

## Notice of KEY Executive Decision

<b>Subject Heading:</b>	Application for grant funding under the Social Housing Decarbonisation Fund (SHDF) Wave 2
<b>Decision Maker:</b>	Councillor Ray Morgan; Leader of the Council
<b>Cabinet Member:</b>	Councillor Ray Morgan; Leader of the Council
<b>SLT Lead:</b>	Patrick Odling-Smee; Director of Housing
<b>Report Author and contact details:</b>	Robert Ditsell; Project Manager. † 01708 434700 e <a href="mailto:robert.ditsell@havering.gov.uk">robert.ditsell@havering.gov.uk</a>
<b>Policy context:</b>	Supports the outcomes within the London Borough of Havering's corporate plan. Places. Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe.
<b>Financial summary:</b>	This report seeks approval to submit a bid for grant funding from the Department for Business, Energy and Industrial Strategy for up to £5 million through the Social Housing Decarbonisation Fund. Wave 2  This funding will support the ambitions of the Council to meet carbon reduction targets.
<b>Reason decision is Key</b>	Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	10th October 2022

**Key Executive Decision**

<b>Relevant OSC:</b>	Places
<b>Is it an urgent decision?</b>	Yes
<b>Is this decision exempt from being called-in?</b>	Yes, the deadline for submitting the application for funding is 18 November 2022. If the Council misses this deadline then the Council will lose the opportunity to apply for this funding and will have to use its own resources to carry out the improvement works to the properties.

**The subject matter of this report deals with the following Council Objectives**

- Communities making Havering
- Places making Havering
- Opportunities making Havering
- Connections making Havering

## Key Executive Decision

### **Part A – Report seeking decision**

#### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

For the reasons stated in this report, the Leader of the Council is recommended to agree that the Council submit a bid for up to £5 million in grant funding to the Department for Business, Energy and Industrial Strategy (BEIS) through the Social Housing Decarbonisation Fund Wave 2 funding provision.

The exact figure is subject to final confirmation of property lists and estimates, but the bid deadline doesn't allow us to confirm that prior to the Executive Decision deadline

The required Council funding to support the grant bid is available through the Housing Revenue Account (HRA).

#### **AUTHORITY UNDER WHICH DECISION IS MADE**

The submission of grant bids over £500,000 is usually delegated to Cabinet, as per "Under Para 2.1 General functions of Cabinet", other matters Cabinet has authority:

(q) To approve applications for the submission of bids for grants and other financial assistance which require the provision of additional finance or match funding or are likely to lead to residual costs or implications for the Council or where the amount of the grant application exceeds £500,000.

According to Para 2 Powers of the Executive of Part 3 [Responsibility for Functions] of the Council's constitution–

The Leader of the Council is responsible for arranging for the exercise of all executive functions and may by way of written notice delegate Executive functions to:

1. Cabinet
2. A committee of the Cabinet
3. Individual Cabinet Members
4. Staff
5. Joint Committees

And may exercise any Executive functions personally provided notice is given to the Proper Officer

The Leader of the Council will give notice in writing, duly signed and dated, to the Proper Officer as to the exercise of Executive functions and will submit a fresh notice on each occasion that those delegations are amended.

Executive functions may not be exercised by the Leader or individual Cabinet Members until written notice has been received by the Proper Officer. The Proper Officer will maintain a record of Leader delegations.

#### **STATEMENT OF THE REASONS FOR THE DECISION**

As part of the Government's commitment to carbon reduction targets, the 2019 Conservative manifesto included a proposal (subject to spending reviews) for a £3.8B Social Housing Decarbonisation Fund to improve the energy performance of social rented homes.

### **Key Executive Decision**

In 2020, a £50M Demonstrator fund was provided in order to test targets, technology and delivery.

BEIS announced £160M for the first wave of the SHDF in 2021, to which LBH were successful in securing funding in 2022 with works underway in a Project to complete over 100 homes in total, due for completion 2023.

BEIS have further announced up to £800M for the second wave of SHDF works, with bids to be submitted by 18<sup>th</sup> November 2022.

Funding is targeted at improvements to building fabric, to improve air tightness and insulation, and at properties below an EPC rating of C.

Funding is capped according to the EPC rating of the properties included in the bid and landlords are expected to contribute at least 50% of the total eligible project costs, which can include up to 15% administrative and ancillary costs. Provision for any landlord contribution already exists within the HRA.

As part of the 2020 stock condition survey carried out by Savills (UK) Limited, energy surveys were undertaken on 2,500 dwellings and the estimated cost of bringing all HRA stock up to an EPC of a high C is estimated to be £200M.

This bid will use the findings of that survey and experience gained from the current Wave 1 SHDF work stream, to identify suitable properties meeting the bid criteria and provide an opportunity to install retrofit measures to more of the worst energy performing stock in London Borough of Havering.

