

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

4873

Author:

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Department:

Growth and City Development

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Subject:

DREeM project additional ERDF grant opportunity

Total Value:

£380,000 (Type: Capital)

Decision Being Taken:

- 1) To accept and spend grant of £380,000 of European Regional Development Funding for the DREeM Phase 3 project
- 2) To delegate authority to the Director of Environment and Sustainability to manage the grant
- 3) To add 54 homes into the existing Melius Homes' DREeM Phase 3 contract
- 4) To approve the use of this grant alongside budgets contained within the approved Public Sector Housing Capital Programme which will fulfil the match funding requirements of £380,000, required by the Department of Levelling Up, Housing and Communities.

Reasons for the Decision(s)

The DREeM project is delivering the deep retrofit model to 138 existing Nottingham Homes, reducing carbon emissions, energy costs and fuel poverty. The Nottingham element of the project is only one component with the others comprising works to Dunkirk Primary School, and also works proposed by Derby Homes.

Derby City Homes, a project partner, have recently expressed their intention to withdraw from the DREeM project. They had been allocated £380,000 ERDF under the project which they were to match with £380,750 Derby City Council funds. Under the terms of the Grant Funding Agreement, in the event of one partner withdrawing the remaining project partners are responsible for delivering the project. This hence presents an opportunity for NCC to increase our scope of works through transfer of this grant funding, subject to additional match funding being secured.

We have identified several homes within the City which would benefit from the energy improvement works funded by this additional grant. Having assessed the housing stock and the deadline for meeting the expenditure of the grant (April 2023), we consider that the most appropriate use of this opportunity is to complement existing programmes of work that are advanced and therefore able to complete within the timeframes. To that end, it is proposed to undertake a combination of deep retrofit works, using the same model/system used elsewhere on the DREeM project, together with solar PV and heating upgrades and apply this to properties in the Clifton area. Previous investment in retrofit design and modelling works to these properties was carried out in late 2021, but unfortunately the scheme wasn't financially feasible.

We have been working with Melius Homes to review the design proposals for the properties and have calculated that it will be possible to refurbish 8 of these using the deep retrofit works with a further 46 to receive solar PV and heating upgrades additional ERDF grant monies, together with match funding.

These additional properties would cost £760,000, which would consist of £380,000 ERDF and £380,000 HRA match. If we do not utilise ERDF but instead include these properties in subsequent years under the Social Housing Decarbonisation Fund, the grant funding is likely to be capped at £10,000 per property, and we will not be able to deliver the full range of measures.

There will be no impact to the planned maintenance budgets as a result of the acceptance of this grant.

Briefing notes documents: Capital Board Report for additional ERDF funding DREEM 3 for 16th November.doc

Other Options Considered: Not accepting the additional grant and not providing the required match funding. If we do not utilise ERDF but instead include these properties in subsequent years under the Social Housing Decarbonisation Fund, the grant funding is likely to be capped at £10,000 per property, and we will not be able to deliver the full range of measures.

Background Papers: None

Published Works: None

Affected Wards: Clifton East

Colleague / Councillor Interests: None

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: This is not a new programme of work.

Equality: EIA not required. Reasons: This is not a new programme of work

Social Value Considerations: This is not a new contract but an extension of an existing one.

Relates to Council Property Assets: Yes

Decision Type: Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 07/03/2023

Advice Sought: Legal, Finance, Procurement, Property

Legal Advice: This proposal offers no significant legal risk, subject to procurement colleagues views on the use of the proposed contractor being in compliance with the Public Contract Regulations 2015.
The clients have offered assurance that the proposed use of funds is in accordance with the grant conditions and the Council's Constitution.
There is a rationale for the use of this funding for the identified housing on Eddlestone Drive that appears reasonable and justifiable.
Anthony Heath, Contracts and Commercial, 13th December 2022

Finance Advice: As detailed in the body of the report and the attachments this decision is to accept £380k of ERDF grant and reallocate £380k of match from within the approved HRA Capital Programme. The HRA match funding is from repairs on the identified properties within the current capital programme. Therefore, following the approval of this decision the HRA capital programme will increase by £380k based on additional grant and the match funding will be reallocated from the respective projects within the current programme.

This scheme has been endorsed by the capital board as per the attached document.

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 24/01/2023.

Property Advice: There are no commercial or operational properties issues with this decision. Advice provided by Beverley Gouveia (Disposal & development Manager) on 14/11/2022.

Procurement Advice: The value of the initial contract is stated to be £5,674,563.45, and assuming there have been no other contract variations made then the proposed addition of £760,000 represents an increase of 13.39%; this would be a permissible modification under Regulation 72(5) of the Public Contracts Regulations 2015, which allows for an increase of up to 15% of the original value, provided that the modification does not alter the overall nature of the contract. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 19/01/2023.

Signatures
Sally Longford (PH for Energy, Environment and Waste Services)
SIGNED and Dated: 28/02/2023
Frank Jordan (CD Communities Environment Resident Services)
SIGNED and Dated: 24/02/2023