

**North Yorkshire Council
Executive Member for Culture, Arts and Housing**

8 April 2024

Request to accept Social Housing Decarbonisation Fund grant

Report of the Corporate Director Community Development

1.0 Purpose of Report

- 1.1 To notify the Executive Member for Culture, Arts and Housing of the Social Housing Decarbonisation Fund (SHDF) grant offer.
- 1.2 To request the grant £1,772,000 is authorised to be accepted and North Yorkshire Council co-funding of £2,045,107.30 is approved.

2.0 Background

- 2.1 Government has provided competitive funding to improve the energy performance of social rented homes, on the 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. Wave 2.2 has built on previous rounds, by awarding up to £80m of additional funding for social housing retrofit. The Department for Energy Security and Net Zero (DESNZ) is invited social housing landlords to apply for funding to be used to improve the energy performance of social housing. A fabric first approach (of insulation and heat loss prevention measures) to works is required and installation of low carbon heating is subsequently included also.
- 2.2 NYC bid for SHDF in January 2024 following the approval to apply. <https://edemocracy.northyorks.gov.uk/ieDecisionDetails.aspx?ID=4540>. The bid was for £1,772,000 grant and co-funding of £2,045,107.30, comprising a programme of £3,817,107.30. NYC were notified by DESNZ on 18.03.24 that the bid had been successful. NYC is required to accept the grant by 09.04.24 and consequently emergency decision making powers of the Executive Member is enacted.
- 2.3 An internal Housing Retrofit Board is in place to review and co-ordinate activities. This is chaired by the Corporate Director Community Development and will now include the SHDF programme delivery.
- 2.4 The SHDF programme will be delivered by the Housing Service led by the Head of Homes and Places.

3.0 Report

- 3.1 The Social Housing Decarbonisation Fund Wave 2.2 funding programme was announced 20.11.23 with a bid submission date in January 2024. It was anticipated that successful applicants would be notified from late February 2024 and projects could start from March 2024. The delivery window for SHDF Wave 2.2 will run to 31st March 2026.
- 3.2 A bid for £1,772,000 was made as part of a £3,817,107.30 programme to retrofit 150 properties to a minimum EPC C standard. NYC were notified on 18.03.24 that the bid had been successful.

- 3.3 An internal Housing Retrofit Board is in place to review and co-ordinate activities. This is chaired by the Corporate Director Community Development and will now include the SHDF programme delivery.
- 3.4 The SHDF programme will be delivered by the Housing Service led by the Head of Homes and Places.
- 3.5 To accept the grant NYC is required to sign and return a Grant Offer Letter (GOL), Grant Funding Agreement (GFA) and a Data Sharing Agreement (DSA) so DESNZ can issue grant payments under Section 98 of the Natural Environment and Rural Communities Act 2006 (NERC by 9th April).

4.0 Consultation

- 4.1 Internal consultation has taken place through a task and finish group, which is a cross Directorate group to ensure officer engagement.

5.0 Contribution to Council priorities

- 5.1 Council Plan: Place and Environment - Good quality, affordable and sustainable housing that meets the need of our communities and Organisation - A carbon neutral council
- 5.2 North Yorkshire Council Climate Change Strategy: Mitigation 7(a)(i) Retrofit commercial, community and residential properties and assets using a 'fabric first' approach.

6.0 Alternative options considered

- 6.1 Not to accept the grant: this was rejected as the SHDF supports investment in the Council's housing stock with associated co benefits of alleviating fuel poverty, improving public health and supporting low carbon economic transition.

7.0 Financial Implications

- 7.1 The application requires at least 50% of total eligible costs to be provided by the applicant in the form of match funding, of which a minimum of 25% of this match funding should be spent up to 31st March 2025. The match funding has been identified from the existing Housing Investment Programme and from the Housing Revenue Account.
- 7.2 The delivery window for SHDF Wave 2.2 will run to 31st March 2026. All grant funding for SHDF Wave 2.2 projects will be transferred to the grant recipient and spent by 31st March 2025, meaning projects can use only co-funding in the final 12 months of delivery.
- 7.3 Payments will be made on a regular basis (at least every four months and at most monthly), following receipt of a drawdown request for spend incurred from the applicant. It is possible for a one-off upfront payment of up to 10% of the project grant funding to be made once the GFA is signed.
- 7.4 Finance support to the Housing Service to make claims and to monitor spend will be required throughout the delivery of the programme.

