

Executive Board – 20 April 2021

Subject:	Delivery of Green Homes Grant Local Authority Delivery Phase 2 in Nottingham
Corporate Director(s)/Director(s):	Chris Henning, Corporate Director for Development and Growth
Portfolio Holder(s):	Councillor Sally Longford, Deputy Leader and Portfolio Holder for Energy, Environment and Democratic Services Councillor Linda Woodings, Portfolio Holder for Planning, Housing and Heritage
Report author and contact details:	Wayne Bexton, Director of Carbon Reduction, Energy and Sustainability wayne.bexton@nottinghamcity.gov.uk Katie Greenhalgh, Energy Projects Manager katie.greenhalgh@nottinghamcity.gov.uk
Other colleagues who have provided input:	N/A
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision:	£2,701,556
Wards affected:	All
Date of consultation with Portfolio Holder(s):	22/03/21
Relevant Council Plan Key Theme:	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>In February, a Leader's Key Decision ('Green Homes Grant Local Authority Delivery Phase 1b') was approved to accept funding from the Department for Business Energy and Industrial Strategy (BEIS) under the Green Homes Grant Local Authority Delivery (GHGLAD) phase 1b programme, to a value of £6,884,132. This scheme will deliver energy efficiency measures to 590 low income, low energy efficiency homes across the city.</p> <p>Phase 2 of GHGLAD is being administered through the Energy Hubs. The Council manages the Midlands Energy Hub and a separate approval has gone through to accept and administer the GHGLAD Phase 2 funding from BEIS. The Midlands Energy Hub has allocated each Local Authority (LA) in its area an allocation of funding based on the percentage of low energy efficiency homes found within the LA boundary. Nottingham City's allocation is £2,204,550. This is comprised of a £2,020,000 capital grant, a £181,800 capitalisation allocation and £2,750 for stock analysis as detailed in the attached allocation letter.</p>	

Energy Projects will manage this allocation and intend to extend the GHGLAD 1b programme of works to 237 additional households:

1. 13 of the households are private households situated amongst social housing programmes - Whole House Retrofit (WHR) and Social Housing Decarbonisation Fund Demonstrator (SHDFD). Properties will be offered the fabric component of the WHR approach, fully funded, with insulating measures for walls, roof and floor, plus windows, according to the properties' requirements. The intention is to be able to use economies of scale and concurrent working to offer out a cost effective route to the benefits of this WHR approach for the private market to ensure completeness in these areas. The areas selected fall within LSOAs that are amongst the most deprived.
2. 157 owner occupied properties will receive fully funded Solar Photo-Voltaic (PV) installations. These properties will benefit from low-carbon electricity and reduced energy costs.
3. 67 Council-owned properties have been identified as part of a 5-year capital programme. These are mainly early 20th Century with a non-standard construction, typically not purpose built social housing. As such, they are a priority for addressing with these funds. These solid wall properties will receive external wall insulation (EWI) or internal wall insulation (IWI) where the frontage does not allow for EWI.

In addition to the grant funding, match funding of £497,006 is requested from the Housing Revenue Account to support work stream 3, which has a funding cap of £5,000 per property because it is social housing.

Eligibility, in line with funding conditions, will be determined through a combination of low-income and fuel poverty proxies: properties being targeted in LSOAs with high levels of deprivation (national indices) and fuel poverty (national statistics), and, being tenants of social housing. These criteria will be added as an appendix to the LA Flex (ECO) Statement of Intent, and qualifying households can be signed-off, whereby we will seek confirmation that applicants do not use GHG vouchers or blend other funding towards the same measure(s).

Energy Performance Certificate (EPC) ratings will be in the range of D, E, F or G, with the majority being E-G. All will improve EPC band and we estimate a significant number to improve to at least an EPC C. We will verify these EPC ratings using registered EPC data. Where no EPC currently exists, we will undertake an EPC to ensure the property is in scope, and all properties will have a post-intervention EPC assessment.

Interventions must be completed by December 2021 in line with funding conditions.

Exempt information: An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because planned procurement exercises could be jeopardized if the information is published, in that best value for money for the authority may not be achieved.

Recommendation(s):

- 1 To accept the Department for Business, Energy and Industrial Strategy grant, administered by the Midlands Energy Hub, with a Council allocation of £2,204,550.
- 2 To include in the Public Sector Housing Capital Programme - Planned Schemes the Green Homes Grant Local Authority Delivery (GHGLAD) Phase 2 Social Housing work stream,

funded by £345,000 GHGLAD Phase 2 grant and £497,006 Major Repairs Reserve within the Housing Revenue Account.

- 3** To delegate authority to the Corporate Director for Development and Growth to procure and award contracts to allow delivery of the scheme, including Solar Photo-Voltaic and Solid Wall Insulation, subject to the approval of the Section 151 Officer, following finalisation of the business case, including a financial model that passes the Capital Strategy criteria.
- 4** To approve pass through of a £147,047 grant to Nottingham City Homes to cover staffing requirements for support and delivery of work streams 1 and 3.

