

Assurance Summary



Scheme Details

Project Name	Housing Retrofit - Thermal Efficiency and Heat Pump upgrades	Type of funding	Grant
Grant Recipient	Doncaster Metropolitan Borough Council	Total Scheme Cost	£4,450,000
MCA Executive Board	Housing and Infrastructure	MCA Funding	£2,700,000
Programme name	Gainshare	% MCA Allocation	60.67%

Part A - Appraisal Summary

Strategic Case	
<i>Project rationale</i>	<p>This is a pilot project which will install Air Source Heat Pumps in 100 Council owned homes in order to test the effectiveness and impact of Air Source Heat Pumps in decarbonising the fuel supply to Council owned homes. The project will also part fund external wall insulation to 250 Council homes and fully fund external wall insulation to 50 privately owned homes.</p> <p>The project will be concentrated on 10 postcode areas in Doncaster, with a preference to retrofit neighbouring houses or rows of houses to maximise cost efficiency. The project is targeted at low income communities and retrofitting the oldest and most inefficient housing stock, especially those with solid wall construction. Identified areas include Stainforth, Intake, Conisbrough/Denaby and Mexborough.</p> <p>Doncaster Council successfully bid for Green Homes Grant (GHG) funding to initiate a housing retrofit scheme. However, the qualifying criteria for the grant is restrictive and the existing Local Authority Delivery scheme (LAD) that is available to Doncaster, does not allow an area based approach to be taken. LAD can support the cost of installing external wall insulation but it is sporadic and only benefits a few households across a large geographical area. Insulation is effective but expensive and without grant support, it is an unaffordable energy efficiency measure for households in deprived communities.</p> <p>Doncaster want to retrofit housing stock in entire communities across the borough; enabling more social and some privately owned homes in an area to receive external wall insulation and improve the appearance of old housing stock. In order to achieve greater community impact, MCA funding is required to plug the funding gap between the GHG grant, LAD, Energy Company Obligation and the Council's capital funds to provide an area based response.</p>

	<p>MCA funding will accelerate work on Doncaster’s Council homes scheme and the delivery of Doncaster’s existing 5 year thermal improvement programme for social housing. MCA funding could also ensure that fuel and carbon savings will be realised much earlier in the programme (an estimated reduction in carbon emissions of 400 t/co2 per annum from domestic fuel consumption), whilst also addressing recognised fuel poverty for households in deprived areas (an estimated saving of £300 per household per annum). The project application states that MCA funding would allow for:</p> <ol style="list-style-type: none"> 1. A community based approach to delivering cross tenure support for external wall insulation. 2. Greater security within the supply chain initiated with other government funds. 3. Housing to reach the standard able to receive a low carbon heating system which can decarbonise the future energy supply. 4. The trial low carbon heating in homes with onsite energy generation, reducing fuel poverty and decarbonising the energy supply. Enabling the Council to better understand how heat pumps should contribute to the future mix of low carbon heating technologies in its housing stock. 5. The Council to accelerate its thermal improvement programme, accelerate economic stimulus, create training and new job opportunities and allow residents to feel the impact of home improvement benefits sooner. <p>There is a clear rationale and justification for the project that will contribute to key performance indicators in the SEP. However, the impact on the supply chain in providing greater security appears tenuous.</p>		
<i>Strategic fit</i>	See Annex 1 at the end of this form.		
Value for Money			
<i>Core monetised Benefits</i>	To be quantified at OBC	<i>Non-monetised and wider economic benefits</i>	To be quantified at OBC
Value for Money Statement			
<p><i>Qualitative benefits of the project include:</i></p> <ul style="list-style-type: none"> • <i>Reduced emissions</i> • <i>Health benefits – warmer homes, reduced cold related illness</i> • <i>Lower energy bills</i> • <i>10-15 jobs supported</i> <p><i>More work will be required to quantify these benefits at OBC stage.</i></p>			
Risk			

Risks of delays to delivery have been itemised to include adverse weather, issues with sub-contractor performance and supplier issues. Other notable key risks that have been identified include the requirement to remove asbestos and applicants/tenants refusing to grant access for the works. Mitigation measures have been identified and these appear to be appropriate and sensible.