The measures within this Wave 2 bid, must be delivered by March 2025 (with only match funded works being completed by September 2025) if we are successful.

This is an opportunity to further progress our excellent works that we are doing through SHDF Wave 1 works.

### **OTHER OPTIONS CONSIDERED AND REJECTED**

**Do Nothing** – by not submitting a bid for this grant programme, we are missing a significant opportunity to secure external funding for the housing energy efficiency programme as part of the Council's wider commitment to reducing the production of carbon dioxide.

**Use Alternative Funding (e.g. HRA)** – the SHDF is currently targeting specific retrofit measures. In order to deliver Housing Services' Asset Management Strategy, HRA funding will be required in future to deliver other necessary retrofit measures.

### **PRE-DECISION CONSULTATION**

Consultees for this proposal include: OneSource business partners, SLT and Themed Board.

Key Executive Decision

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Robert Ditsell

Designation: Project Manager – Housing

Signature:



Date: 10<sup>th</sup> October 2022

Key Executive Decision

**Part B - Assessment of implications and risks**

**LEGAL IMPLICATIONS AND RISKS**

The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation.

Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power and the Council has the power to apply for grant funding.

This decision sets out the information relating to the grant bid only, any acceptance of funding and the entering into of a new grant contract will be subject to a further report setting out related information and implications, and subject to the Council's executive decision process.

Officers will ensure they are cognisant of the funding conditions associated with the grant and agree the Council is able to accept and perform its obligations

**FINANCIAL IMPLICATIONS AND RISKS**

This report seeks approval to submit a bid for funding to BEIS for up to £5 million.

The grant conditions requires a contribution from the HRA of at least 50% of the total eligible expenditure. This will be funded from The HRA Capital Programme, Project Code C38680.

If the bid is successful, it will free up HRA funds, which can be spent on other suitable Energy Saving schemes.

**Financial risks**

If the bid is rejected or the allocation reduced, then we may need to reassess the project's value for money and examine alternative funding sources or delivery options available to increase affordable housing levels.

It will be necessary to ensure that the Council can meet the grant conditions set by BEIS prior to entering into contract, to avoid having to repay of grant.

**HUMAN RESOURCES IMPLICATIONS AND RISKS  
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no Human Resources implications arising from this report.

## **Key Executive Decision**

### **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The grant bid set out in this report would benefit local residents by providing funding to improve the thermal efficiency of affordable housing, improving comfort and reducing fuel bills

### **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

Health & Wellbeing Benefits:

Havering council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing.

A successful bid will support Havering's ambitions to provide more good quality, genuinely affordable homes for local people, through the improvement of thermal efficiency and reduction of fuel bills. This will impact positively on individuals and families on low income by reducing fuel bills and improving their quality of life.

Health & Wellbeing Risks:

The proposals to bid for grant funding do not give rise to any health and wellbeing risks.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

London Borough of Havering have set a target of being Net Zero by 2040. The Havering Climate Change Action Plan (HCCAP) report targets delivering energy efficient fuel poverty proof homes.

The Council is a member of Association for Public Service Excellence (ASPE). The ASPE report notes within its Action plan to Optimise building performance (energy efficiency).

### **Key Executive Decision**

This Report is requesting for permission to seek government funding to improve the energy performance of some of London Borough of Havering's worst performing stock.

Risk:- The measures applied to the homes are not adequately installed or designed correctly to meet the design criteria. Therefore the improvements would not be as expected to the homes improved efficiency.

Action:- Appointment of sufficiently qualified contractors and consultants to ensure the best results are achieved, with evidence based pre and post work analysis.

Risk:- High levels of carbon emissions emitted during Project duration.

Action:- Work streams identified by both similar build types and by post code areas. Therefore enabling us to both design and deliver the works in as concentrated areas as possible and keeping carbon emissions as low as possible throughout the process.

Risk:- Renewing components prior to their end of life and disposing of embodied carbon.

Action:- Based on our own Asset data from Keystone and using information from a Stock survey completed in 2020 by Savills (UK) Limited we will endeavour to ensure that components are replaced at a time it is needed due to condition or due to life expectancy.

### **Implications**

Not completing energy efficiency improvement works to some of our worst performing properties could have the following implications:-

- Continued high energy costs for residents to heat their homes.
- A reduction in use of heating, due to increasing energy prices which could lead to health issues for the occupants and create maintenance issues within the dwelling.
- A negative impact towards the Councils 2040 Net Zero target and ASPE.
- A negative impact towards London Borough of Havering's corporate plan under Places.

### **BACKGROUND PAPERS**

None

### **APPENDICES**

Social Housing Decarbonisation Fund / Wave 2.1 Competition Guidance



Key Executive Decision

**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

**Details of decision maker**

Signed



Name: **Councillor Ray Morgon  
Leader of the Council**

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

10/11/2022

**Lodging this notice**

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_