8.0 Legal Implications

- 8.1 The acceptance of the funding requires NYC to enter into a Grant Funding Agreement. The Agreement has been reviewed by Legal Services. Expenditure of the Grant will be in line with the Subsidy Control Act 2022 and Public Contracts Regulations 2015.

9.0 Equalities Implications

- 9.1 An Equalities Impact Assessment screening was undertaken in the 'request to bid' process and remains unchanged. It is in Appendix A

10.0 Climate Change Implications

- 10.1 The bid will support NYC Climate Change Strategy as outlined in 5.2. A climate change impact assessment was completed in the 'request to bid' process and remains unchanged. It is in Appendix B.

11.0 Risk Management Implications

- 11.1 A project of this size and complexity does present risk for the Council. However, previous experience of delivery housing retrofit projects has highlighted areas which require mitigation. These include:
- i. **Information** – As the properties in this programme are social housing, the Council has access to much greater information than in the previous similar HUG2 application which dealt with private sector dwellings. Access to information about the housing stock is therefore considered low risk. However, EPCs must be reviewed and updated to ensure compliance with the programme and this can be included in the A&A costs. Over 200 properties already have recent EPCs.
 - ii. **Procurement** – the timescale to procure a supplier to administer and deliver the programme in a crowded retrofit market. Procurement colleagues are involved in the T&F group to ensure efficient compliance with the Procurement Strategy.
 - iii. **Capacity** – The delivery process is complex and social housing decarbonisation is a relatively new area of work for North Yorkshire Council. However social housing retrofit has been undertaken by the former District and Borough councils, the T&F group is able to pool knowledge and resources across a number of Directorates and officers are participating in the DESNZ Social Housing Retrofit Accelerator programme to provide pre application advice. 15% of the bid amount can be claimed to support A&A and this is likely to be split between the contract management (utilising the Council's property partner through a Teckal arrangement) and the retrofit supplier, which relieves some of the burden on the LA in terms of ensuring the programme is on track and making financial claims. Overall project management remains challenging for the Council within existing capacity and it is therefore proposed that a new post, funded from the administration funding, be created to support programme delivery and to deliver a comprehensive tenant engagement plan.
 - iv. **Financial** – A 50% match funding budget is required. Funding has been secured from the existing capital Housing Improvement Programme budget and housing maintenance budget from the housing revenue account to provide this. Any cost overrun will be met by the housing revenue account.

- v. **Delivery timescale** – Retrofit of buildings is experiencing over-stretched supply chains with high demand and a growing but still limited skill base. Marketing the programme and comprehensive tenant engagement and planning works around empty properties to minimise tenant disruption will support delivery. The retrofit supply chain and training outlined in 4.4 above will also support delivery.
- vi. **Reputational** - During the cost of living crisis and unprecedented energy price rise and with a great emphasis on climate change, it is important that NYC is able to support residents, particularly those on lower incomes, to transition to the low carbon economy.

12.0 Conclusion

- 12.1 Although the process of the SHDF application is both complex and challenging, Officers from across Directorates have prioritised this work, recognising the significant impacts improved energy efficient and low carbon housing will have on ensuring a futureproofed social housing stock is delivered, which will have multiple co benefits for the Council's tenants.
- 12.2 Domestic housing retrofit is an area of growth for North Yorkshire Council as it delivers energy efficiency programmes for both the public and private sector housing. In addition, knowledge of the technology and market along with improved delivery techniques develops with every iteration of energy efficiency programmes and this process will continue over time.

13.0 Reason for the recommendations

- 13.1 It is recommended that NYC accepts the SHDF to support investment of the social housing stock. It will also contribute to delivery of multiple Council objectives in the Council Plan, Climate Change Strategy and emerging Housing Strategy. It will also have positive impact on the Economic Development Strategy and public health targets regarding fuel poverty.

