



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



# Housing Overview and Scrutiny Committee

22 January 2024

Report of Councillor Phil Dilks, Cabinet  
Member for Housing and Planning

## Update on the Social Housing Decarbonisation Fund wave 2.1

### Report Author

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### Purpose of Report

This report provides an update on the ongoing Social Housing Decarbonisation Fund project to upgrade South Kesteven District Council owned properties with energy efficiency measures.

### Recommendations

#### That the Committee:

**Notes the update on the Social Housing Decarbonisation Fund project and upgrades on properties made to date.**

## Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing that meets the needs of all residents Clean and sustainable environment
Which wards are impacted?	Multiple wards

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance***

- 1.1 The 2023/24 – 2024/25 HRA capital programme includes an approved budget allocation of £7.26m to fund the delivery of this programme of works. Expenditure against this project is monitored on a monthly basis as part of the HRA Budget Monitoring process.

Completed by: Alison Hall-Wright, Deputy Director (Finance & ICT) and Deputy S151 Officer

### ***Legal and Governance***

- 1.2 It is important that as part of good project management the terms and conditions of the funding offer are adhered to and monthly reporting to the grant body the Department for Energy Security and Net Zero are made.
- 1.3 The delivery of the programme will help to ensure the Council is maintaining properties in a proactive manner, particularly regarding energy efficiency.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

## **Climate Change**

- 1.4 The completion of the Social Housing Decarbonisation Fund project will have a significant impact on the energy efficiency of the Council's housing stock. By targeting the lowest performing properties, the energy and carbon savings from upgrades will be significant and help to address issues of fuel poverty for tenants.

Completed by: Serena Brown, Sustainability and Climate Change Officer

## **2. Background to the Report**

- 2.1 South Kesteven District Council has a clear commitment in its Corporate Plan 2020-2023 to provide "Housing that meets the needs of all residents", as well as a target within the Corporate Plan to ensure a reduction in carbon emissions from the Council.
- 2.2 The Council is responsible for around 6000 properties which are let to tenants. The average Energy Performance Certificate (EPC) for the Council's housing stock is an EPC D. There is an aspiration to achieve an average of at least EPC C across the portfolio by 2030 to ensure we are doing all we can to mitigate fuel poverty for our tenants, as well as to contribute to wider decarbonisation of the district of South Kesteven. This will require a significant programme of targeted energy efficiency upgrades.
- 2.3 In recent years programmes have been implemented to realise this ambition. In 2021 the Council was awarded £926k of funding through Green Homes Grant Local Authority Delivery phase 2 (LAD2). Using this allocation 197 properties were upgraded with low carbon heating systems, specifically air source heat pumps or smart storage heaters.
- 2.4 The outcomes for the LAD2 project were strong, with 100% of allocated funding being used to upgrade properties. The project was also a learning opportunity for delivery of larger scale energy and decarbonisation projects, particularly regarding allocation of staff resources; product knowledge and overcoming potential issues with installation of renewable heating measures; looking at a wider range of measures to reduce energy consumption alongside installation of low carbon heating systems; and experience of delivery partner.
- 2.5 Wave 2.1 of the Social Housing Decarbonisation Fund was announced in 2022 by the Department for Business, Energy and Industrial Strategy (BEIS) as an £800m fund designed to support local authorities and registered social housing providers to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty, and support green jobs.
- 2.6 The key objectives of SHDF Wave 2.1 are to:
- deliver warm, energy efficient homes
  - reduce carbon emissions
  - tackle fuel poverty
  - support green jobs
  - develop the retrofit sector
  - improve the comfort, health and wellbeing of social housing tenants

- 2.7 A bid was developed in November 2022 into SHDF Wave 2.1 to upgrade over 367 properties in a £7.26m project. All social housing providers receiving SHDF funding are expected to provide a minimum of 50% co-funding towards the project. Using housing stock data held properties included in the project were identified on a worst-first approach, prioritising properties with poor EPC ratings and with a particular focus on off-gas properties where tenants are most at risk of fuel poverty.
- 2.8 The energy improvement measures modelled for properties range from fabric first improvements such as external wall insulation, cavity wall insulation, loft insulation and room in roof insulation measures, while also delivering renewable technologies such as solar photovoltaics and air source heat pumps.
- 2.9 Three new dedicated staff roles were also developed to support project delivery in the event of a successful bid. These roles were developed to include:
- Decarbonisation Project Manager
  - Retrofit Inspector
  - Retrofit Advisor and Administrator
- 2.10 South Kesteven District Council were notified in April 2022 that the bid into SHDF Wave 2.1 had been successful. Projects are expected to run to September 2025. The Council appointed E.ON as our delivery partner and principal contractor for the project.
- 2.11 Based on our housing stock data the following 367 properties are now being taken forward in the project for targeted energy efficiency, low carbon heating and renewable energy upgrades.

