

**Committee:** Council

**Date:**

**Title:** SHDF Programme Contract Award – Urgent Executive Decisions

Tuesday,  
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## Summary

1. To provide an update on the award of contracts to enable delivery of the Council's Social Housing Decarbonisation Fund (SHDF) project.
2. The project will retrofit 276 social housing properties with measures that will reduce energy consumption, generate savings for tenants, and substantially reduce carbon emissions.
3. In January 2026, contracts were awarded for a total of £8.5 million to Aspect Group Services Limited for the supply of labour and ancillary services, and City Electrical Factors (CEF) for the supply of materials associated with the delivery of the Social Housing Decarbonisation Fund (SHDF) project.
4. The Council's Repairs and Maintenance Service provider has advised that they will not complete the SHDF works. In order to optimise the external grant funding awarded to the Council for the SHDF project, the decisions to award these contracts could not be deferred and any delay caused by the call in process would have seriously prejudiced the interests of the Council and its tenants.
5. This report has been brought before full Council as a requirement of the Council's urgent executive decision process; the contracts were awarded and formalised via urgent key executive decisions, as set out in Rule 16 (Special Urgency - Access to Information Rules) and Rule 10 (Urgent Cabinet Decisions - Overview and Scrutiny Procedure Rules) of the [Council's Constitution, Part 4 – Rules of Procedure](#).

## Recommendations

6. To note that decisions were taken under Rule 16 (Special Urgency - Access to Information Rules) and Rule 10 (Urgent Cabinet Decisions - Overview and Scrutiny Procedure Rules) to award the following contracts:
  - a. Aspect Group Services Limited as Principal contractor for delivery of the Social Housing Decarbonisation Fund project and related roofing works in the sum of £6.4 million via the Prosper Framework

- b. City Electrical Factors as materials supplier in the sum of £2.1 million via the Efficiency East Midlands framework

### Financial Implications

- 7. The delivery of the Social Housing Decarbonisation Fund project is funded by a combination of £3.8 million external grant funding and circa £4.9 million capital funding.
- 8. The cost of the contract was built into the original budgets for 2024/25 and 2025/26. The underspend in 2024/25 has now been reallocated into 2025/26 and 2026/27 based upon revised estimates for the timing of the expenditure. The impact of this programme on the Medium-Term Financial Strategy will only be the timing differences arising in the recognition of the expenditure and the associated grant funding.
- 9. The council secured grant funding of £3.8 million from central government as part of the Social Housing Decarbonisation Fund Wave 2.2. There are time constraints to delivering the programme and maintaining the grant funding. These appointments will assist the council in retaining its grant allocation.

### Background Papers

- 10. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
  - a. Key Decision Notice (KDN) dated 29<sup>th</sup> January 2026 to award a contract to City Electrical Factors (Appendix A.1)
  - b. Key Decision Notice (KDN) dated 29<sup>th</sup> January 2026 to award a contract to Aspect Group Services Group (Appendix A.2)

### Impact

11.

Communication/Consultation	Tenants of the 276 properties identified for the SHDF project will be liaised with in advance of, during and after works, including support and information on the operation of new installation equipment.
Community Safety	Not applicable
Equalities	Current and future tenants of the 276 rural properties will benefit from reduced energy costs
Health and Safety	Health & safety of tenants and contractor operatives will be the responsibility of the principal contractor, Aspect Group Services Limited

Human Rights/Legal Implications	<p>The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do, providing it is not prohibited by legislation and subject to public law principles. Under s.111 Local Government Act (1972) local authorities may do anything which is calculated to facilitate or is conducive or incidental to the discharge of their functions. The requirement of the Council to ensure adequate and satisfactory housing/living conditions within its district, is consistent with this power.</p> <p>The council has various statutory powers and duties in relation to the development, provision, and maintenance of housing and related matters, including pursuant to:</p> <p>Housing Act 1985</p> <p>Housing Act 1996</p> <p>Housing Act 2004</p> <p>Housing and Regeneration Act 2008</p> <p>The Landlord and Tenant Act 1985 (as amended)</p> <p>The Town &amp; Country Planning Act 1990</p> <p>The General Power of Competence under the Localism Act 2011</p> <p>Section 111(1) of the Local Government Act 1972 which gives a local authority the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.</p>
Sustainability	Improvements to the properties included in the programme will lead to a significant reduction in carbon emissions
Ward-specific impacts	Tenants in those properties included in the programme will benefit from more energy efficient homes
Workforce/Workplace	None

## Situation

12. In 2024, the Council was successful in application for funding under the Department for Energy Security and Net Zero Social Housing Decarbonisation Fund (Wave 2.2).
13. The grant funding, combined with substantial capital investment by the Council, will enable 276 social housing properties to be retrofitted with measures to decarbonise the heating solution, install renewable energy and building fabric improvements. The grant agreement currently requires works to be completed by end of March 2026, however the Council is in advanced discussions with the funding body to extend this timeline by two months.
14. The retrofit design will achieve a minimum of Energy Performance Certificate (EPC) standard C, resulting in:
  - a. reducing energy consumption by 80%
  - b. generating mean savings of 34% for tenants (£275.20 per household per year)
  - c. reducing carbon emissions by 89%, 1,026,778kgs CO<sub>2</sub> per year
15. Detailed survey work was used to identify the target properties, and modelling was carried out to assess the outcomes in terms of energy consumption and energy cost savings. The installation of Solar PV will help to protect residents from fuel cost increases. Related roofing works will be carried out alongside the decarbonisation and building fabric improvements.
16. Previous refusals by contracting organisations to undertake the works for their stated contract sums has resulted in a delay to delivery of the programme of works. As a result, there is a risk to the Council that the allocated grant funding may be reclaimed by central government. To mitigate this risk, the Council has taken action to procure alternative arrangements.
17. Aspect Group Services Limited was selected from the Prosper UK framework. There is a social value contribution from the framework equating to a 1% cash rebate to the council based on the overall expenditure through this arrangement.
18. City Electrical Factors was selected from the Efficiency East Midlands framework. There is also a social value contribution from the framework equating to a 1% cash rebate to the council based on the overall expenditure through this arrangement.
19. A route to market assessment has been undertaken in conjunction with procurement colleagues at Chelmsford City Council.
20. The contracts will encompass minor works as required to complete the installation of the components such as roof mounted solar PV panels, air source heat pumps and upgraded heating systems to individual dwellings.

## Risk Analysis

21.

Risk	Likelihood	Impact	Mitigating actions
Delays in delivery of the programme	3 - There is a risk that the programme will be unduly delayed, negatively impacting on tenants	2 – tenants expectations are not met and reputation of the council is impacted	To enter into the contracts and undertake an accelerated delivery programme
Loss of funding	2 – due to current deadlines for programme completion	3 – any unexpended funding may have to be repaid	Communication with DESNEZ and submission of a Project Change Request seeking an extension to the programme is underway
Failure to achieve expected reduction in carbon emissions	2 – non-delivery of the programme could delay delivery of expected benefits	2 – not meeting forecast targets for reduction in carbon emissions	Procurement and contract arrangements with contractors/suppliers and accelerated programme to meet expectations

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.