

Title of Report	SOCIAL HOUSING DECARBONISATION FUND GRANT ACCEPTANCE	
Presented by	Councillor Andrew Woodman Housing, Property and Customer Services Portfolio Holder	
	PH Briefed <input type="checkbox"/> Yes	
Background Papers	<u>Government Guidance</u>	Public Report: Yes
		Key Decision: Yes
Financial Implications	The Council has allocated an additional £2.767 million to zero carbon initiatives, surpassing the initially approved £2.5 million, which requires further approval as outlined in the Council's Constitution. This will be considered at the Council meeting scheduled for 7 May 2024.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The Council is required to enter into a grant funding agreement in order to accept the grant. The grant funding agreement contains monitoring, reporting and assurance requirements that the Council will have to comply with. Legal advice has been sought and provided on the obligations contained within the agreement. The Contract Procedure Rules requires Cabinet authority to enter into an agreement of this value.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	The grant award will be delivered through existing procured resources and external resources to supplement the in-house team. These costs will be borne by the grant payment.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide Cabinet with details of the grant award from Government in respect of the Social Housing Decarbonisation Fund and for Cabinet to approve acceptance of the grant.	
Reason for Decision	To gain Cabinet approval to the Grant acceptance in line with the Constitution and Contract Procurement rules.	
Recommendations	THAT CABINET:	

	<p>1. ACCEPTS THE GRANT OF UP TO £2,767,287.35 FROM WAVE 2.2 SOCIAL HOUSING DECARBONISATION FUND FROM GOVERNMENT AND AUTHORISES THE COUNCIL TO ENTER INTO ALL NECESSARY AGREEMENTS TO RECEIVE THE GRANT, SUBJECT TO COUNCIL AGREEING RECOMMENDATION 2 BELOW</p> <p>2. RECOMMENDS THAT COUNCIL AMEND THE HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME CARBON ZERO ELEMENT AS SET OUT IN SECTION 2 OF THIS REPORT.</p>
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1.0 BACKGROUND

- 1.1** As part of the Government’s approach to improving energy performance in Social Homes, it committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period as part of its pathway to Net Zero 2050. The SHDF aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty, and support green jobs.
- 1.2** The Council submitted a bid to the fund in January of this year for a maximum value of £2,767,287.35. Officers were informed in late March that the Council had been successful with the bid. The grant offers up to 50% match funding to improve the Energy Performance Certificate (EPC) ratings of the Council’s Council homes by a fabric first approach.
- 1.3** The funding is a single year allocation and must be spent by 31 March 2025 (although the programme runs for two years enabling the Council’s match funding to run up to 31 March 2026). The grant operates on the basis that claims are submitted in arrears i.e. the Council must provide evidence of eligible expenditure to support claims. The scheme is governed by significant guidance which can be found using the link in the background papers section of the report header.
- 1.4** The Council is in the process of making arrangements to accept the grant and to comply with government-imposed timelines it has already submitted the required acceptance paperwork in draft form. However, the grant will not be formally accepted until Cabinet has approved the acceptance of the grant in accordance with recommendation 1 of this report, and Council has responded to Recommendation 2.
- 1.5** The required due diligence has been completed by the legal and finance teams in order to accept the grant.

2.0 FINANCIAL IMPLICATIONS

- 2.1** The approved Housing Revenue Accounting (HRA) capital programme has approval of up to £2.5m of funding identified for Carbon Zero works to the Council’s housing stock, as approved by Council on 20 February 2024. The grant will be used on a substitution basis, replacing planned HRA spend where it can, to enable this to be spent in future years. This has the effect of extending the Carbon Zero element of the HRA programme.

2.2 The grant conditions are that whilst the grant funding must be match funded by the Council over two years, the full £2.8m grant must be spent within the current financial year. This will require a budget increase of £300k for each year of 2024/25 and 2025/26 but will reduce the contribution from Council resources by £2.2m over the period.

2.3 The table below compares the current budget and financing with the revised budget to be approved:

Comparison of approved capital budgets and proposed capital budgets	Current Budget	Current Budget	Total	Revised Budget	Revised Budget	Total
	2024/25	2025/26		2024/25	2025/26	
	£m	£m	£m	£m	£m	£m
Capital Programme						
Zero Carbon	2.5	2.5	5.0	2.8	2.8	5.6
Total Capital	2.5	2.5	5.0	2.8	2.8	5.6
Financed by:						
Capital Receipts	2.5	1.7	4.2	0	2.8	2.8
Prudential Borrowing	0	0.8	0.8	0	0	0
SHDF Grant	0	0	0	2.8	0	2.8
Total Financing	2.5	2.5	5.0	2.8	2.8	5.6

2.4 The Council's decision to allocate £2.5 million towards zero carbon initiatives for the Housing Revenue Account, as approved by Council on 22 February 2024, reflects a commitment to sustainability and environmental responsibility. The additional grant of £2.767 million, exceeding the initial approval by £267k, as well as an equivalent sum in 2025/26 as outlined in paragraph 2.2 above necessitates further Council approval due to the Council's Constitution stipulations regarding supplementary estimates.

2.5 This situation underscores the importance of adhering to governance protocols and ensuring that all financial decisions are made transparently and with full accountability. Therefore, subject to Cabinet approval, the Council meeting scheduled for 7 May 2024 will ensure the Council authorises the additional funds in accordance with its financial governance arrangements.

Policies and other considerations, as appropriate	
Council Priorities:	Insert relevant Council Priorities: <ul style="list-style-type: none"> - Communities and housing - Clean, green and Zero Carbon
Policy Considerations:	N/A
Safeguarding:	N/A at this strategic level – however individual works will comply with normal processes in this regard

Equalities/Diversity:	N/A at this strategic level – however individual works will comply with normal processes in this regard.
Customer Impact:	Works of the type covered by this funding can be disruptive for tenants. The Housing Service will work with its engagement teams to seek to both communicate clearly on planned works and the longer term benefits of the works being completed for the tenants.
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon:	The programme of works will improve the EPC rating and therefore efficiency of Council homes where works are undertaken. This will assist in both warmer homes, and reduction in running costs as well as contributing to the Council's 2050 carbon targets.
Consultation/Community/Tenant Engagement:	See Customer Impact above.
Risks:	<p>There are Risks to any project – the main ones impacting on these works are:</p> <ul style="list-style-type: none"> - Inability to deliver on the basis of supplier, contractor or other resource constraints. - Tenant resistance to works being undertaken - Non compliance with grant conditions. <p>A full risk assessment is in place as part of the grant process.</p>
Officer Contact	<p>Andy Barton Strategic Director Andy.Barton@nwleicestershire.gov.uk</p>