

Report to Leader

Subject: Combined Authority East Midlands Domestic Retrofit Project 2023/24

Date: 29th September 2023

Author: Head of Environment

Wards Affected

Borough wide

Purpose

- 1) To seek approval in accordance with the Councils Financial Regulations for an addition to the capital programme for the Combined Authority East Midlands Domestic Retrofit Project of £583,500, which is fully grant funded from Government.
- 2) To approve the Council's intended approach to delivering the grant, 'the Combined Authority East Midlands Domestic Retrofit Project', as detailed at Appendix A.
- 3) To delegate authority to the Head of Environment to submit a scheme development plan to the Nottingham City Council setting out how the Council will deliver the grant as set out in this report.
- 4) To delegate authority to the Head of Environment, in consultation with the Portfolio Holder for Public Protection, to make changes to the scheme development plan for 'the Combined Authority East Midlands Domestic Retrofit Project' based on Nottingham City Council feedback.
- 5) To seek approval for the council to apply rule 35 (iv) of the Council's Contracts and Procurement Rules to award a contract to EON Energy Services Ltd to provide a managed service to deliver the installations associated with the Combined Authority East Midlands Domestic Retrofit Project requirements.

Key Decision

This is a key decision because it is possible it will result in the Council incurring expenditure in excess of £500,000.

Recommendation(s)

THAT the Leader of the Council:

- 1) Notes the Chief Executive or Corporate Director will sign and return to Nottingham City Council the funding invitation letter/ MOU**
- 2) Approves the establishment of an addition to the capital programme of £583,500, which is fully grant funded from the Nottingham City Council.**
- 3) Approves the 'Approach to delivering the East Midlands Domestic Retrofit Project detailed at Appendix A to this report which sets out how the Council will administrate the project**
- 4) Delegates authority to the Head of Environment to submit a full development plan to Nottingham City Council for approval detailing how the Council will administer the grant funding as set out in this report.**
- 5) Delegates authority to the Head of Environment, in consultation with the Portfolio Holder for Public Protection, to make changes to the proposed scheme and 'Approach to delivering the Combined Authority East Midlands Domestic Retrofit Project' if required following Nottingham City Council feedback.**
- 6) Agrees to apply rule 35 (iv) of the Council's Contracts and Procurement Rules to enable direct award of a contract to EON Energy Services Ltd to provide a managed service to install measures in accordance with the council's Combined Authority East Midlands Domestic Retrofit Project.**

1 Background

- 1.1** This project is to deliver domestic energy efficiency and low carbon retrofit activities within East Midlands Mayoral Combined Authority area. The Midlands Net Zero Hub (MNZH) is funded by the Department for Energy Security and Net Zero as part of the governments clean growth strategy and is hosted by Nottingham City Council. The project will be delivered by the Local Authorities in the region and reported through the MNZH.
- 1.2** The funding for the project is to be split equally amongst the 15 District and Borough Councils in the Nottinghamshire and Derbyshire and the 2 City Councils.

The objectives of the scheme are:

- 85 Whole House Retrofit approach scaled with all compliant required SAP measures installed (Target of 5 homes per LA)
- 600 PAS2035 compliant measures installed (Target of 36 per LA)
- Improved health and wellbeing for home occupier's through a pre and post survey
- Reduced consumption and lower carbon footprint
- Reduced number of households below an EPC C
- Average Standard Assessment Procedure (SAP) improvement

- 1.3 Each Council participating in the scheme are required to produce a delivery plan demonstrating how they will reach their target within the funding period which ends in August 2024, prior to commencement of the work.

2 Proposal

- 2.1 Notes the Chief Executive or Corporate Director will sign and return to MNZH the funding invitation letter/MOU.
- 2.2 Approves the establishment of an addition to the capital programme of £583,000, which is fully grant funded from Combined Authority funding from Government received via Nottingham City Council.
- 2.3 The Council must, as part of conditions of the funding, submit a full scheme delivery to Nottingham City Council for their approval. It is proposed that the Leader of the Council approves the 'Approach to delivering the Combined Authority East Midlands Domestic Retrofit Project' detailed at Appendix A to this report which sets out how the Council will administrate the funding.
- 2.4 It is proposed that authority is delegated to the Head of Environment to submit a full development plan to Nottingham City Council for approval detailing how the Council will administer the grant funding as set out in this report
- 2.5 Changes may need to be made to the Council's written development plan to Nottingham City Council and the 'Approach to delivering the Combined Authority East Midlands Domestic Retrofit Project' following feedback on the Council's scheme from Nottingham City Council. It is therefore

proposed that the Head of Environment, in consultation with the Portfolio Holder for Public Protection, be authorised to make such changes to the development plan and / or 'Approach to Combined Authority East Midlands Domestic Retrofit Project' as necessary to obtain approval from Nottingham City Council.

