

London Borough of Enfield

Operational Report of Executive Director of Place

Subject: Innovation Partnership – signing up to the Collaboration Agreement for the BEIS Whole House Retrofit (WHR) funded project via the National Retrofit Accelerator Scheme.

Cabinet Member: Cllr Gina Needs, Cabinet Member for Social Housing

Executive Director: Sarah Cary, Executive Director Place

Key Decision: KD 5275/U230 (Rule 16)

Purpose of Report

1. To obtain approval to proceed with and sign up to central government funding from the Department for Business, Energy and Industrial Strategy (BEIS) that is available to Enfield council by signing up to the Collaboration Agreement ('the Agreement').
2. The signing of the Collaboration Agreement will release BEIS funding and enable the pilot deep retrofit of 36 properties and the identification of suitable future archetypes/ properties for an Engiesprong model deep retrofit program via the National Retrofit Accelerator Scheme.
3. The Council's part funding of this retrofit programme will be drawn down from the existing demand-led works budget in the housing capital programme as detailed in KD 4969 Housing Revenue Account 30 year business plan.

Proposal(s)

4. That the Executive Director of Place provide an 'agreement in principle' by 8th January 2021; and achieve actual sign off of the Collaboration Agreement by the 14th January 2021 deadline to ensure grant funding from Central Government is obtained.
5. Authorises the Director of Housing and Regeneration to implement the retrofit programme, including call off of suppliers and procurement of advisors and contractors as necessary.

Reason for Proposal(s)

6. Enfield Council have joined the National Net Zero Retrofit Accelerator Scheme. Engiesprong have made an application to BEIS for the Social Housing Decarbonisation Fund demonstrator and we, in a partnership with

other local authorities, have recently been successful in securing the funding bid.

7. The next step is for Enfield Council to sign the Collaboration agreement by the 14th January 2021.
8. The Collaboration Agreement is the back to back agreement with the Memorandum of Understanding between the lead authority London Borough of Barking and Dagenham and BEIS.
9. The release of the external funding from Central Government supports the Council in the delivery of a retrofit plan, working towards a minimum SAP score of 86 for every property by 2030 and the targeting of investment in order to achieve its Carbon Neutral Pledge.

Relevance to the Council Plan

10. The deep retrofit works will support the priorities and principles contained in Councils Climate Action Plan to commence the decarbonisation of the Councils Housing stock.

Background

About the Programme

11. The project will use the Energiesprong approach:
 - net zero in one go: whole house, super-efficient thermal wrap with renewable energy generation, storage and heating;
 - guaranteed actual performance: annual net zero energy, comfort every day and affordable bills;
 - offsite manufacturing: industrialisation for quality, cost reduction and minimal onsite disruption;
 - retrofit cost financed by guaranteed long term energy and maintenance savings;
 - affordable, grid friendly electrification: 90% carbon reduction now, zero carbon as the grid decarbonises.
12. The project builds on two BEIS Whole House Retrofit (WHR) funded Energiesprong projects that are already delivering 174 net zero retrofit homes in two landlords by two solution providers. It also builds on the Mayor of London's Retrofit Accelerator Homes programme, a revenue only three-year programme, and Energiesprong UK's national revenue funded work. Together these initiatives have built a pipeline of social landlords with investment ready net zero retrofit projects.

13. These two programmes are using the national procurement mechanism (RAHIP), delivering supply chain consistency and economies of scale. The explicit purpose of RAHIP is to drive innovation throughout the supply chain reduce the cost of retrofit.

The Collaboration Agreement

14. At the Innovation Partnership meeting on the 15th December 2020, BEIS (through their consultants Engiesprong and Turner & Townsend), required Enfield Council together with 7 other local authorities to sign up to the Collaboration Agreement by 8th January 2021. After we informed BEIS (through their consultants) that there was insufficient time for Enfield to conclude its governance procedures to approve entering into the Agreement, they have asked that we look to:

- provide an 'agreement in principle' by 8th January 2021; and
- achieve actual sign off by 14th January.

15. We have received prior Cabinet approval for the HRA 30 Year Business Plan 2020 and approval for the 5 year investment programme which was provided in January 2020 (KD4969) as such we have the relevant authority for a total spend of £245m within the 5 year programme for "Environmental improvements" and it has been identified that the capital expenditure for the deep retrofit works to the 36 properties will be funded from the 30 year Capital Programme at to the report which shows £2.5m under 'Environmental Improvements'.

16. Advice has been sought from the Councils Legal Team and although it is acknowledged that monies have been moved around within the 5 year programme between years to consolidate the spend in 2021/22 to fund the pilot, we are still within the agreed spend envelope. The reprofiling of the budget is approved.

