



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Housing Overview and Scrutiny Committee

Thursday, 14 November 2024

Report of Cabinet Member for Housing,
Councillor Virginia Moran

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 Social Housing Decarbonisation Fund project to upgrade South Kesteven District Council housing stock with energy efficiency measures.

Recommendations

The Committee is recommended to:

1. Note the update on the Social Housing Decarbonisation Fund project and upgrades to council properties made through the current programme.
2. Note the update for the next round of funding Warmer Homes Social Housing Fund (WH:SHF)

Decision Information

Does the report contain any exempt or confidential information not for publication?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

What are the relevant corporate priorities? Sustainable South Kesteven Housing

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 and Procurement

- 1.1 There are no financial implications arising directly from this report.

Completed by: Paul Sutton Interim Head of Finance (Deputy s151)

Legal and Governance

- 1.2 This is a progress report for noting, therefore there are no legal and governance implications that aren't already outlined in the body of the report.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

Climate Change

- 1.3 The Social Housing Decarbonisation Fund project is a key arm of South Kesteven District Council's Climate Action Strategy. Upgrades to Council owned properties will reduce energy consumption and carbon emissions while mitigating energy costs for tenants.

Completed by: Serena Brown, Sustainability and Climate Change Manager

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 6,000 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 year one grant allocation spend of £1.192m from 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 measures 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
Total		367

2.7 To date 136 properties have received Solar PV arrays, 11 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 45 ASHP installations which are currently progressing through the sign off process. There have been 48 tenant refusals to date on this workstream. The team have worked hard to allay the concerns raised by residents about fitting heat pumps and prior to fitting and installation a full design and retrofit assessment is completed. This evidences whether any additional insulation and ventilation is required prior to installation to ensure that

the property is suitable for a ASHP and in addition, solar panels are installed to eligible properties to reduce energy costs.

- 2.9 Phase 3 of the project is underway at Turnor Crescent, Grantham as a targeted whole street approach, for EWI (external wall insulation). 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. A site compound has been established on the grassed area to mitigate the impact of the scheme on traffic and the available parking on the street.
- 2.10 A building notice for the scheme has been completed and the existing appearance of the properties has been maintained.
- 2.11 Due to the high number of tenant refusals for ASHP's the project team are reprofiling the project to increase the number of EWI and solar PV installations which will ensure both the grant funding and number of energy efficiency measures achieved is maximised. A change request has been submitted to the DESNZ for the proposed changes, which will be subject to approval from the Change Request Panel.
- 2.12 The Secretary of State for Energy, Security and Net Zero has now announced the next phase of funding for Social Housing Decarbonisation, the Warm Homes: Social Housing Fund (WH:SHF). The bid window opened on 30 September 2024 and will close at midday on 25 November 2024. The funding requirements will be similar to the current wave of funding; however funding will be over a 3 year period and all Council dwellings with an EPC rating of less than C will be eligible for the scheme.
- 2.13 The Council published a Request For Information (RFI) to potential delivery partners, which closed on 30 August 2024. The Council received 27 RFI's from potential delivery partners for the next round of funding. The RFI's were reviewed and scored with 4 potential delivery partners shortlisted and interviews were held with each of them during w/c 14 October 2024. A delivery partner has been selected who will support the Council with producing the bid, and, if successful, delivering the next phase of work. This will put the Council in a strong position in submitting a bid and ensure a robust strategy for delivery should the Council be successful in securing funding, enabling a swift mobilisation on the next phase of work.

3. Key Considerations

- 3.1. This report is provided for information and Members are asked to note the progress to date to improve the energy efficiency of the Council's housing stock through the Wave 2.1 delivery programme together with our work to bid for the next wave of funding through WH:SHF.

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.

5. Reasons for the Recommendations

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

