



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



# Housing Overview and Scrutiny Committee

Thursday 6 June 2024

Report of Councillor Virginia Moran,  
Cabinet Member for Housing

## Update on the Social Housing Decarbonisation Fund wave 2.1

### Report Author

Peter Park, Decarbonisation Project Manager

 [Peter.park@southkesteven.gov.uk](mailto:Peter.park@southkesteven.gov.uk)

### Purpose of Report

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

### Recommendations

#### That the Committee:

1. Notes the update on the Social Housing Decarbonisation Fund project and the energy efficiency upgrades undertaken in the Council's Housing stock.

## Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Housing  
Clean and sustainable environment

Which wards are impacted? All 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 Social Housing Decarbonisation Fund project is a £7.26m programme running to 2025. Upon application a provision was made in the 2023/24 and 2024/25 HRA capital and revenue budgets to deliver the programme. A 40% spend is required for the end of financial year 23/24 by Department for Energy Security and Net Zero.
- 1.2 The funding is provided on a contributory basis, with the Council's contribution being slightly above the 50% minimum contribution due to going above cost caps for some of the energy measures included.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

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

- 1.3 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.

Completed by: James Welbourn, Democratic Services Manager and Deputy 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 The Council has a clear commitment in its Corporate Plan 2024 – 2027 to ensure that all residents can access housing which is safe, good quality, sustainable and suitable for their needs and future generations which this project will contribute towards achieving.
- 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 a requirement for the Council to achieve an average of at least EPC C across the portfolio by 2030 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 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.
- 2.4 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
- 2.5 Since project delivery commenced in November 2023, the Council has achieved the year one grant allocation spend of £1.192m so has not been required to return any of the allocated funding to the Department for Energy Security and Net Zero (DESNZ). The balance of funding to be utilised in 2024/25 is £1.999m.
- 2.6 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 Pumps (ASHP)   | 180                  |
| Phase 3      | External Wall Insulation (EWI) | 39                   |
| <b>Total</b> |                                | <b>367</b>           |

- 2.7 To date 154 measures have been completed on phase 1 of the project which comprises of the installation of 122 Solar PV arrays, 10 cavity wall extractions and re-fills, 3 loft insulation upgrades and 12 ventilation measures. Additional visits have been made to properties to install boarding and mains lighting in loft spaces to ensure compliance for serviceable items in the roof space.
- 2.8 Phase 2 of the project where the primary measure focus is ASHP's is progressing, the Council has completed 2 ASHP installations, 112 retrofit assessments, 26 technical designs, 42 DPI's and conducted 39 asbestos surveys. There have been 10 refusals to date for heating upgrades as residents are concerned about increased utility costs. To mitigate these concerns the SHDF team are planning to hold 3 resident engagement days in June which will give residents the opportunity to view the equipment, meet the SHDF and Eon teams, to ask any questions regarding the equipment and to discuss their concerns. There will be a physical interactive ASHP system on a display vehicle for residents to see.
- 2.9 Phase 3 of the project will focus on Turnor Crescent, Grantham as a targeted whole street approach, for EWI. Several properties on the street have already benefitted from the fabric upgrade so this phase will focus on EWI for the remaining Council owned properties. Letters will be sent to private owners offering a fabric upgrade and an appraisal will be completed on their eligibility for any potential grant funding such as ECO 4 which offers financial assistance for energy-efficient installations in eligible homes. A resident engagement day will also be held, and a site compound will be established on the grassed area to mitigate the impact of the scheme on traffic and the available parking on the street.
- 2.10 Planning applications and party wall agreements are currently being compiled with the aim of commencing EWI installations in June.
- 2.11 Draft guidance has been released for SHDF wave 3, which is due to start on 1 April 2025. The funding requirements will be similar to the current wave of funding, however funding will be over a 3 year period so all Council dwellings with an EPC rating of less than C will be eligible for the scheme. The deadline for submitting

an application for funding still needs to be confirmed so an update will be provided to the committee at a future meeting.

### **3. Key Considerations**

- 3.1 The report is provided for information rather than decision. Members are asked to note 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 which 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.