

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4942
Author:	Angie Lillistone
Department:	Communities, Environment and Resident Services
Contact:	Angie Lillistone (Job Title: Head of Carbon Reduction Projects and Policy, Email: angie.lillistone@nottinghamcity.gov.uk , Phone: 07977287671)
Subject:	Home Upgrade Grant 2 Funding
Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	£2.783 million (Type: Capital and Revenue)
Decision Being Taken:	<p>1: To note that a separate approval has been obtained for the Midlands Net Zero Hub to bid and accept funding on behalf of a consortium from the Home Upgrade Grant Phase 2. This was provided through a Leaders Key Decision (LKD 4775), and further approval to accept and administer the grant funding for this bid was approved via Executive Board on 21/02/2023:</p> <p>To approve spend of up to £2,783,000 of grant funding</p> <p>allocated to Nottingham City Council to implement delivery of the Home Upgrade Grant Phase 2 in accordance with the development plan approved by the Midlands Net Zero Hub3. To Delegate Authority to the Director of Environment and Sustainability to manage the grant 4. To Procure and award contracts for delivery of the scheme in line with the approved Development Plan</p>

Reasons for the Decision(s)

Nationally, up to £700m has been made available through the Home Upgrade Grant 2 (HUG2) Scheme to improve the energy performance of off-gas housing stock across England, on the pathway to 'Net Zero 2050', improving the comfort and well-being of residents by installing energy efficiency and low carbon heating upgrades within the timeframe.

The aim of the scheme to provide energy efficiency upgrades and low carbon heating to households in England that have low income, are off the gas grid and have an Energy Performance Certificate (EPC) between D and G. The funding is being provided through The Department of Energy Security and Net Zero (DESNZ), formerly The Department of Business Energy and Industrial Strategy (BEIS). Delivery of the scheme runs from April 2023 until 31 March 2025.

This programme aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty and support green jobs. This directly supports the Council's 2018-25 Fuel Poverty Strategy. Additionally, the project will drive retrofit measures to improve building fabric, decarbonise heating systems and see more renewable energy in social housing across the city and region, supporting the Carbon Neutral by 2028 aspiration and national carbon reduction targets.

The programme 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 EPCs, addressing challenging stock and creating local jobs through transferring central government funding to the private sector.

The funding programme was launched on 29 September 2022 and a consortium led regional bid was submitted on 18 November 2022, through the Midlands Net Zero Hub (MNZH). Leaders Key Decision 4775 approved the submission of the bid.

MNZH were awarded funding to improve up to 6665 homes across the consortium. On 21/02/2023 Executive Board Approval was obtained for MNZH to accept and administer the grant funding awarded to the consortium.

Nottingham City Council have an Indicative allocation of £2,783,000 through the scheme. This is comprised of a £2,530,000 capital grant and a £253,000

administrative allocation. There is no match funding requirement. The funding is to be used on private homes only.

The funding will be spent in accordance with a Section 31 grant and associated Memorandum of Understanding. MNZH, as the accountable body will be responsible for liaising with DESNZ. DESNZ will allocate funding to NCC via a Challenge Fund approach which is comprised of two distinct application stages, Outline and Batch, with application forms submitted to DESNZ at each stage. Between these two application stages there will be a Delivery Assurance Check to ensure projects are ready to start the delivery of batches (the new payment method for delivery).

The consortium have passed the application stage and are now in the Delivery Assurance Check phase. As the leading authority NCC need to have in place a completed and approved Delivery Assurance Check. This is based on an associated Development Plan which has been submitted to MNZH and is appended to this report. As part of the Development Plan, legal, finance and procurement advice has been sought. The Environment and Sustainability Division will manage the delivery of measures in accordance with this Development plan.

The HUG 2 Guidance document can be found here <https://www.gov.uk/government/publications/home-upgrade-grant-phase-2> NCC has an established process for working with MNZH across the range of its Greener HousiNG funded schemes, including SHDF wave 1, LAD2 and LAD3 and HUG1.

HUG 1 provides an effective delivery model for HUG 2 as Local Authorities can benefit from continued support from the MNZH to ensure delivery is efficient and achievable. The MNZH has set up two Dynamic Purchasing System to help support local authorities and Registered Providers, to procure accredited suppliers for delivery.

Other Options Considered: Not to accept the grant funding allocation. This option has been rejected as there will be a significant missed opportunity to bring financial support into Nottingham to address the fuel poverty and domestic decarbonisation issues for off gas grid properties

Background Papers: Development plan submitted to MNZH as part of development assurance check, which sets out the precise arrangements for spend, procurement and delivery

Unpublished background papers: Copy of Development Plan_HUG2-NCC_Approved.xlsx

Published Works: Leaders Key Decision 4775

Affected Wards: Citywide

Colleague / Councillor Interests:

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt:
The minutes to the Executive Board Report 21/2/2023 were declared 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 it includes commercially sensitive details that, if published, could prejudice future negotiations between the Council, the Department for Business, Energy and Industrial Strategy, and other Local Authorities.

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 minutes of the executive board meeting held on 21/2/2023 were declared as exempt under Paragraph 3 of Schedule 12A to the Local Government Act 1972 because its 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 it includes commercially sensitive details that, if published, could prejudice future negotiations between the Council, the Department for Business, Energy and Industrial Strategy, and other Local Authorities.

