

Nottingham City Council Delegated Decision



Reference Number:	4717
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Department:	Growth and City Development
Contact:	Rhianna Holt (Job Title: Stakeholder Engagement Officer, Email: rhianna.holt@nottinghamcity.gov.uk, Phone: 07976079714)
Subject:	Sustainable Warmth Competition - additional spend
Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	£10,730,561 (Type: Capital and Revenue)
Decision Being Taken:	<p>1. Approval to receive additional £5,748,061 for HUG1 awarded by BEIS (previous decision 4484) on condition of number of eligible referrals achieved in line with previous approval to receive funding up to £140m. 2. Approval to receive additional £4,982,500 for LAD3 awarded by BEIS (previous decision 4484) subject to our mid-point review confirmation in line with previous approval to receive funding up to £140m. 3. Approval to use existing Sustainable Warmth, SHDF & LAD2 sourcing strategy funding to purchase enhanced Retrofit Academy Centre of Excellence memberships (previous decisions 4484 & 4568) under regulation 32 (2) (b) (ii) provides a compliant route to commence negotiations and enter into a contract with a single supplier based upon info provided. 4. To delegate authority to the Director of Carbon Reduction, Energy and Sustainability to manage the grant via MNZH, and to delegate authority to approve and sign funding agreements and manage grant expenditure in line with the PID, LA development plans and regional mid-point review</p>

Reasons for the Decision(s) Her Majesty's Treasury via the Department of 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.

Midlands Net Zero Hub (MNZH) successfully bid for and accepted £82.4m for LAD3/HUG1 under previous LKD 4484. BEIS has offered a further £5,748,061 for HUG1 for Local Authorities to install further Air Source Heat Pumps across the Midlands and a further £4,982,500 for LAD3 to be awarded on condition of achieving additional required number of referrals (eligible homes).

In addition, MNZH are looking to offer all Local Authorities/ Responsible Providers of Social Housing enhanced memberships with the Retrofit Academy Centre of Excellence. The membership will include tailored support and additional training to help facilitate retrofit schemes across the Midlands and help LAs/RPs comply with PAS 2035 requirements. Exemption from Procurement Procedures has been provided to Direct Award. Please see attached document (Annex A).

Other Options Considered: Not to proceed with additional grant funding - there could be a significant missed opportunity to target more homes and bring financial support into Nottingham and the wider Midlands region to address the fuel poverty and domestic decarbonisation issues.

Not to proceed with offering LAs and Responsible Providers of Social Housing with enhanced membership from Retrofit Academy Centre of Excellence - increased risk of LAs/RPs not complying with PAS 2035 requirements for Retrofit schemes. The membership will offer tailored support and reduce the risk of non-compliance. Could be a significant missed opportunity to demonstrate value of MNZH as lead authority for consortium on current and future schemes.

Background Papers: None.

Published Works: None.

Affected Wards: Citywide

Colleague / Councillor Interests: None.

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt:

Annex A is exempt from publication as it contains commercially sensitive information for the contracted party.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains commercially sensitive information for the contracted party.

Documents exempt from publication:

Annex A.pdf

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

N/A

Equality:

EIA not required. Reasons: EIA not required. Reasons: This decision relates to policies developed outside the Council by Central Government.

Decision Type:

Leader's Key Decision

Subject to Call In:

Yes

Call In Expiry date:

22/09/2022

Advice Sought:

Legal, Finance, Procurement, Human Resources

Legal Advice:

The proposals in this report supplement the earlier decisions taken, where approval to submit a bid to BEIS for the Sustainable Warmth Competition was approved and receipt of earlier funding was also approved.

The detail of how and in what quantities the funding is to be allocated by the Council to participating Local Authorities (LA's) is detailed within the PID. The City may receive the funding and act as Accountable Body under the powers granted to it under s.1 Localism Act 2011. The City Council must ensure compliance with the conditions imposed upon it under the MoU with BEIS in receipt of the grant with respect to management and distribution of it in this role.

