

EXECUTIVE BOARD – 21 FEBRUARY 2017

Subject:	REMOURBAN & Domestic Energy Efficiency Programme
Corporate Director(s)/Director(s):	David Bishop, Corporate Director of Development and Growth Andy Vaughan, Corporate Director of Commercial and Operations
Portfolio Holder(s):	Councillor Alan Clark, Portfolio Holder for Energy and Sustainability Councillor Jane Urquhart, Portfolio Holder for Housing
Report author and contact details:	Jane Lumb, Head of Energy and Sustainability Policy, 0115 8764786; jane.lumb@nottinghamcity.gov.uk Graham de Max, Housing Partnership and Strategy Manager, 0115 8763538; graham.demax@nottinghamcity.gov.uk
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Total value of the decision:	£5.57m
Wards affected:	St Ann's and Dales
Date of consultation with Portfolio Holder(s):	5 th December 2016
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input checked="" type="checkbox"/>
Community Services	<input type="checkbox"/>
Energy, Sustainability and Customer	<input checked="" type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>The City Council has been awarded £2.23m of European grant money, to be spent on energy efficiency measures on Council Houses. This is supplemented by £2.83m of HRA (already earmarked for energy measures), £0.07m General fund, ECO and private contributions totalling £0.430m to build an overall scheme budget of £5.57m.</p> <p>Approval is sought to spend this £5.57m on the energy improvement scheme set out in the report and to delegate authority to the Director of Waste, Energy and Highways to procure the necessary contracts to comply with internal procurement and EU funding rules.</p> <p>This overall programme will see innovative and integrated energy efficiency measures installed on 366 properties.</p>	

Exempt information: State 'None' or complete the following

None.

Recommendation(s):

- 1** To note the Leader's Key Decision of December 2014 to accept the RemoUrban grant, which included elements relating to funding energy efficiency and energy innovation measures, which this report now seeks to enable.
- 2** To note that 366 homes will benefit from significant home energy improvements which, in turn, will see householders' energy bills reduce significantly.
- 3** To revise the capital programme in accordance with paragraph 4.1 and approve spend in accordance with this profile.
- 4** To delegate approval to the Director for Waste, Energy and Highways to award contracts, within the financial limits described in this report

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Executive Board is asked to approve the funding allocations set out within this report, which in turn, allows the accessing of EU funding to support home energy improvements in 366 homes within the city.
- 1.2 In addition, Executive Board is asked to delegate all associated contract and procurement decisions to the Director of Waste, Energy and Highways to allow delivery of this programme within the specified timescales.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 RemoUrban

- 2.1.1 The City Council entered into a partnership with Nottingham City Homes, Nottingham Trent University, SASIE, Nottingham Energy Partnership and InfoHub to submit a bid for European funding under the Horizon 2020 funding programme.
- 2.1.2 In 2014 the City Council was notified that it had been successful and was awarded 4.5m Euros for a variety of 'smart city' initiatives, part of which related to energy.
- 2.1.3 In December 2014, the Leader of the Council took a Key Decision to accept this grant and commit initial expenditure and this report seeks approval to implement remaining the funding award related to energy measures in housing.

2.1.4 The scheme funds the following initiatives.

	Bronze	Silver	Gold
Number of Properties	263	94	9
Energy Measures	External Wall Insulation LED lighting	External Wall Insulation LED Lighting Solar PV Battery Storage Low Temperature District Heating	A variety of innovative energy measures, to be determined through the procurement process, which results in an energy consumption of no more than £200 pa.

2.1.5 To comply with the funding rules, these improvements need to be complete and funding claimed by 30 November 2017.

2.2 Funding Arrangements

2.2.1 The funding table is set out below

		Properties			Cost			Funding					
REMOURBAN		Council Homes	Lease Holders	TOTAL	Council Homes	Lease Holders	TOTAL	HRA	Lease/h Not Chg'd	Lease Holders	EU Funding	ECO Funding	TOTAL
Cost / Funding Table		No.	No.	No.	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Bronze	Already complete	122		122	0.81	0.00	0.81	0.64	0.00	0.00	0.12	0.05	0.81
	O/s	105	36	141	0.71	0.24	0.95	0.29	0.01	0.08	0.51	0.06	0.95
		227	36	263	1.51	0.24	1.76	0.92	0.01	0.08	0.63	0.11	1.76
Silver		81	13	94	2.57	0.35	2.92	1.16	0.03	0.13	1.49	0.11	2.92
Gold		9	0	9	0.59	0.00	0.59	0.48	0.00	0.00	0.10	0.01	0.59
Other Items					0.28	0.03	0.31	0.27	0.03	0.00	0.01	0.00	0.31
TOTAL		317	49	366	4.94	0.63	5.57	2.83	0.07	0.21	2.23	0.22	5.57

2.2.2 Approval is sought to:

2.2.3 Confirm the £2.83m HRA allocation towards this scheme (see table in paragraph 6.1). This is earmarked in the Public Sector Housing (HRA) capital programme for energy improvements.

