

Part I

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All Wards

WELWYN HATFIELD BOROUGH COUNCIL

CABINET – 29 MARCH 2022

REPORT OF THE CHIEF EXECUTIVE

SOCIAL HOUSING DECARBONISATION FUND.

1 Executive Summary

- 1.1 During the 2021 spending review the government has committed a further £800m across 3 years for the Social Housing Decarbonisation Fund (SHDF). Wave 2 of the (SHDF) will open for bidding in Spring of 2022.
- 1.2 To assist with this project the Council requires an agent to bid for funding and if successful, manage the project.

2 Recommendation(s)

- 2.1 That Cabinet give delegated authority to the Chief Executive (in consultation with the Section 151 Officer and Executive Member for Housing and Climate Change) to award the contract for an agent to manage the Social Housing Decarbonisation Project.

3 Explanation

- 3.1 In 2019 the government committed £3.8bn over a ten year period to improve the energy performance of social rented homes. During the 2021 spending review the government has committed a further £800m across 3 years for the Social Housing Decarbonisation Fund (SHDF). Wave 2 of the (SHDF) will open for bidding in Spring of 2022.
- 3.2 Wave 1 of the scheme focused on delivering innovative whole house, deep retrofit projects for social housing, demonstrating a targeted performance level and cost reduction. The key principles being a fabric first approach ensuring heat loss prevention measures are installed before other energy efficiency measures, to maximise low carbon heating either now or in the future, and to benefit tenants in terms of comfort, health, wellbeing and bills. Facilitating the treatment of the worst performing homes through a scaled cost cap that allows for greater spend on those homes with a lower starting EPC band. A no regrets approach minimising the potential of measures having to be replaced in the future on the journey to net zero. Registered Providers must improve their stock using a fabric first approach to at least a minimum of EPC C.

In terms of eligible measures this includes any measure that is eligible with SAP to be installed with SHDF funding, with the exception of fossil fuel heating systems. Low Carbon Heating can be installed where a fabric first approach is taken, and all new heating systems must reduce bills in isolation compared to the existing system. Hybrid heating systems will be eligible in some circumstances in on-gas grid homes.

Administrative & Ancillary costs allowable up to 15% of total costs (these costs are in addition to the capital costs for home upgrades) and Social Housing providers are required to contribute at least 30% of the total eligible project costs.

For wave 1 BEIS wanted applicants to demonstrate that they can bring together a strong delivery team, including a Retrofit Coordinator, Identify groups of suitable dwellings for retrofit and secure permission from the occupants in advance of works taking place, Procure skills and materials from the retrofit supply chain in a timely manner, Measure baseline dwelling performance to understand retrofit needs, Design and implement retrofits to improve energy performance of stock and meet targets, Measure actual performance, Oversee delivery of retrofit in such a way as to avoid adverse consequences, e.g. overheating, problems associated with damp etc and deliver the projects on time. The social housing sector anticipates that wave 2 of the funding will have similar criteria.

- 3.3 Property Services do not currently have the resources or expertise to successfully manage the bid, procurement and delivery phases of the works without assistance. We aim to procure the services of an agent to provide the necessary expertise and support to deliver a viable project from concept to completion.
- 3.4 The first stage is putting together a viable project bid. From our initial conversation with an agent this is likely to Include desktop analysis and property modelling, adding value by looking at what other funding can also be utilised to include additional measures such as ECO4 and HUG funding, identifying a route to procurement and pulling together a fully costed proposal and programme for delivery and submitting the bid to BEIS.
- 3.5 If the bid is successful the next stage is the implementation and delivery of the project. This would include acting as retrofit coordinator, engaging with our tenants over the proposed project, undertaking property assessments and technical surveys, scheme Governance, contractor management (overseeing delivery of the works), project reporting, compliance management and a completion handover.
- 3.6 Delegated Authority is requested as a decision will need to be made on the appointment of the agent before the June Cabinet.
- 3.7 As the value of the contract is potentially over £1,000,000.00 cabinet are required to consider the matter.

Implications

4 Legal Implication(s)

- 4.1 Any procurement will be undertaken in accordance with the Contract Procedure Rules.

5 Financial Implication(s)

- 5.1 For the work up to and including the submission of the bid agents will be working at risk, meaning that should a funding bid not be successful, the council would not need to make payment, subject to any direct costs incurred by the appointed agent such as the costs of surveys. For a successful bid, the agent would be able to claim for time spent on the project within the 15% administrative and ancillary costs of the grant award.
- 5.2 The grant application will be on the basis that the grant covers 70% of the cost and the Council pay 30% of the costs, which will be attributed to the Housing Revenue Account.
- 5.3 It is unclear at this stage when the funding application window will be open. Following appointment of an agent, and the preparation of a draft submission, the Section 151 Officer will be consulted on the proposed bid submission to ensure that the bid can be accommodated within existing budgets. Should this not be the

case, options will be considered and a report will be presented to Cabinet for consideration.

6 Risk Management Implications

6.1 The risks related to this proposal are:

6.1.1 Construction risks – as with all projects there are construction risks that would need to be managed by all appropriate parties

6.1.2 Risk of bid application not being successful – if this was the case then the council would be liable for the cost of any EPC's undertaken

6.1.3 Delivery of the scheme / reputation – there are risks that the project would not be delivered to plan. Strong contract management would be needed to mitigate against this.

7 Security and Terrorism Implication(s)

7.1 None directly from this report

8 Procurement Implication(s)

8.1 The Procurement of an agent is being undertaken using a framework that is compliant with the Council's Contract Procedure Rules.

8.2 The scope of the tender is that the initial bidding phase undertaken by the agent is at their risk. The only costs on the council would be the costs of undertaking any necessary EPC's. If the bid is unsuccessful then the agent would not receive any direct remuneration from the Council.

9 Climate Change Implication(s)

9.1 This project would have a positive impact on climate change by improving the carbon efficiency of the housing stock.

10 Human Resources Implication(s)

10.1 None directly from this report

11 Health and Wellbeing Implication(s)

11.1 A more carbon efficient home will improve the Health and Wellbeing of the tenants.

12 Communication and Engagement Implication(s)

12.1 Once funding is secured a communications strategy will be developed.

13 Link to Corporate Priorities

13.1 The subject of this report is linked to the Council's Corporate Priority 'Our Housing' and specifically to the achievement of meet the borough's housing need and effectively manage the borough's housing stock.

14 Equality and Diversity

14.1 An EqIA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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11 March 2022