1 Reasons for recommendations

- 1.1 The primary driver for the GHGLAD scheme is to tackle Fuel Poverty. The project will target citizens on the lowest incomes, in the worst performing households, aiming to increase thermal comfort and well-being in the coldest and most vulnerable homes. This directly supports our 2018-25 Fuel Poverty Strategy and will see fuel bills reduce by an estimated £111,000 a year.
- 1.2 Additionally, the project will drive retrofit measures to improve building fabric, decarbonise heating systems and see more renewable energy in the city's homes, supporting our Carbon Neutral by 2028 aspiration by saving 182tCO₂ annually.
- 1.3 The project is also intended to stimulate the supply chain and facilitate a green economic recovery from COVID-19. These funds will help bring forward a range of works that would not otherwise take place, enabling homes in fuel poverty to reduce energy costs and improve EPC, addressing challenging stock and creating local jobs through transferring central government funding to the private sector.
- 1.4 Strand 1 of the project addressed private households located adjacent to Social Housing Whole House Retrofit Schemes. This will ensure that we can make progress towards streets of similar archetypes not being left with unaddressed homes because of varying tenure and access to capital. This will greatly improve the property in the area for residents and being run concurrently allows us to reduce the costs per property. It would not be possible to achieve this through owner contributions or other funding streams.
- 1.5 Strand 2 of the project is a large scale Solar PV rollout which will reduce the costs and inequalities in access to renewable energy generation and the reduction in energy bills that it can bring. We will signpost all householders to information, advice and support from other local and national programmes for maximising their income, reducing bills and improving energy efficiency, in line with our Fuel Poverty Strategy, and wherever additional funding can be compliant or complementary to LAD. We expect this to lead to a greater set of works being undertaken and improvement in risks of/from fuel poverty in the city.
- 1.6 Strand 3 addresses 67 Council properties. Within the capital programme currently there is insufficient budget allocated against improving solid wall properties for the Council to meet its obligations of EPC C by 2030. In order to fund this work money would need to be saved elsewhere. This scheme improves this position by bringing in 40% grant to deliver work which is

required to be funded by the Council anyway. The Council acknowledges that we do not have sufficient capital budget to achieve our obligations, and we require central government funding to be available.

- 1.7 The budget allows for 100% funded interventions for private households in strands 1 and 2, 40% funding for NCC properties, EPCs (where required) and PAS2035 assessment and lodgement, other ancillary costs and enabling works, marketing, travel and staffing costs associated with the project, with £147,000 to support posts at NCH who will support and deliver work streams 1 and 3 respectively. Some additional resource will be used to support project delivery, and the project will be governed by existing governance structures, reporting to the Council Housing Energy Efficiency Programme Board monthly.

2 Background (including outcomes of consultation)

- 2.1 LAD 2 will build upon an existing programme of domestic deep retrofit, including E=0 (LKD 3296), DREeM (LKD 3296) and Whole House Retrofit (Executive Board November 2019) which is comprised of two workstreams - Energiesprung and Destination Zero 1 (DZ1), as well as the recently approved SHDFD (LKD 4098) and LAD1b as referenced in 2.2.
- 2.2 This decision is an extension to the GHGLAD1b project approved via Leader's Key Decision: <https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=5466>
- 2.3 It was confirmed on 19 March 2021 that the decision did not need to be presented at Corporate Leadership Team and Leadership as it is an extension of an existing project, but papers were circulated to each group for reference.
- 2.4 The Chief Executive was briefed on the scheme on 12 January 2021 and gave support for proceeding with the programme of works.

3 Other options considered in making recommendations

- 3.1 To do nothing: this option was discounted due to the failure to secure benefits to citizens, including: reduced fuel bills, decreased fuel poverty rates and reduction in carbon emissions.
- 3.2 To not accepting the grant and sourcing alternative funding: this option was discounted as alternative funding sources which provide such favourable terms (100% funding for private household and project delivery costs and 40% funding for social housing) have not been identified.

4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 See Exempt Appendix.

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 5.1 This report seeks authority to accept grant funding and to spend it as set out in the report. It should be noted that Nottingham City's allocation of £2,204,550 is administered by the City Council in its capacity as accountable body for the Midlands Energy Hub. The City Council can not contract with itself for the purposes of giving and accepting the grant funding but it is good

practice to document the award of the funding and for the City Council to ensure it complies with the original BEIS funding terms. This will ensure accountability, ensure the funding can be scrutinised by audit and would provide confirmation of the arrangements if the accountable body role is changed to another authority.

All contracts must be awarded in compliance with the City Council's Financial Regulations and Contract Procedure Rules. Contracts should be developed which enable homeowners to manage the Solar PV installations on their properties once work has been completed by the installation contractor.

Advice provided by Andrew James (Team Leader – Commercial, Employment and Education) on 29 March 2021.

- 5.2 There are no procurement issues with the report; the Procurement Team is already working with the Energy Team to ensure that contractors are appointed to deliver the scheme in compliance with Contract Procedure Rules and the terms of the grant funding.

Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 30 March 2021.

6 Social value considerations

- 6.1 A series of contracts will be procured and awarded as part of project delivery. All procurement exercises will be overseen by Council Procurement and social value considered, for example creation of local apprenticeships and green jobs.

7 Regard to the NHS Constitution

- 7.1 Improving energy efficiency of homes is linked to a reduction in cold-related health concerns and associated hospital admissions.

8 Equality Impact Assessment (EIA)

- 8.1 This is an extension to the GHG LAD1b project, for which an EIA was completed.

9 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

- 9.1 None.

10 Published documents referred to in this report

- 10.1 Leaders Key Decision: Green Homes Grant Local Authority Delivery Phase 1b, February 2021