

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:

4654

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Department:

Growth and City Development

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Subject:

Sustainable Warmth Competition

Key Decision (decision valued at more than £1million):

Yes

Total Value:

£5,610,000 (Type: Capital and Revenue)

Decision Being Taken:

- 1) To approve the acceptance of the grant of £5.61m for Nottingham City Council's allocation of £82.m consortium grant awarded by the Department for Business, Energy & Industrial Strategy (BEIS) to Midlands Net Zero Hub (MNZH) as Accountable Body for the Sustainable Warmth Competition.
- 2) To approved the spend of the Council's £5.61m allocation of the grant in accordance with the measures laid out in the Development Plan which has been approved by MNZH, as detailed in the attached appendix.
- 3) to delegate approval to the Director of Carbon Reduction, Energy and Sustainability to manage the grant allocation.

**Her Majesty's Treasury via the Department for Business**

**Energy and Industrial Strategy (BEIS) launched the Sustainable Warmth Competition to bring together Local Authority Delivery Phase 3 (LAD3) and Home Upgrade Grant Phase 1 (HUG1) into a single funding opportunity for Local Authorities. BEIS have allocated £200m to LAD3 and £150m for HUG1. Both schemes aim to support low-income households in England, living in energy inefficient homes by installing energy efficiency and low carbon heating upgrades tackling fuel poverty, reducing the cost of bills, contributing to Net Zero targets and supporting low-income households in the transition to low-carbon heating.**

**The Midlands Net Zero Hub (MNZH) sits within the Carbon Reduction Energy and Sustainability Division of Nottingham City Council (NCC). In July 2021, Executive Board Approval was given for the MNZH to submit a consortium bid to BEIS, which was successful**

**On 22/12/2021 approval was obtained for MNZH to accept and administer this grant funding. This was via Leaders Key Decision number 4484 which approved the following:**

**The acceptance of £82.4m awarded by the Department for Business, Energy and Industrial Strategy (BEIS) to the Midlands Net Zero Hub (MNZH);**

**Delegated authority to the Director of Carbon Reduction Energy and Sustainability to manage the grant via the MNZH, through allocation of grant funding to local authorities;**

**The spend of a total of £384,938.75 of Nottingham City's allocation for staff within NCC to support the administration and delivery of their allocation of the scheme.**

**Nottingham City Council have been allocated a total of £5,610,000 through the scheme. This is comprised of a £5,100,000 capital grant and a £510,000 administrative allocation. There is no match funding requirement.**

**As part of the grant conditions MNZH entered into a memorandum of understanding with BEIS in respect of the allocation, administration and governance of the fund. The approved governance processes are laid out in the Project Initiation Document which accompanied LKD4484. To comply with these governance arrangements, each local authority is required to submit a development plan. NCC have prepared and submitted a development plan to MNZH which details how the money will be spent. This has been approved by MNZH and is attached as appendix 1.**

**The approved development plan details information in relation to measure mix, resources, procurement, funding compliance, risk management and subsidy control obligations. Comments have been obtained from legal and procurement colleagues and are contained within the approved development plan to ensure that spend of the grant received by the City Council is used compliantly**

**The Carbon Reduction Projects and Policy Service area will manage the delivery of measures in accordance with the approved development plan**

<b>Briefing notes documents:</b>	NCC Development Plan_SWC_ V5.pdf
<b>Other Options Considered:</b>	Not to accept and spend the grant funding This option was rejected as this would result in 531 properties not receiving upgrades which would improve the EPC rating, reduce carbon emissions and reduce energy bills. This is the final decision required to enable delivery of these measures. Compliance with funding requirements and governance arrangements has already been assured through the approval of the development plan which has had input from legal and procurement colleagues.
<b>Background Papers:</b>	None
<b>Published Works:</b>	Delegated Decision 4116 Green home grants Local Authority Delivery (LAD) Phase 2 - February 2021 Sustainable Warmth Competition - Executive Board - July 2021 Delegated Decision 4484 Sustainable Warmth Competition - December 2021
<b>Affected Wards:</b>	Citywide
<b>Colleague / Councillor Interests:</b>	None
<b>Consultations:</b>	Consultation is not necessary for this decision due to the previous decisions and consultations in relation to the acceptance of this grant funding.
<b>Crime and Disorder Implications:</b>	N/A
<b>Equality:</b>	EIA not required. Reasons: National policy
<b>Decision Type:</b>	Leader's Key Decision
<b>Subject to Call In:</b>	Yes
<b>Call In Expiry date:</b>	24/06/2022
<b>Advice Sought:</b>	Legal, Finance, Procurement

