

Waverley Borough Council

Report to: Landlord Services Advisory Board

Date: 04 April 2024

Ward(s) affected: All

Report of Director: Julian Higson, Interim Strategic Director of Housing and Environment

Author: Katie Reilly, Energy Efficiency Project Lead

Tel: 01483523544

Email: katie.reilly@waverley.gov.uk

Executive Portfolio Holder responsible: Cllr Paul Rivers

Tel: 01483 420 747

Email: paul.rivers@waverley.gov.uk

Report Status: Open

Q4 SHDF Wave 2.2 Report (January to March 2024).

Executive Summary

1.1 In January 2024, the Council made a bid for a grant from the Social Housing Decarbonisation Fund: Wave 2.2 competition (SHDF). This bid was successful therefore the Council will implement approved recommendations in Executive Report for 6/2/24.

1.2 This report is being presented to the Landlord Services Advisory Board as an informative and for any comment and any recommendations they may wish to make to senior management or the Executive.

Recommendation to LSAB:

2.1 It is recommended that the Board reviews the update on SHDF Wave 2.2 and

1. identifies any areas for comment or further exploration, and
2. makes any recommendations to senior management or the Portfolio Holders for Housing as appropriate.

Reason(s) for Recommendation:

3.1 The quarterly review of the delivery of SHDF Wave 2.2 is subject to internal as well as external scrutiny. This approach allows for a transparent assessment of how public money is being spent in accordance with approved recommendations. The delivery is still in very early stages, with relevant contracts and agreements still to be assessed and signed therefore as delivery progresses, further updates on assessment against goals and targets will be provided. It also allows the Board to raise any areas of concern to the Joint Management Team or the Executive, where relevant.

Exemption from publication

4.1 No

Purpose of Report

5.1 To provide an update on SHDF Wave 2.2 following Executive approval of recommendations in Executive Report on 6/2/24 which were:

5.2. To seek authority for the Executive Head of Housing, in consultation with the Borough Solicitor, to:

5.2 (a) make a direct award to EON under Regulation 32 (2) (c) of the Public Contracts Regulation to expedite the procurement exercise for the purpose of securing through application, the time-limited grant funding, to deliver energy efficiency works to council homes through a public sector framework (Fusion 21) for the value of £560K.

5.2 (b) enter into a Grant Funding Agreement (GFA), Grant Offer Letter (GOL), Data Sharing Agreement (DSA) and associated documents with the Department of Energy, Security and Net Zero (DESNZ) if the Council is successful in obtaining grant from the Social Housing Decarbonisation Fund.

5.3. To approve expenditure of £280,000 as allocated by the Council as part of the match funding.

This report provides an update to advise that the Council has been successful in its bid for SHDF Wave 2.2 and is in the process of reviewing contracts to make a direct award to E.ON and preparing the return of the relevant Grant Funding Agreement documents to DESNZ to secure the award funding to deliver the programme of works outlined in our bid.

Strategic Priorities

6.1 In response to the Climate Emergency, the Council has committed to achieve Net Zero by 2030.

Background

7.1 The Social Housing Decarbonisation Fund aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty and support green jobs.

7.2 E.ON - To make the most of the opportunity of the SHDF officers have worked with the energy provider E.ON to develop the bid. Appointing E.ON via direct award will not only offer a quick, compliant route to market, it will also give the Council value for money (the Council's needs will be prioritised) and provide total transparency. It will also allow the Council's Decarbonisation project to commence on time within the set schedule with

a suitable supplier who will deliver the programme through a supply network of approved contractors. The Council will therefore appoint E.ON through direct award via the Fusion 21 Framework, as per approved recommendations in Executive Report for 6/2/24.

7.3 The Council has been successful in its SHDF Wave 2.2 bid and will improve the energy efficiency of 59 of its worst performing homes through a fabric first approach. The grant funding and 25% of the co-funding must be spent by 31st March 2025, with the remaining 75% of the co-funding possible to spend until 31st March 2026.

7.4 This Report builds on the Executive Report for 6/2/24, with approved recommendations. This Report is an informative on SHDF Wave 2.2 updates.

Consultations

8.1 This Report is for information only and is a standing item on the Landlord Services Advisory Board.

8.2 Tenants whose homes will be improved will be individually consulted through a structured engagement plan. Cold calling and postal correspondence are not sufficient under the funding agreement.

8.3 The Council will be delivering the resident engagement strategy in-house. Our approach needs to be developed early and delivered in tandem with E.ON's construction phase plan. Our engagement strategy should cover pre-works, during and post-works.

Key Risks

9.1 Key funding conditions associated with risk are:

- The delivery window is two years however, the grant funding is only able to be spent in the first year i.e. by March 2025. Grant recipients will be expected to spend 25% of the co-funding by 31st March 2025 as a minimum, with any remainder of the co-funding able to be spent

by March 2026. DESNZ will be conducting a financial audit on the Council's spend throughout the term of the Decarbonisation programme.

- Payments are made after expenditure. Payments will be made regularly, at least every 4 months and at most monthly, following receipt of a drawdown request from the Applicant. The grant recipient should retain evidence of spend to provide for reconciliation and evidence checks, which will take place three times per year.
- If the grant funding and at least 25% of the co-funding is not spent by March 2025, the grant recipient (The Council) will not be able to draw down on the grant funding (equivalent to the 50% match funding). The Council would possibly have to find alternative resources to bridge any funding gap, should this happen.

The scrutiny process of key performance indicators, goals and targets, laid out in this Report, allows for an ongoing assessment of potential risks arising from underperformance and the monitoring of improvement or mitigation actions put in place to address potential issues.

Financial Implications

10.1 This Report provides an update on the SHDF Wave 2.2 progress. The bid was successful, and the Council has been awarded £279,181.95.

10.2 As per financial implications outlined in the Executive Report for 6/2/24, there is a budget allocated for the SHDF bid in 2023/24 of £280k. Due to the timings of the bid, it will be a requirement for this to be carried forward to 2024/25. This will be submitted for approval by S151 at year as per the financial regulations.

Legal Implications

11.1 There are no legal implications arising directly from this Report, however the legal implications outlined in the Executive Report for 6/2/24 are considered.

11.2 Legal have reviewed the Grant Funding Agreement documents issued by DESNZ and recommendations are being incorporated. These were returned by 9th April and have been applied to secure the grant funding.

Human Resource Implications

12.1 There are no human resource implications.

Equality and Diversity Implications

13.1 There are no direct equality, diversity, or inclusion implications resulting from this Report. Equality impact assessments are carried out, when necessary, across the Council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

13.2 Our chosen contractor, E.ON, will deliver the programme in accordance with its Equality and Inclusion Policy alongside the Council's Discrimination Policy.

Climate Change/Sustainability Implications

14.1 The installation of the energy performance measures outlined in the programme of works will help:

- deliver warm, energy efficient homes
- improve the comfort, health and wellbeing of the Council's tenants
- tackle fuel poverty

14.2 The homes in the programme of works will meet an Energy Performance Certificate (EPC) C standard as a minimum and their carbon emissions will be reduced. The project will also aim for space heating demand of 90 kwh/m2/year where reasonable and cost effective.

Background Papers

15.1 Executive Report 6/2/24.

Appendices

16.1 n/a

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	16/04/2024 ck
Legal / Governance	16/04/24 GG
HR	n/a
Equalities	n/a
Lead Councillor	16/4/24
CMB	n/a
Executive Briefing/Liaison	n/a
Committee Services	n/a