- 2.6 Approves the application of rule 35 iv) of the Council's Contracts and Procurement Rules to award a contract to EON Energy Services Ltd to provide a managed service to install measures in accordance with the council's Combined Authority East Midlands Domestic Retrofit Project. This will enable the scheme to be undertaken within the timescales set out in the grant funding.

3 Alternative Options

- 3.1 To not adopt a scheme for delivery. This has been disregarded as it would be a missed opportunity to contribute to number of corporate priorities which deliver benefits to the community. The scheme aims to support households in fuel poverty and contribute to reducing carbon emissions.
- 3.2 To not apply rule 35 iv) which would mean the Council could not directly award a contract in time to deliver works by the funding deadline (August 2024) and would result in 41 low income households not receiving eligible measures via the scheme
- 3.3 For the recent Sustainable Warmth Competition retrofit scheme the Council investigated available retrofit procurement frameworks and could not identify a readily available framework to provide a managed service to utilise grant funding and project manage the scheme from start to finish.

4 Financial Implications

- 4.1 This report seeks approval to establish a £583,500 capital budget to be funded by Government grant via the Nottingham City Council. The grant profile below is based on the projects estimated expenditure profile. This will be updated in-line with the approved delivery plan.

Funding Schedule 2023/24 – 2024/25				
Sept 2023	Dec 2023	March 2024	June 2024	Total
£	£	£	£	£
116,700	203,300	160,000	103,500	583,500

- 4.2 The proposed scheme will be fully funded by Government grant, distributed by the Nottingham City Council. Up to £583,500 will be available subject to the funding terms and conditions and delivery outcomes.
- 4.3 The Council will contract directly with EON to deliver installations to eligible households, payment will be made to EON in arrears upon receipt of a valid invoice

5 Legal Implications

5.1

By directly awarding a contract to EON this would constitute a subsidy under the Subsidy Control Act 2022 (the 'Act'). An assessment of the subsidy against the subsidy control principles within the Act has been undertaken and it is considered that the subsidy would be permitted. The subsidy would also be subject to transparency requirements under the Act.

- 5.2 The Council intends to enter into a contract with EON as the main contractor to install the energy efficiency measures funded by this grant. The Council must ensure that the services of EON are procured in accordance with the Public Contracts Regulations 2015 and the Council's Contracts and Procurement Rules. The contract with EON will be on market terms.

- 5.3 A JCT Intermediate Building Contract with Contractor's design 2016 (ICD 2016) will be prepared in collaboration with legal from Gedling Borough Council and EON Energy Services Ltd. The contract will set out the terms for both parties and will be in alignment with the grant funding conditions

- 5.4 Where a contract is funded time limited grant funding from an external body and time limit for the expenditure of the funding does not allow for a tender process to be undertaken, rule 35.3 (iv) of the Council's Contracts and Procurement Rules permit the executive to permit the direct award of a contract to enable delivery within external funding timelines.

6 Equalities Implications

- 6.1 It is not anticipated the scheme will have any negative equalities impacts. Implementation of the scheme may have positive equalities implications as persons with protective characteristics may be on low incomes and live in low EPC rated homes (D to G) and therefore can benefit from the funding. The attached equalities impact assessment in Appendix B, provides more detailed information of the assessment and impacts.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 The scheme will install external wall insulation for 25 solid wall homes, 32 homes with solar PV renewable electricity generating roof panels, 5 homes with air source heat pumps and 18 homes with loft insulation. The insulation will reduce heat loss and associated carbon emissions from heating homes. The installation of renewable electricity generation will reduce carbon emissions associated with electricity from the national grid

8 Appendices

- 8.1 Appendix A – The Council's approach to the Combined Authority East Midlands Domestic Retrofit Project
- 8.2 Appendix B – Equalities Impact Assessment

9 Background Papers

- 9.1 None

10 Reasons for Recommendations

- 10.1 The project aims to contribute towards the following outcomes:
- PLACE – to enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.
 - Housing – Individuals and families can access high quality, affordable and energy efficient housing to bring to life neighbourhoods
 - COMMUNITY – to enable a resilient, empowered, connected, inclusive and healthy community
 - Poverty and the Vulnerable – financially vulnerable residents are supported through our welfare services and community partnerships.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer