

Classification: Public

Key Decision: Yes

Gravesham Borough Council

Report to: Cabinet

Date: 30 January 2023

Reporting officers: Daniel Killian, Director (Housing)

Subject: The Social Housing Decarbonisation Fund (SHDF) Wave 2.1 funding bid

Purpose and summary of report:

To inform Cabinet on the progress of improvement works under the Social Housing Decarbonisation Fund (SHDF) Wave 1 and an update on the Wave 2.1 Funding bid.

Recommendations:

Cabinet are asked to:

1. Note the contents of the report and the progress made so far for SHDF Wave 1.
2. Note the bid and intended project for SHDF Wave 2 and ratify the decision to submit the bid taken by the Director (Housing Services).

Key Implications:	
Item	Implications
Legal	<p>The Domestic Minimum Energy Efficiency Standards (MEES) for England and Wales require new tenancies to have an EPC rating of 'C' or above by 2025 and all existing tenancies by 2028. The legislation hopes to make homes more energy-efficient and reduce carbon emissions in line with the government net-zero carbon target by 2050.</p> <p>If the Council were successful with the bid, the Legal and Governance teams will be engaged with to ensure all relevant award documentation including the Grant Funding Agreement are completed to their satisfaction.</p>
Finance and Value for Money	<p>Outline of the funding and Council contributions can be found in Section 4.</p>

Corporate Plan	<p>People: Protected Environment - enforce high regulatory requirements and carbon neutral borough. Quality Living - safeguard residents and putting our customers first.</p> <p>Place: Connected Community - improve resident well-being Progress: Entrepreneurial Authority - deliver a more resilient, creative and cost effective council</p>
Climate Change	<p>The project contributes to the Council's Climate Change Strategy by:</p> <ul style="list-style-type: none"> (a) Reducing carbon emissions of our housing stock (b) Reduction in energy consumption and fuel bills for our tenants (c) Providing warmer energy efficient homes for our tenants <p>The expected outcomes of the works which contribute positively to climate change have been listed under Section 3 of the report.</p>

1. Social Housing Decarbonisation Fund Wave 1 Update

- 1.1 The SHDF Wave 1 was released by the Department of Business, Energy & Industrial Strategy (BEIS) on the 23 August 2021 and invited Registered Providers of social housing including Private and Local Authority, to apply for funding to be used to improve the energy performance of social housing.
- 1.2 The key rules for the use of funding were that eligible homes must be within EPC bands D, E, F and G, ensuring that priority is given to the worst energy performing homes. The aim is to raise the EPC ratings of these homes to band C, in preparation for the widespread adoption of decarbonised heating systems.
- 1.3 Support was provided to the Council by the Social Housing Retrofit Accelerator (SHRA), which is a fully funded support service backed by BEIS to help social landlords prepare bids for the funding.
- 1.4 The Council was notified on the 7 February 2022 by BEIS, that they were successful with their bid of £823,337.11, with Gravesham being only one of two councils in Kent, which were successful through the scheme.
- 1.5 Project delivery timescales were set by BEIS and the initial completion date of 31st January 2023 was extended to 31st March 2023, providing one year to procure a partner and deliver the project. The project has since been extended until 30th June 2023 providing the Council an extra 3 months to deliver the project.
- 1.6 As of 19th January 2023, we have completed 51% of the project (241 properties), with an annual carbon saving of 500 tCO₂ and improved the EPC ratings of all these properties to a rating of C.
- 1.7 As well as the positive impact this work has had on the properties and the improved energy performance data and ratings, it has also had a very positive impact on the tenants that have received the insulation, with the below feedback received from some of our tenants:

- *“The house already feels less cold upstairs, especially with the loft hatch down. We haven’t had to put the heating on yet, and we’re hoping it will be this easy during the winter”* – Resident from Ash Road, Gravesend.
- *“It’s been really good – we were very happy to have the improvements offered to us, and we’re looking forward to seeing a real difference in the winter. I’d 100% recommend the retrofit works to family, friends or neighbours.”* – Resident from Maple Road, Gravesend.
- *“We’re going to feel the difference in the winter, and that’s not the only improvement – in the warmer months the house can get very hot upstairs, but the work helped our home stay cooler in the summer as well”* – Resident from Warwick Place, Northfleet.