17. The 36 properties that have been identified for the Engiesprong deep retrofit fall within 3 Council Wards which are Edmonton Green, Haselbury Road and Upper Edmonton. Please see Appendix A for more details of proposed locations.

Main Considerations for the Council

18. The 36 homes that have been identified by Enfield Council to be put forward for retrofitting and the amount of funding that would be available for this from BEIS (confirmed 18th December 2020 - as contained in the Collaboration Agreement draft) is:

Capital	£1,097,818
Revenue	£72,677
Total Funding =	£1,170,495

19. This represents 40% of the funding required with Enfield required to find the other 60%. The match funding amount of £2,111,198 from Enfield shall come from 'Environmental Improvements' budget as detailed in the Cabinet report dated 28th January 2020 (HRA – 30 Year Business Plan 2020 (KD4969)).

20. Even with the extension to the 14th January 2021 there is still insufficient time to follow the usual key decision processes necessary for the decision to be taken. In this instance GENERAL EXCEPTION – RULE 15 applies and will need to be followed.

21. Advice has been sought from Legal Services who have recommended that even though we are seeking to take this decision through the urgency procedures due to time limitations and the deadline for signing the agreement have advised that we place this decision onto the forward plan in any event through Democratic Services

22. A Key decision was lodged on the 22nd December 2020 with Democratic Services. KD 5275 - Innovation Partnership - signing up to the Collaboration Agreement.

Monitoring

23. In adherence with the Collaboration Agreement monitoring will be undertaken in accordance with the Milestone Schedule to ensure the release of funding at the various critical stages.

24. The works are scheduled to be completed by December 2021.

Part A – Milestone Schedule

Milestone Schedule				
Milestone Number	Milestone Name & Description of Outputs	Date	Grant Amount	Evidence of achievement to be provided
MS0	Collaboration Agreed	Back to back with LBBB receipt of grant subject to LBBB finance process timescales	See Part B	Collaboration Agreement signed
MS1	SHDFD project kick off completed, supplier selection and preparation for design stage underway	31/03/21	See Part B	1) Input to BEIS Monthly reports 1-3 submitted to LBBB and RA-H 2) Innovation Partnership Participation Agreement signed 3) Project team in place 4) Tranche 1, Solution Provider selection underway 5) Tranche 2, Procurement preparation complete (Contract Data, Client Brief and Specific Requirements and Site Information finalised) 6) WP3 written confirmation of surveys collected and resident engagement underway 7) WP5 list of properties selected and written confirmation of monitoring underway
MS2	Design stage underway	30/06/21	See Part B	1) Input to monthly reports 4-6 submitted to LBBB and RA-H 2) Provision of executed Innovation Partnership Contracts
MS3	Design stage complete	30/09/21	See Part B	1) Input to monthly reports 7-9 submitted to LBBB and RA-H 2) Provision of summary of Solution Provider design to LBBB and RA-H 3) Provision of report summarising Innovation Partnership Stage 1 (design) end of stage evaluation and outcome to LBBB/RA-H 4) Provision of either confirmation of Notice to Proceed to Stage 2, or a notice (Further Tranche Notice) offering Stage 2 to the Innovation Partnership Panel
MS4	Rolling works complete, Stage 2 homes retrofitted	31/12/21	See Part B	1) Input to monthly reports 10-12 submitted to LBBB/BEIS 2) All stage 2 homes retrofitted - evidence of completion/inspection reports 3) Provision of Solution Provider end of stage evaluation documents to LBBB/RA-H 4) Provision of report summarising Innovation Partnership Stage 2 (Prototype) end of stage evaluation and outcome to LBBB/RA-H

Safeguarding Implications

25. As with all projects involving council tenants, there are potential safeguarding implications for young people, children and vulnerable adults. These risks will

be managed through normal housing capital works procedures (e.g. DBS checks for suppliers).

Public Health Implications

- 26. Our Joint Health and Wellbeing Strategy sets out how we will work with partners to make Enfield a place where people eat well and are active, smoke-free and socially connected.
- 27. Homes which are better insulated and require less energy and cost to heat are better for resident's health. Also, retrofit has the potential to address internal air quality, mould and damp health issues.

Equalities Impact of the Proposal

- 28. It is not envisaged that the strategy will have a negative impact but may have a positive impact in terms of fuel poverty and potential creation of jobs.

