

This Report will be made public on 15 November 2022



Report Number **C/22/59**

**To:** Cabinet  
**Date:** 23 November 2022  
**Status:** Key Decision  
**Responsible Officer:** Andy Blaszkwicz – Director, Housing & Operations  
**Cabinet Member:** Councillor David Godfrey - Cabinet Member for Housing and Special Projects

**SUBJECT:** SOCIAL HOUSING DECARBONISATION FUND – WAVE 1 UPDATE AND WAVE 2 BID APPLICATION

**SUMMARY:** This report provides a progress update to Cabinet on the successful award of the Social Housing Decarbonisation Fund Wave 1 (SHDF) application bid. It also outlines details of the proposed Wave 2 bid. The Wave 2 bid, if successful, will improve the energy efficiency and thermal performance of another 300 of the Council’s worst performing housing properties using a ‘fabric first’ approach over a two-year period.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to note that Officers have submitted a bid by the deadline 18<sup>th</sup> November 2022 for Wave 2 of the Social Housing Decarbonisation Fund which will allow further decarbonisation works to 300 homes within the Council’s HRA stock. Cabinet is further asked to provide authority to accept the bid should it be successful.

**RECOMMENDATIONS:**

1. To receive and note the Report C/22/59.
2. To note that Officers have submitted a bid for Wave 2 of the Social Housing Decarbonisation Fund (SHDF), the details of which are contained within the body of the report.
3. To note for the wave two bid the additional FHDC match funding required in Year 2 (2024-2025) totaling £2,160,000, and that this will be built into the HRA Business Plan. Year 1 match funding will be met from existing budgets.
4. To provide delegated authority to the Director – Housing & Operations in consultation with the Cabinet Member for Housing & Special Projects to accept the award of the Wave 2 funding should the Council be successful with the bid.

- 5. To approve that Officers issue a tender for the required works and enter into a contract with the successful bidder subject to the bid application being approved.**
- 6. To provide delegated authority to the Director – Housing & Operations in consultation with the Cabinet Member for Housing & Special Projects to undertake any further tasks to conclude the project within the agreed budget framework.**

## **1. BACKGROUND – WHAT IS THE FUND**

- 1.1 The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period 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. The SHDF supports the aims of the Prime Minister's Ten Point Plan for a Green Industrial Revolution.
- 1.2 Under Wave 1 of the fund up to £160m was made available to Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers in England through Wave 1 of the SHDF to support the installation of energy performance measures in social homes by 31st March 2023 taking a worst first, fabric first, lowest regrets approach. Folkestone & Hythe District Council made a successful bid and were awarded £1,989,090.
- 1.3 The Wave 2.1 competition will allocate up to £800 million of funding to support the installation of fabric first works in addition to energy performance measures in social homes in England.

## **2. CURRENT POSITION (WAVE 1)**

- 2.1 Contracts have been signed with the following contractors to deliver the fabric first measures under the programme
  - Vinci – 50 properties
  - United Living – 35 properties
  - Aran – 24 properties
  - Jenner – Ross House – 16 properties
- 2.2 PAS2035 Assessments have been completed on 88 properties with the remainder having booked appointments. These 88 are now undergoing a PAS2035 Design before installations commence. A PAS2035 Retrofit Coordinator (RC) has been commissioned for the pilot and Phase 1 properties being 34 in number. The RC for the remaining 91 properties has now been appointed.
- 2.3 Delivery programmes have been issued and are under review. Both United Living and Aran are reporting that programmes will be completed by 31st March 2023.
- 2.4 With regards to Ross House and Vinci properties these will extend into April/May and may require a change control submission to BEIS. However, all grant draw down will be made by 31st March 2023.
- 2.5 The team meet monthly with the Monitoring Officer working for Ricardo employed by BEIS. In addition, monthly data uploads are made to BEIS on programme delivery.