14.0 Recommendation

- 14.1 That the Executive Member for Culture, Arts and Housing authorises the acceptance of the Social Housing Decarbonisation Fund grant offer of £1,772,000 and approval of North Yorkshire Council co-funding of £2,045,107.30.

Appendix A: Equality Impact Assessment
Appendix B: Climate Change Impact Assessment

Nic Harne
Corporate Director – Community Development
County Hall
Northallerton

27 March 2024

Report Authors and presenters –
Jos Holmes, Climate Change Strategy Manager – Environment Directorate
Lorraine Larini, Head of Homes and Places – Community Development Directorate

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

Initial equality impact assessment screening form This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
Directorate	Community Development		
Service area	Housing		
Proposal being screened	Request to bid for Social Housing Decarbonisation Fund Wave 2.2		
Officer(s) carrying out screening	Jos Holmes, Climate Change Strategy Manager – Environment Directorate Lorraine Larini, Head of Homes and Places – Community Development Directorate		
What are you proposing to do?	Bid for £3mill SHDF government funding		
Why are you proposing this? What are the desired outcomes?	To invest in NYC social housing stock energy efficiency and low carbon heating.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	Yes, a £6million programme of investment over two years		
Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYC's additional agreed characteristics As part of this assessment, please consider the following questions:			
<ul style="list-style-type: none"> To what extent is this service used by particular groups of people with protected characteristics? Does the proposal relate to functions that previous consultation has identified as important? Do different groups have different needs or experiences in the area the proposal relates to? 			
If for any characteristic it is considered that there is likely to be an adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your directorate representative for advice if you are in any doubt.			
Protected characteristic	Potential for adverse impact		Don't know/No info available
	Yes	No	
Age		X	
Disability		X	
Sex		X	
Race		X	
Sexual orientation		X	
Gender reassignment		X	
Religion or belief		X	
Pregnancy or maternity		X	
Marriage or civil partnership			
People in rural areas		X	
People on a low income		X	Fuel poverty mitigation will be supported through this programme.
Carer (unpaid family or friend)		X	
Are from the Armed Forces Community		X	
Does the proposal relate to an area where there are known inequalities/probable	No		

impacts (for example, disabled people's access to public transport)? Please give details.				
Will the proposal have a significant effect on how other organisations operate? (for example, partners, funding criteria, etc.). Do any of these organisations support people with protected characteristics? Please explain why you have reached this conclusion.	No			
Decision (Please tick one option)	EIA not relevant or proportionate:	✓	Continue to full EIA:	✓?
Reason for decision	The proposal will not have an adverse impact on equalities.			
Signed (Assistant Director or equivalent)	Andrew Rowe			
Date	27 April 2024			

Climate change impact assessment

The purpose of this assessment is to help us understand the likely impacts of our decisions on the environment of North Yorkshire and on our aspiration to achieve net carbon neutrality by 2030, or as close to that date as possible. The intention is to mitigate negative effects and identify projects which will have positive effects.

This document should be completed in consultation with the supporting guidance. The final document will be published as part of the decision making process and should be written in Plain English.

If you have any additional queries which are not covered by the guidance please email climatechange@northyorks.gov.uk

Version 2: amended 11 August 2021

Please note: You may not need to undertake this assessment if your proposal will be subject to any of the following:

Planning Permission
Environmental Impact Assessment
Strategic Environmental Assessment

However, you will still need to summarise your findings in the summary section of the form below.

Please contact beyond.carbon@northyorks.gov.uk for advice.

Title of proposal	Request to bid for Social Housing Decarbonisation Fund Wave 2.2
Brief description of proposal	To bid for SHDF funding to deliver housing energy efficiency programme across North Yorkshire Council's housing stock
Directorate	Community Development
Service area	Housing
Lead officer	Lorraine Larini, Head of Homes and Places
Names and roles of other people involved in carrying out the impact assessment	Jos Holmes, Climate Change Strategy Manager
Date impact assessment started	27.11.23

Options appraisal

Were any other options considered in trying to achieve the aim of this project? If so, please give brief details and explain why alternative options were not progressed.

Not to bid: this was rejected as the SHDF supports investment in the Council's housing stock with associated co benefits of alleviating fuel poverty, improving public health and supporting low carbon economic transition.

