



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Housing Overview and Scrutiny Committee

Monday, 17 March 2025

Report of Councillor Virginia Moran,
Cabinet Member for Housing

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 Wave 3 round of funding.**

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Does the report contain any exempt or confidential information not for publication?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 The scheme is matched funded by the Council as part of the grant funding requirements and in accordance with the grant funding conditions all spend must be completed by 31st March 2025 or will need to be repaid back. At the end of Q3 spend to date was £2.7m so good progress is being made to ensure the grant is fully spent by the end of the financial.

Completed by: David Scott – Assistant Director of Finance (deputy s151 officer)

Legal and Governance

- 1.2 This report is for noting and is the sharing of information with Councillors.

Completed by: James Welbourn, Democratic Services Manager

Climate Change

- 1.3 The Social Housing Decarbonisation Fund is a significant project for the Council to directly reduce energy use and therefore carbon emissions associated with its housing stock. Investment in these properties via grant funding and allocated HRA funding will also help to reduce running costs for tenants, address risk of fuel poverty and promote warm and efficient homes.

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

Overview:

Phase	Primary Measure	Number of Properties	Completed (January 2025)	Remaining	Notes
1	Solar PV Panels	245	167	48	
2	Air Source Heat Pumps (ASHP)	100	82	18	
3	External Wall Insulation (EWI)	75 (60)*	35	25	<i>*15 properties need to be removed via a project change request</i>
Total		367	284	91	
<i>*above figures taken from February DCA meeting of January reporting</i>					

2.5. Since project delivery commenced in November 2023, the Council achieved a 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 was £2.226m. The total grant amount for Wave 2 is £3.418m.

2.6. The project is being delivered in three distinct phases across 367 properties across the district, in line with the relevant primary energy measures identified for each property.

- 2.7. As of January 2025, 167 properties have received Solar PV arrays, 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.



Croakehill, Grantham – Solar PV Installation

- 2.8. Phase 2 of the project, where the primary measure focus is ASHP's is progressing; the Council has completed 82 ASHP installations and these are currently progressing through the sign off process. 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.



Croakehill, Grantham – ASHP Installation

- 2.9. Phase 3 of the project has been completed at Turnor Crescent (35 properties), Grantham as a targeted whole street approach, for EWI and is continuing at Belton

Avenue, Grantham. Several properties at Turnor Crescent already benefitted from the fabric upgrade so this phase focused on EWI for the remaining Council owned properties. A new site compound near Belton Avenue has been established on the grassed area to mitigate the impact of the scheme on traffic and the available parking on the street.



Shakespeare Avenue, Grantham – EWI Installation

- 2.10. E.ON delivered hampers to residents in the Turnor Crescent area of Grantham as part of the energy firm's Social Value commitment with South Kesteven District Council. Further Social Value contributions are being discussed that will be implemented by E.ON in the coming months.



- 2.9. Due to the high number of tenant refusals for ASHP's the project team submitted a project change request to increase the number of EWI and solar PV installations which ensured both the grant funding and number of energy efficiency measures achieved is maximised. The request was submitted in Q3 2024 and approved by DESNZ. The request was subject to approval from the Change Request Panel.
- 2.10. The Secretary of State for Energy, Security and Net Zero 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 SKDC submitted a formal bid for works to 492 properties, equating to a grant request of £6 million. The funding requirements will be like 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.
- 2.11. The Council published a Request for Information (RFI) to potential delivery partners, which closed on 30 August. 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, interviews were held with each of them during w/c 14 October 2024. The delivery partner, Equans, Services was selected who helped support the Council with producing the bid, and, if successful, will; deliver the next phase of work. Equans have extensive experience of working with housing providers to deliver decarbonisation programmes and this puts SKDC in a strong position in submitting the bid and will enable a swift mobilisation on the next phase of work if we are successful.

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 Councils housing stock through the Wave 2.1 delivery programme together with the 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.