Grants are not covered by the Public Contracts Regulations 2015 and so there is no requirement for a procurement process to be followed. However, where the grant monies are allocated to Local Authorities, grant agreements should be established to reflect the funding allocation following LA's Development Plan submissions detailing how grant monies are to be used, and to ensure the obligations imposed upon the City Council under the MoU are passed down where appropriate.

The LA grant recipients shall be required to provide such information and comply with any instructions from the Council to ensure that a grant remains compliant with the Subsidy Control Regime Rules including where appropriate obtaining and sharing subsidy advice to ensure compliance.

It is understood that the extension of the contract is permitted in accordance with Article 18.79 of the Contract Procedure Rules under the Council's Constitution and associated approvals in line with support of procurement colleagues have been provided prior to this report.

Any spend or allocation to third parties that is not covered by a grant or an approved contract extension as detailed specifically within the report must be in accordance with the Council's constitutional requirements. Advice provided by Dionne Claire Scream (Solicitor) on 08/09/2022.

This decision seeks the approval to receive and allocate further additional funding totalling £10,730,561. This is broken down as follows:

HUG 1 additional funding

Capital £4,998,316

Admin £749,745

Total £5,748,061

HUG 1 admin breakdown

10% to LA £499,832

5% to MNZH £249,916

LAD 3 additional funding

Capital £4,332,608

Admin £649,892

Total £4,982,500

LAD 3 admin breakdown

10% to LA £433,260.80

5% to MNZH £216,630.40

As the accountable Body, Nottingham City are responsible for the receiving of the grant and the correct allocation through the Midlands Energy Hub (MNZH) and must act to ensure any risk of over spend or clawback to the authority is mitigated.

As this is additional funding for a project that already exists, the ability to record the income and expenditure is already set up with relevant project management staff in place to continue to accurately record and monitor transactions in line with the terms of the MOU and grant conditions. There is adequate allocation for the administration of the funding which includes any exit costs if required at the end of the time period. As the grant spans over a number of financial years, the team will be supported by finance colleagues to ensure the appropriate accounting treatment at the end of each financial year.

This decision also seeks the approval for exemption from procurement procedures as set out in the exempt appendix A and to delegate authority to the Director of the Carbon Neutral and Energy Sustainability team to manage the grant via the MNZH and approve and sign funding agreements and manage grant expenditure in line with the PID, LA development plans and regional mid-point review.

As this decision increases the Capital Programme it will require endorsement from the Capital Board prior to the Capital Programme being amended. The capital values as detailed above will be combined with the existing general fund capital project. The grant conditions confirm that the scheme has to be delivered by 31 March 2023, this March 2023 deadline is required to be closely managed by the project manager.

Advice provided by Michelle Pullen (Commercial Business Partner) and Tom Straw (Senior Accountant - Capital Programmes) on 09/09/2022.

HR Advice:

HR will not be required to comment on this decision as there will not be any additional staffing requirements for the extra funding.

The advice on previous decision relating to this was given by Sheena Yadav-Staples LKD 4484.

Advice provided by Raj Athwal (HR Consultant) on 31/08/2022. See notes already provided by Raj 31/08/22 Advice provided by Katy Shirt (HR Consultant) on 06/09/2022.

Procurement Advice:

Decisions (1),(2) & (4) relate to acceptance of grant funding and management thereof, and thus have no direct procurement implications. Decision (3) relates to appointment of a provider by direct award, which was subject to an 'Exemption to Procurement Procedures' request under article 18.79 of CPR (specifically, exemption to article 18.55). This request has been verbally approved by the Chief Finance Officer, as confirmed by email from Head of Procurement dated 19th August, with written confirmation to follow. On these grounds, a direct award of contract would be compliant with Contract Procedure Rules and the appointment can be made subject to publication of a VEAT notice in FTS and completion of the subsequent standstill period. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 25/08/2022.

Signatures:

David Mellen (Leader/ PH Strategic Regeneration Communications)

SIGNED and Dated: 14/09/2022

Sajeeda Rose (Corporate Director of Growth & City Development)

SIGNED and Dated: 13/09/2022