2.2.4 Confirm the arrangements with leaseholders and note that the contribution towards the overall scheme cost will be met by owner occupiers.

2.2.5 Confirm an addition to the General Fund capital programme of £0.280m, which is to be primarily financed by recharges to householders (£76k isn't able to be recovered) through direct payments, loans or a charge on the property.

2.2.6 The leaseholder policy is being finalised with finance and legal colleagues and will be approved using the normal procedures. This is based on other Councils, such as Camden, and Housing Providers such as Longhurst. There is a risk that not all costs will be recovered.

2.2.7 Confirm the application of ECO funding (to be determined following discussion with energy suppliers)

2.2.8 Confirm the allocation of £2.23m EU funding as part of this initiative.

2.3 Contractual Arrangements

2.3.1 A procurement process is already underway for the 9 Gold properties and this procurement process will determine the measures to be installed.

2.3.2 Framework contractors or compliant standard procurement exercises will be utilised for all other measures.

2.3.3 The precise contractual arrangements will be authorised by the Director of Waste, Energy and Highways and ensure compliance with internal procurement and EU procurement rules.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Do Nothing - Rejected, the funding in question has already been allocated to energy efficiency improvements as part of the Horizon 2020 funding stream. Not agreeing to the use of this funding in the way set out in this report would mean that the Remourban funding from the European Commission would not be able to be drawn down and the greater energy savings planned would not be achieved.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 The overall cost of the REMOURBAN (housing related) project is £5.570m of which £4.943m is on council owned homes and £0.627m is on leaseholder properties. The impact on the capital programme will be as follows:

	2016/17 £m	2017/18 £m	Total cost £m
Public Sector Housing (HRA) – Energy Efficiency - RemoUrban	1.114	3.828	4.943
Public Sector Housing (HRA) – Energy Efficiency – no fines	(1.114)	(3.828)	(4.943)
General Fund – RemoUrban (leaseholders)	0.000	0.627	0.627
Impact on capital programme	0.000	0.627	0.627

4.2 The scheme is financed as follows:-

	Existing £m	New £m	Total £m
HRA capital resources - MRR	2.828	0.000	2.828
EU funding	1.893	0.339	2.232
ECO funding	0.222	0.000	0.222
Private contributions - leaseholders	0.000	0.212	0.212
General Fund capital receipts	0.000	0.076	0.076
Total financing	4.943	0.627	5.570

4.3 The EU and ECO funding elements are best estimates of the grant available but will fluctuate due to the EU grant being valued in euros and the ECO grant being dependent on the agreement made with the energy supplier concerned. The terms and conditions of the grants do not raise concerns over compliance. The project officers have experience of operating within these standard terms and conditions. The EU grant conditions require that the works are completed by November 2017, therefore the risk to the council is if these are not completed on time.

4.4 The private contributions will be a mix of repayments for works over a specific time period to be determined with each individual leaseholder.

4.5 The project contains an element of work on the district heating system that will be funded by the HRA to a maximum value of £71k. A decision has been taken to finance this as the project contains wider benefits for tenants and will seek to identify further energy saving initiatives that will benefit HRA tenants through developing and testing a Pay As You Save model.

Finance comments provided by Geoff Walker – Strategic Director of Finance

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 The procurement team has no significant concerns with the recommendations set out in the report and will support the client through the procurement phase to ensure compliance with Public Contract Regulations and that value for money is achieved.

Legal comments provided by Andrew James, Team Leader (Contracts and Commercial)

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

- 6.1 The proposed works are designed to improve the energy efficiency of the properties and the quality of life of the residents. The improvements will not necessarily increase the value of each property by the cost of the works to that property. If any of the properties to which works have been carried out are subsequently sold under the Right to Buy the investment in the property will be protected by Cost Floor provisions for 10 years. Where possible it is proposed to recharge leaseholders the cost of works.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 Cold homes are linked to a wide range of health issues, from mental health to asthma and respiratory issues, to trips and falls, some of which are responsible for excess winter deaths and excess winter hospital admissions as stated in the Fuel poverty report commissioned for the Government. The impact of these on the NHS has been estimated at £145m per annum.
- 7.2 Jobs and training opportunities will be created for Nottingham residents through the delivery of this project. The successful bidders for each project will be required to provide traineeships and local employment opportunities.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 These works will improve health and wellbeing of residents living in the homes due to reduced fuel poverty and warmer homes.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

(a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)

(b) No

(c) Yes – Equality Impact Assessment attached

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED WORKS OR THOSE DISCLOSING DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Domestic Energy Efficiency Programme – report and minutes of Executive Board
16 July 2013

11.2 Delegated Decision to award contracts – May 2015

11.3 Leader’s Key Decision: Acceptance of REMOURBAN grant, December 2014

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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