To bid as part of a consortium: this was rejected as previous applicants cannot reapply

To bid for more or less funding: This was rejected. 150 properties is felt to be challenging whilst being realistic and also supported with existing budgetary commitment.

What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result, detailing estimated savings or costs where this is possible.

It will be resource intensive in terms of officer resource, but will not have a capital or revenue implication.

The SHDF will provide up to 50% of the cost of the planned investment into social housing energy efficiency and low carbon heating options. This amounts to £3million.

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	Positive impact (Place a X in the box below where relevant)	No impact (Place a X in the box below where relevant)	Negative impact (Place a X in the box below where relevant)	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> • Changes over and above business as usual • Evidence or measurement of effect • Figures for CO₂e • Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>	
<p>Minimise greenhouse gas emissions e.g. reducing emissions from travel, increasing energy efficiencies etc.</p>	Emissions from travel			x	There will be some emissions from suppliers when delivering the programme.	The end purpose is to reduce carbon emissions by improving energy efficiency of domestic dwellings, this is not possible without the suppliers travel and construction activity.	
	Emissions from construction			x	As above	As above	
	Emissions from running of buildings	x			Housing energy efficiency and low carbon heating will be installed		Use interventions as case studies
	Emissions from data storage			x	There will be some emissions from suppliers when delivering the programme.		
	Other						

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	Positive impact (Place a X in the box below where relevant)	No impact (Place a X in the box below where relevant)	Negative impact (Place a X in the box below where relevant)	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> Changes over and above business as usual Evidence or measurement of effect Figures for CO₂e Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>
Minimise waste : Reduce, reuse, recycle and compost e.g. reducing use of single use plastic		x				
Reduce water consumption		x				
Minimise pollution (including air, land, water, light and noise)	x			Installation of low carbon heating and energy efficiency will result in less fossil fuels being used to generate electricity		
Ensure resilience to the effects of climate change e.g. reducing flood risk, mitigating effects of drier, hotter summers	x			Designs for each intervention will take into account longer term climate change implications		
Enhance conservation and wildlife		x				

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	<p>Positive impact (Place a X in the box below where relevant)</p>	<p>No impact (Place a X in the box below where relevant)</p>	<p>Negative impact (Place a X in the box below where relevant)</p>	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> • Changes over and above business as usual • Evidence or measurement of effect • Figures for CO₂e • Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>
<p>Safeguard the distinctive characteristics, features and special qualities of North Yorkshire's landscape</p>		<p>x</p>		<p>Planning permission and listed building consents will be required for interventions.</p>		
<p>Other (please state below)</p>						

Are there any recognised good practice environmental standards in relation to this proposal? If so, please detail how this proposal meets those standards.

PAS 2035 standards are a requirement of the bid process and interventions used.

PAS 2035:2019 offers an end-to-end framework for the application of energy retrofit measures to existing buildings in the UK and provides best practices for their implementation. the UK government's 2015 commission of the Each Home Counts (ECH) review called for the establishment of an industry-wide Code of Practice, which resulted in the publication of the PAS 2035 document.

Summary Summarise the findings of your impact assessment, including impacts, the recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

This grant from DESNZ is one of a series of funding opportunities to support public and private sector housing to install energy efficiency and low carbon heating interventions.

Domestic housing is one of North Yorkshire's highest carbon emission sectors with an estimated 19% of the total. The York and North Yorkshire Routemap to Carbon Negative ('The Routemap') identifies improvements to home energy efficiency and low carbon heating as a priority to meet our ambitions to be a carbon negative region by 2040.

Improving home energy efficiency also has many 'co benefits' including improved health outcomes from warmer homes, reducing fuel poverty and supporting low income residents to switch to low carbon heating. Investment spend in this geographic area will provide economic boost to local supply chains as part of the transition to the low carbon economy.

Sign off section

This climate change impact assessment was completed by:

Name	Jos Holmes
Job title	Climate Change Strategy Manager
Service area	Climate Change
Directorate	Environment Directorate
Signature	
Completion date	27.11.23

Authorised by relevant Assistant Director (signature): Andrew Rowe

Date: 27 March 2024