Documents exempt from publication:

Supplement 230221 Exempt Minutes 21022023 1400 Executive Board.pdf

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no Crime and Disorder implications associated with this decision

Equality:

EIA not required. Reasons: The decision is in accordance with strict funding criteria with conditions for eligibility. Any wider EIA implications will be managed on behalf of the consortium by MNZH

Social Value Considerations:

HUG2 will support a local workforce providing employment for a team of 4, as well as work for staff in our compliance team who will support the project with EPC and Retrofit assessments & Retrofit Coordination. Social Value is embedded in Nottingham City Council's Procurement Strategy. Our social value themes will enable us to maximise the opportunities for economic, social and environmental considerations to be addressed at all stages of the commissioning and procurement cycle. In all our procurement, we will seek to maximise value through the inclusion of relevant social value requirements; tailored as appropriate and proportionate for each contract to ensure compliance with our legal obligations. At procurement stage, suppliers to the Authority are to give consideration to how they could deliver added social value through their delivery of the contract, and are evaluated on response to this mandatory quality assessment question. These form part of the Key Performance Indicators that contactor are monitored against. The scheme will deliver environmental benefits through the retrofitting of our poorest energy efficient homes which contributes towards the aspiration to become a carbon neutral city by 2028. At the same time it will support citizens living in homes with most need of energy efficient measures (EPC rated E-G and some Ds), which includes those living in fuel poverty and from disadvantaged and minority groups, which will be targeted by a council LSOA database and outreach face to face events. The scheme will improve the wellbeing and lives of citizens living homes with fewest energy efficient measures and therefore the measures provided through this funding will enhance their home, reduce energy bills and provide a more comfortable environment and supporting their wellbeing.

Decision Type:

Leader's Key Decision

Subject to Call In:

Yes

Call In Expiry date:

23/05/2023

Advice Sought:

Legal, Finance, Procurement

Legal Comments:

The proposals in this report supplement the earlier decision that was approved on 18 November 2022, namely a Leader's Key Decision (4775, 'Home Upgrade Grant Phase 2') where approval to submit a bid to BEIS for HUG 2, was approved on a consortium basis. The proposal also follows the approval of the Executive Board given on the 21.02.23 (minute 111 - exempt from publication) authorising the allocations of the overall grant received from BEIS to the consortium authorities.

NCC is the accountable body for the funding as the Lead Authority, that is to be administered by the Midlands Net Zero Hub (MNZH) for the region. This proposal seek authorisation to spend the proportion of the Grant payment, directly allocated to NCC as a consortium authority. NCC may receive the funding and act as accountable body under the powers granted to it under the Localism Act 2011.

It is understood that the spend comprises payments of two parts: a 20% mobilisation payment to be used for both A&A and capital spend; and a deposit payment of 10% to be used to start upgrades to homes immediately upon batch approval whilst BEIS releases the funds.

Upon receipt of the overall grant NCC entered into a Grant Agreement (MOU) under s31 of the Local Government Act 2003. NCC must ensure ongoing compliance with the conditions imposed upon it under the MOU with BEIS. If NCC were to breach the terms/obligation of the grant, the funding would be subject to clawback.

NCC will need to ensure that the grant is compliant with the relevant Subsidy Control obligations. Prior to spending there will need to be an assessment as to whether the grant amounts to a subsidy, if so whether an exemption applies and if not, compliance with the subsidy control principles under the Subsidy Control Act 2022. It is recommended that as the Accountable Authority, the Council adheres to the UK Government Subsidy Control Guidance, liaises and agrees a suitable subsidy assessment approach with DESNZ, to minimise risk of non-compliance with the Subsidy Control Act regime obligations and of clawback.

The decision is presented a Leaders Key decision and is said to meet the exceptional circumstances test in article 10.21 of the Council's constitution as the MNZH officers advise DESNZ have stipulated that that as the Lead Authority for the consortium award NCC are required to have authorisation in place to proceed with delivery by 17th May, as such that it is not possible to take the decision to the next scheduled meeting of the Executive Board. It is understood the Notice requirements in Article 13 - Access to Information Procedure Rules of the Council's Constitution have been complied with.

Richard Bines, Solicitor - Contracts and Commercial Team - 11.05.2023
Advice provided by Richard Bines (Solicitor) on 11/05/2023.

Finance Advice:

Midlands Net Zero Hub (MNZH) have been awarded funding through a consortium bid to the Department of Energy Security and Net Zero. Approval to bid for the funding was granted through a Leaders key decision in November 2022 (LKD 4775).

To approve spend of up to £2,783,000 of grant funding allocated to Nottingham City Council to implement delivery of the Home Upgrade Grant Phase 2 in accordance with the development plan submitted to the Midlands Net Zero Hub3.

This is comprised of a £2,530,000 capital grant and a £253,000 of administrative allocation. There is no match funding requirement. The funding is to be used on private homes only.

Breakdown Of Financial Years:

Funds will be spend in accordance with the approved Development plan submitted to MNZH

At the start of each project year, Nottingham City Council will receive the full Administration & Ancillary Allocation and 15% of the capital funding upfront.

	2023/2024	2024/2025	TOTAL
Total Allocation	£1,113,200	£1,669,800	£2,783,000
Capital Allocation	£1,012,000	£1,518,000	£2,530,000
Admin and ancillary (Max 10%)	£101,200	£151,800	£253,000
Capital upfront payment (15%)	£151,800	£227,700	£379,500
Upfront payment	£253,000	£379,500	£632,500

There are no direct financial implications to the decisions being sought.

Advice Provided by Sejal Mistry (Senior Commercial Business Partner) on 02/05/2023

Procurement Advice:

There are no direct procurement implications to the decisions being sought. Any contracts for goods services or works in support of or conjunction with the project must be awarded in compliance with Contract Procedure Rules and relevant provisions of the Public Contracts Regulations 2015; the Procurement Team should be consulted to ensure this is done. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 02/05/2023.

Signatures:

David Mellen (Leader/ PH Strategic Regeneration Communications)
SIGNED and Dated: 16/05/2023
Dr Ita O'Donovan (Interim Corporate Director, CERS)
SIGNED and Dated: 15/05/2023