areas of Bassetlaw and Mansfield.