**Legal Advice:**

**Nottingham City Council (the Council) applied for funding from the Sustainable Warmth Competition from BEIS as administered by the Midlands Net Zero Hub (MNZH), previously the Midlands Energy Hub.**

**As part of the application, the Council was asked to complete a Development Plan to set out details of its proposed use of the grant funding, in accordance with the purpose of the Competition.**

**The Council in receiving money from BEIS via MNZH, is required to satisfy itself that the funding it will receive complies with the new Subsidy Control Regime and Public Procurement Rules.**

**Legal services have worked closely with client officers in addressing the subsidy and procurement implications of receipt and onward application of the funds. It is understood that MNZH have obtained external legal support to specifically review Development Plans to ensure compliance with these obligations and the Council has been informed that its intended approach with respect to onward allocation of the money is deemed to be compliant.**

**The Council must therefore ensure that it adheres to any terms and conditions of allocation to ensure the ultimate compliance with obligations imposed by BEIS upon recipients and to also ensure compliance with the Council's submitted Development Plan, which is the basis upon which the funding is to be received. Advice provided by Dionne Claire Screatton (Solicitor) on 30/05/2022.**

**Finance Advice:**

The decision seeks the approval to spend the allocation of £5,610,000 as set out in the development plan attached. The funding has already been secured through the Midlands Energy Hub (MEH) (LKD 4484) NCC have successfully bid and received approval from MEH for their allocation as per this decision.

This funding is mainly capital in nature with administrative revenue costs and as such appropriate cost centres and projects are to be set up to ensure accurate monitoring of costs in order to claim grant as per the terms and conditions in order to minimise any risk of grant claw back.

The allocation is split as follows:

Capital £5,100,000

Revenue/admin costs £510,000

It is the responsibility of the project manager to ensure costs are allocated correctly to either the capital project or revenue account. It is also the responsibility of project manager to ensure costs stay within the funding envelope to ensure there is no financial risk to NCC. MEH have confirmed that the grant will not be increased should an over spend be incurred by NCC. As there is no match funding required, all costs should be fully covered by the grant. The period of spend is from date of allocation up to 31st March 2023, unless extended by MEH with permission from BEIS and HM Treasury.

Any unspent monies must be returned to MEH within 25 calendar days of the end of the grant period unless otherwise agreed between parties. Delays in return of unspent monies could result in an interest charge as per the offer letter.

Exit costs for staff must be covered by the administrative allocation or be resourced from funds within Energy Services. No additional funding will be granted for this purpose.

The offer letter from MEH clearly sets out how the grant will be received

10% of total amount paid within 30 days of signed copy of offer letter

10% of total amount after approval by MEH of the councils development plan

Additional 20% within 30 days per quarter 1st April, 1st July, 1st October and 1st January once monthly reporting had been received and maintaining 80% of their delivery profile as per the development plan

Should the delivery fall short of the plan, MEH may consider reducing the grant allocation within year.

As yet, no funding has been released and no expenditure incurred pending the approval of this decision - it is the responsibility of the project manager to ensure timely reports to MEH to ensure minimum delays in funding receipts.

Advice provided by Michelle Pullen (Senior Commercial Business Partner) & Tom Straw (Senior Accountant - Capital Programmes) on 30/05/2022.

**Procurement Advice:**

There are no Procurement concerns with the decision being sought. The Procurement Team is working with the client to tender for a contractor in compliance with Contract Procedure Rules and the Public Contracts Regulations 2015. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 24/05/2022.

**Signatures:**

<b>David Mellen (Leader/ PH Strategic Regeneration Communications)</b>
<b>SIGNED and Dated: 17/06/2022</b>
<b>Sajeeda Rose (Corporate Director of Growth &amp; City Development)</b>
<b>SIGNED and Dated: 16/06/2022</b>