2. Social Housing Decarbonisation Fund Wave 2.1

- 2.1 The Social Housing Decarbonisation Fund (SHDF) Wave 2.1 scheme was released by the Department of Business, Energy & Industrial Strategy (BEIS) on the 29 September 2022 and invited Registered Providers of social housing including Private and Local Authorities, to apply for funding to be used to improve the energy performance of their social housing stock.
- 2.2 The expected aim of the scheme is to upgrade a significant amount of the social housing stock currently below Energy Performance Certificate (EPC) rating C. The scheme will support the installation of energy performance measures in social housing in England and help by:
- Delivering warm, energy efficient homes
 - Reducing carbon emissions
 - Tackling fuel poverty
 - Supporting green jobs
 - Developing the retrofit sector
 - Improving the comfort, health and well-being of social housing tenants
- 2.3 The Wave 2.1 competition will allocate up to £800 million of funding to support the installation of energy performance measures in social homes in England. The successful applicants will be notified in late February / early March 2023 and will have a deadline to deliver the works by September 2025.
- 2.4 Following the Council’s success with the Wave 1 scheme and to build on the positive impact for tenants, the Housing Energy & Sustainability team have produced and will be submitting a bid for Wave 2 which will see 714 Council owned homes receive improvements through the scheme if successful.

3. The Intended Project

- 3.1 The intended project for Wave 2 is to continue upgrading loft and cavity wall insulation to 714 Council owned homes as similarly delivered in our SHDF Wave 1

project. This number is achievable based on our contractor’s delivery performance for Wave 1 and delivery assurance has been provided by them for Wave 2.

- 3.2 The properties included within the bid have been selected using the Council’s energy performance database, Parity Portfolio. This strategy ensures that we are focussing on our lowest performing, in line with the Government’s recommendations. The properties included are also widespread across the various estates in the Borough.
- 3.3 Completion of these works will also result in all 714 properties moving from EPC D to EPC C which will increase the Council’s properties EPC C and above from 72% to 84% and will result in an estimated annual carbon saving of 2111 tCO₂.
- 3.4 Based on estimated figures from the Energy Saving Trust, the tenants who will benefit from these insulation measures will also see estimated bill savings of £258,720 a year with increased thermal comfort within their homes.

4. Budget

- 4.1 The cost of this project is £2,223,244.54 with the Council expected to provide match funding of 50%, equating to £1,111,622.27. Figures on how this will be spread across the 2 financial years has been provided in the below table. The figures for the project have been based on the quotation received from our insulation contractor and does factor in inflation.

Financial Year	GBC Contribution	BEIS Contribution
Year 1 – 2023/24	£541,205.19	£541,205.19
Year 2 – 2024/25	£570,417.08	£570,417.08

- 4.2 The Council’s contribution has been budgeted within the Energy Efficiency capital budget code, C940/C0031 with a forecasted budget of £1,888,650, for 2023/24 subject to budget approval and will also be budgeted in during the budget setting period for 2024/25.
- 4.3 On the 10th working day of each month, successful organisations will be required to submit a delivery report to BEIS with a grant drawdown request for that month equal to the amount forecasted in the preceding month’s delivery report. Applicants will be paid by the end of each month, following receipt of the grant drawdown request.
- 4.4 BEIS have confirmed that the S151 Officer approval would be required to accept the award but is not needed at this current stage.
- 4.5 If we are unsuccessful with our bid, it is our intention to still use the funds set aside for our contribution to continue the programme of insulation measures including properties that still require these insulation upgrades but wouldn’t qualify for Government funding due to their current EPC ratings.

5. Appendices

- 5.1 There are no appendices to this report

6. Background Documents

6.1 There are no background documents.

Lead Officer: Nicole Arthur, Service Manger (Housing Operations)

Email: nicole.arthur@gravesham.gov.uk

Secondary Implications	
Risk Assessment	<p>Assurance have been given by the Contractor that they will be able to deliver the project to the timescales and budget available, should we be successful.</p> <p>There is sufficient resource within the Energy & Sustainability team and wider Housing Operations service to deliver the funding programme if successful with the bid.</p> <p>As part of our SHDF Wave 1 project delivery, we provide a monthly risk assessment to our Monitoring Officer at BEIS so any risks that have been identified for the scheme have been mitigated.</p>
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links. No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? Not applicable</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk.</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	Following GBC’s Safeguarding Policy “Protecting children and vulnerable adults”