Environmental and Climate Change Considerations

- 29. In line with the Climate Action Plan and with Government support and external funding the Council will be able to develop a council housing retrofit plan, exploring new and innovative retrofit models to increase retrofit opportunities for different tenures and house types and work towards a minimum SAP score of 86 for every property by 2030.
- 30. The Climate Action Plan baseline shows that housing stock counts for 31% of the Council's overall emissions, therefore the implementation of deep retrofit works to Council houses will contribute towards reducing these.
- 31. The implementation of the deep retrofit pilot will ensure the identification of retrofit archetypes for future supply chain and funding opportunities.
- 32. The successful consortia bid represents a significant proportion of the funding available.
- 33. Delivering innovative retrofit of social housing will put the Council in a position to better deploy resources and tailor future interventions.

Risk Management

- 34. Risks that may arise if the proposed decision and related work is not taken

Risk Category	Mitigation
Strategic	Risk: The Council does not deliver against the Climate Action Plan targets. Mitigation: By signing up to the Collaboration

	<p>Agreement and the deep fit retrofit programme starts the Councils journey in achieving its long-term vision and ambitious target to reduce borough wide emissions.</p>
Financial	<p>Risk: Failure to sign up to the Collaboration agreement will result in the missed opportunity of obtaining Government Funding and the commencement of the deep retrofit works to Council housing.</p> <p>Mitigations:</p> <ul style="list-style-type: none"> • Sign up to the Collaboration Agreement and make best use of partnership opportunities and external funding streams. • Develop property type specific feasibility case studies to ensure all reasonable costs are captured. • Explore strategies to decrease the additional cost – such as using economies of scale in supply chain, funding and grants and setting the standards at the ‘launch’ of the project. • Explore strategies to increase the value of the project – such as alternative development models, targeting green investment and carbon finance.
Reputational	<p>Risk: Failure to sign up to the Collaboration Agreement when other LA Partners are progressing with the Innovation Partnership.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Sign up to the Collaboration Agreement and make best use of partnership and external funding streams, create employment opportunities in the supply chain and the delivery of works.
Operational and financial	<p>Risk: that the retrofit works are unsuccessful in reducing energy use or cause unforeseen issues for tenants</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Learn lessons from other local authorities in the same retrofit programme • Monitor implementation • Engage and brief residents early on, so they understand the works being undertaken <p>Risk: That insufficient progress is made within the required timescales regarding the attainment of financing; funding and skills to support programme delivery</p> <p>Mitigation:</p> <ul style="list-style-type: none"> • Create capacity within the Housing asset team to

	<p>deliver the deep retrofit programme;</p> <ul style="list-style-type: none"> • Share knowledge and expertise across council departments and the Sustainability Project Board. • Learn lessons from other local authorities in the same programme
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Financial Implications

35. As stated previously we have received prior Cabinet approval for the HRA 30 Year Business Plan 2020 and approval for the 5 year investment programme which was provided in January 2020 (KD4969) as such we have the relevant authority for a total spend of £245m within the 5 year programme for “Environmental improvements” and it has been identified that the capital expenditure for the deep retrofit works to the 36 properties will be funded from the 30 year Capital Programme at Appendix A to the report which shows £2.5m under ‘Environmental Improvements’.

36. The match funding amount of £2,111,198 from Enfield shall come from ‘Environmental Improvements’ budget as detailed in the Cabinet report dated 28th January 2020 (HRA – 30 Year Business Plan 2020 (KD4969)).

Legal Implications

37. Advice has been sought from the Councils Legal Team and although it is acknowledged that monies have been moved around within the 5 year programme between years to consolidate the spend in 2021/22 to fund the pilot, we are still within the agreed annual spend envelope, as such it appears that we do have the relevant authority to proceed at this point, subject to relevant departmental and Exec approval.

38. Legal have advised that provided Finance have approved the reprofiling of the budget and are content there is adequate budgetary provision for the retrofit project, and in particular the receipt of the grant monies and the match funding needed then that is acceptable.

Workforce Implications

39. There are no immediate implications and no redundancies. The Housing Capital Programme team will need to gear up to support this programme.

Property Implications

40. Contained within the body of this report.

Other Implications

41. None

Options Considered

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42. To not join the Collaboration Agreement and miss out on c£1m of grant funding to deliver better homes for residents.

Conclusions

43. By signing up to the Collaboration Agreement Enfield Council will be part of the National Net Zero Retrofit Accelerator project that takes a major step towards the goal of delivering self-financing, performance guaranteed net zero housing retrofit at scale across the UK.

44. Enfield Council will be one of eight social landlords that will deliver 316 net zero housing retrofits in London, Sheffield and Bristol. A new, national procurement mechanism, 'Retrofit Accelerator Homes Innovation Partnership' (RAHIP), will be used to appoint up to 8 Solution Providers, including local, innovative SMEs and larger companies or consortiums. 287.5 full time equivalent jobs will be created in construction, manufacturing and management.

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Date of report 23rd December 2020

Appendix A – Summary of Property Locations

Confidential Appendix – Collaboration Agreement