EPC	Number of properties
D	167
E	146
F	42
G	12
<b>TOTAL</b>	<b>367</b>

- 2.12 The project is being delivered in three distinct phases, in line with the relevant primary energy measure identified for each property:

	Primary measure	Number of properties
Phase 1	Solar PV panels	148
Phase 2	Air Source Heat Pump (ASHP)	180
Phase 3	External Wall Insulation (EWI)	39
<b>TOTAL</b>		<b>367</b>

- 2.13 The project has a robust approach to ensuring the correct measures are applied to each property by carrying out an extensive review of the existing EPC of the property. A retrofit assessment is then completed and any necessary asbestos surveys carried out. The property is then put forward for energy upgrades as identified and suitable measures installed. A medium term plan is produced with future measures detailed. We have also taken the decision to incorporate all of our 198 solid fuel properties, as part of our commitment to bring clean energy to our

off gas properties. These solid fuel properties are typically located in our rural areas across the district.

- 2.14 The contractors for Phase 1 have been on site since the first week of November and we have to date installed 66 measures at 49 properties on 22/12/23. This has been at a cost of £869K with grant funding contribution of £409K.
- 2.15 Phase 2 has been underway with resident engagement taking place and surveys on properties well underway. We are starting installing on site in this month, with some void properties being completed as a trial to ensure the specification is suitable.
- 2.16 Phase 3 has also been surveyed and the design process has started for the properties in Turnor Crescent in Grantham. These properties have had previous EWI installed, however the street was not completed. The properties that do not benefit from EWI consequently are displaying signs of mould due to the poor heat retention in the fabric of the building. This could also potentially cause cold bridging from the properties where the insulation has not been applied, limiting the effectiveness of existing insulation. Additionally, the project will aesthetically complete the street, which currently has a mixture of finishes to their facades.
- 2.17 The total expected project spend is included in the table below, split between SHDF Wave 2.1 funding and the Council's co-funding. The Council's contribution is slightly above the 50% minimum contribution due to going above cost caps for some of the energy measures included:

SHDF Wave 2.1 funding	£3,447,205
SKDC co-funding	£3,818,792
<b>TOTAL</b>	<b>£7,265,997</b>

Grant funding received	£409,122.84 <b>(47.05%)</b>
Capital spend	£460,426.24 <b>(52.95%)</b>
<b>Total spend to date</b>	<b>£869,549.08</b>

- 2.18 The project will aim to deliver in excess of 450 measures to our housing stock, with air source heat pumps returning 2.5kw for every 1kw of energy. This combined with the fabric measures and the ongoing work from the improvements team will ensure energy saving to what were the poorest performing properties.
- 2.19 Producing the medium-term plans for each property and successfully coordinating suitable measures will be our main focus for the project. We will be ensuring that our customer journeys are supported and the new technology is transitioned for our residents. We will be training our in-house staff to ensure they are equipped to maintain the new heating measures.

### **3. Key Considerations**

- 3.1 The report is provided for information rather than decision. Members are asked to take note of the work to date in tackling energy efficiency issues in the Council's housing stock and successful award of grant funding to deliver a significant programme of upgrades.

### **4. Other Options Considered**

- 4.1 There is a vision to achieve an average of at least EPC C across the Council's housing portfolio by 2030. The use of funding through the Social Housing Decarbonisation Fund was identified as the best way forward to deliver these upgrades. Additionally re -filling of cavities and lofts to correct specifications is being explored under a fabric first initiative this will attract further grant funding.

### **5. Reasons for the Recommendations**

- 5.1 The report is provided for information to track progress of the Social Housing Decarbonisation Fund project.