Delivery

Two contractors will be appointed to deliver the scheme on a restricted tender basis. Both contractors are living wage employers.

Outputs are all scheduled for delivery in 2022/23 and appear reasonable and achievable given that the Air Source Heat Pumps will be installed on known properties that have already had solar PV installation. The project milestones are:

- Appointment of PAS2035 Retrofit Coordinator – November 2021
- Evaluation of community-based approach – January to March 2023
- Publicity for the trails to raise awareness – January to March 2023
- 100 heat pump installations completed – March 2023 (or 10-12 months from the scheme start)
- Evaluation of heat pump trial completed – March 2023
- 300 homes receive external wall insulation – March 2023
- Heat pump trial monitoring completed – December 2023

As the MCA funding is bridging a gap with other funding sources, there appears to be limited scope for accelerating the delivery of the outputs and milestones listed above.

Legal

The applicant states it is considered that receipt of the award may not be considered to create a State Aid within the meaning of Article 107(1) of the TFEU. This is because the Grant Recipient receives the award within their statutory duty/remit to improve the economic performance of an area.

Annex 1 – Strategic Policy Fit

To what extent does the project meet the MCA’s strategic objectives as set out in the of the MCA Corporate Plan 2021-22?

Outcome	Strategic Objective	R/A/G Rating	Comments
Stronger Achieve sustained good growth, underpinned by productivity gains that exceed the UK average	Leading an economic transformation by: 1. creating not just a bigger economy but a better one: higher-tech, higher skill, and higher-value - backing wealth and job creators	R	By delivering this project, one of the local contractors will create/safeguard between 10 and 15 jobs for Doncaster residents in the low carbon construction sector.
	2. enabling businesses to survive, adapt and thrive and be more innovative and resilient as we come out of the pandemic and resulting economic downturn	N/A	
	3. stimulating local economies by investing in the infrastructure, transport and digital capabilities to create jobs and transform places	R	The project will assist in transforming up to 300 of the oldest and most inefficient housing stock in low income communities across the Doncaster borough.
Greener Drive forward environmental sustainability to achieve our net-zero carbon target by 2040	Leading a green transformation by: 4. decarbonising our economy, regenerating the natural environment and accelerating Net Zero Carbon transition	R	The project will reduce carbon emissions from 100 homes by replacing fossilised fuel heating sources with a natural source of heat. It is estimated that the project will reduce carbon emissions in each home by 1 tonne per annum (10,000 tonnes over the life of the measures).
	5. capitalising on technological and scientific capabilities to improve the resilience and quantum of clean energy supply, storage, distribution and usage	A	The project will pilot the use of Air Source Heat Pump technology as a natural heating source as a replacement for heating from fossilised fuel.
	6. revolutionising transport, getting South Yorkshire moving by foot, bike, bus, tram and train	N/A	
Fairer Unlock prosperity by eliminating the wage gap and health	Leading a wellbeing and inclusion transformation by: 7. raising quality of life, reducing inequality, and widening opportunity for South Yorkshire people	A	The project is targeted at low income communities and retrofitting those properties that are inefficient and expensive to heat. The project will therefore tackle issues of fuel poverty by installing more efficient and lower cost heat sources. It is estimated that the project will reduce the risk of cold related illness and improve comfort as well as reduce fuel costs by up to £300 per home per annum.

inequalities between South Yorkshire and the national average	8. equipping people to contribute to and benefit from economic prosperity	N/A	
	9. supporting people to improve their skills, get back to work, remain in or progress in work, or set up in business and thereby accelerate social mobility	N/A	

Part B - Recommendation and Conditions

Recommendation	
Payment Basis	
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <p>The following conditions must be included in the contract</p>	