### 3. WAVE 2 SOCIAL HOUSING DECARBONISATION FUND (SHDF) BID SUBMISSION

- 3.1 The Wave 2 bid application competition opened on 29 September 2022. (Applications to be submitted by 18th November 2022). All grant funding for Wave 2.1 projects must be transferred to the grant recipient and spent by 31 March 2025
- 3.2 The Wave 2 bid if successful can be rolled out over a 2-year period with 40% of the programme completed in 2023-2024 and the remaining 60% in 2024-2025. It is intended to create a bid based on other properties within FHDC's HRA portfolio currently below EPC rating of C.
- 3.3 Following review, the proposal is to deliver another 300 properties under Wave 2 with the funding detail outlined in the following table. Those figures highlighted in green below are the additional match funding required from FHDC.

	Year 1 2023-2024 (40%) of total Wave 2 Bid	Year 2 2024-2025 (60%) Of total Wave 2 Bid
No of properties	120	180
Average Cost per property (£24,000)	£2,880,000	£4,320,000
BEIS Grant Funding 50% of total cost	£1,440,000	£2,160,000
BEIS - Works Grant @ 85% of total of total cost	£1,224,000	£1,836,000
BEIS - Ancillary & Administrative Costs (A&A) @ 15% of total cost	£216,000	£324,000
FHDC Match Funding 50% of total cost	£1,440,000	£2,160,000
FHDC - Works Grant @ 85% of total of total cost	£1,224,000	£1,836,000
FHDC - Ancillary & Administrative Costs (A&A) @ 15% of total cost	£216,000	£324,000
Total BEIS Grant Award	£1,440,000	£2,160,000
Total FHDC Match Funding	£1,440,000	£2,160,000
FHDC Carbon Improvement Works (NV64)	£1,449,900	£1,449,900
Additional funding required Year 1 FHDC	£0	
Additional funding required Year 2 FHDC		£710,100
Total Year 1	£0	
Total Year 2		£2,160,000

- 3.4 Our Housing Asset Management Strategy coupled with the Climate Change pledge have a target to achieve an EPC C rating across the whole property portfolio by 2030.
- 3.5 Currently we have circa 1238 properties which are rated D and below. On successful completion of Wave 1 this will reduce to 1113.
- 3.6 Should a Wave 2 bid be supported there will be a further reduction of 300 properties.

### 4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks to the Council is shown below:

Perceived risk	Seriousness	Likelihood	Preventative action
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Costs being higher than estimated budget	<b>High</b>	<b>Low</b>	A detailed budget analysis has been carried out and the final approval of the works will be subject to competitive tender
The specified technology not providing the expected output performance upon completion	<b>High</b>	<b>Low</b>	The recommendations have been developed by industry specialists and the proposed technology is tried and tested.
Data sharing between the Council and BEIS	<b>High</b>	<b>Low</b>	A property data sharing agreement will be put in place, agreed by our Information Officer
Non-Delivery	<b>High</b>	<b>Low</b>	Delivery Team resources identified and will be funded by the ancillary and administration costs identified in the fund

## **5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **5.1 Legal Implications (NM)**

There are no legal implications arising directly from this report. Should the Council make an application for Wave 2 grant funding and be successful, as with Wave 1, the Council will be obliged to enter into a Memorandum of Understanding or some other grant agreement. The Council will need to comply with the terms of such agreement otherwise there is a risk that the grant will be repayable.”

### **5.2 Financial Implications (ST)**

All necessary financial information is included within this report, but any additional budget required will need to follow the normal Growth & Savings process. It is proposed that the match funding required for 24/25 will be built into the HRA Business Plan which will be considered by Cabinet early next year.

### **5.3 Climate Change Implications (OF)**

Climate Change Implications arising from report will be overall positive such as:

- Greenhouse Gas emissions - the proposed works will improve energy efficiency and thermal performance of the properties which is expected to reduce greenhouse gas emissions.
- Resilience – improving the energy performance of the properties will improve resilience of the homes to the impacts of climate change.

- Social and economic impacts – the proposed works should lead to a reduction in domestic energy use and alleviating fuel poverty.
- The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets.

#### 5.4 **Diversities and Equalities Implications (AB)**

There are no diversities or equalities implications arising directly from this report

### 6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

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