

Financial observations for the Social Housing Decarbonisation Fund

The decision seeks the approval to spend the BEIS grant for the Social Housing Decarbonisation Fund.

A Leaders Key decision ref: 4415 approved the submission of a regional consortium bid of up to £32m for which NCC is to be the lead authority to be administered by the Midland Energy Hub (MEH)

The bid was relatively successful and an amount was awarded for **£14,889,365** This includes match funding required from Registered Providers of **£11,506,970** taking the total value of this decision to **£26,396,335**

The grant will be managed through the Midlands Energy Hub (MEH) within the CRES Directorate to pass-through grant to LAs and RP's across the Midlands.

This decision aligns with the Strategic Council Plan 2021-23 [1] as per Outcome 3; Carbon Neutral by 2028, specifically:

- We will continue to reduce fuel poverty in Nottingham, by helping households to save on their energy bills, through improving energy efficiency and energy generation

The grant funding will be used to upgrade the energy performance of housing stock below band C in Nottingham and other LAs in the Midlands Region.

The scheme is to be delivered through 100% grant funding with a third of this to come from match funding.

Considerations

Match finding consideration

Responsible Providers of Social Housing must contribute at least a third of total eligible costs (match) as a requirement of the funding. The match funding is contributed by each consortium member and is not a cost to MEH

Capital Consideration

Accepting this grant does not increase the Council's Capital Programme. However, any grant pass-through allocated to the Council itself through its own potential bid to access funding is required to obtain the necessary approval after undergoing the Council's capital prioritisation process. Therefore, further approval is required before committing the Council to any allocation of grant pass-through.

Revenue Consideration

MEH has previous experience of managing large scale grant bids such as BEIS LAD2, BEIS GHG etc. The breakdown of the grant funding is as follows in Table 1:

Table 1: Estimated SDHF Bid Breakdown

Item	Budget (£)
Payments to LA's/RP's for Social Housing	14,097,395
RP Match Funding	11,506,970
Total to pass through	25,604,365

Admin/Ancillary Breakdown	Budget (£)
Staffing Costs	310,012
Management Fee	100,000
Engagement Pack	31,958
Travel, Events & Marketing	100,000
Consultancy (Ad hoc)	250,000
Total (3% of overall Total)	791,970
Overall Total	26,396,335

The management fee can potentially be utilised to meet CRESPR targets.

Table 2 is a breakdown of staffing costs that are funded from the Staffing costs reflected in Table 1

Table 2

Grade	FTE equivalent	Actual posts	£
HOS	0.1	1	8,476
I	1.0	3	70,883
H	1.1	4	70,113
G	2.6	5	149,803
F	0.2	1	10,520
TOTAL	5	14	309,794

As noted, this falls within the funding allocation shown in table 1. The above includes on costs but at the current rate. Any agreed pay awards to be backdated for 21/22 and future pay awards will need to be considered and factored to ensure affordability.

Redundancy costs are not currently estimated but if it is clear that this may become a possibility for any of the roles, then an estimate of redundancy costs will need to be provided for under the grant (if allowable), or if not allowable, these costs will need to be met within future CRES resource allocation.

Risks

CRES/MEH will need to put in place internal financial and other systems due to its accountable body role in order to meet grant conditions and minimise the risk of grant clawback, all within NCC Financial Regulations & Contract Procedure Rules. Grant evidence will need to be kept for an appropriate length of time to support any future audit requirements.

As MEH has experience in administering large grants, existing systems may be used in order to assist efficient start-up.

Recommendation

It is advised that an earmarked cost centre under the remit of MEH is set-up with analysis codes to track the various funding elements of the grant to assist financial monitoring. Appendix A in the PID shows all allocations

NCC allocation

Appendix A in the PID document shows the allocations and to whom. This totals £25,604,365.

NCC's allocation is shown in table 3:

Table 3

LA/RP	Total Grant Funding requested - Capital	Total LA/RP Contribution - Capital	Total Grant Funding requested - A&A	Total RP Contribution - A&A
NCC	£2,543,333	£1,721,267	£338,591	£17,609

As mentioned in the capital considerations section, this will require a further DDM in which to enable receipt and spend. A separate cost centre is recommended to manage that element of the project to be separate from the allocation for MEH

Completed by Michelle Pullen - Senior Commercial Business Partner – Growth & City Development

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