

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:		CATEGORY:
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
MEMBERS' CONTACT POINT:	CRAIG LODEY, 07435 766937 craig.lodey@southderbyshire.gov.uk	DOC:
SUBJECT:	SOCIAL HOUSING DECARBONISATION FUND WAVE 1	
WARD(S) AFFECTED:	HATTON, MELBOURNE, SEALES, SWADLINCOTE, WOODVILLE.	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 To note the completion of the Social Housing Decarbonisation Fund Wave 1 works programme.
- 1.2 To give delegated authority to the Strategic Director (Corporate Resources)/S151 Officer to sign the memoranda of understanding detailing the project change requests.
- 1.3 To ringfence the Council's underspend of £81,408 within the Social Housing Decarbonisation Fund programme to fund further energy efficiency projects within the social housing stock.

2.0 Purpose of the Report

- 2.1 To outline the achievements delivered through the Wave 1 of the Social Housing Decarbonisation Fund programme.
- 2.2 To seek delegated authority for the Strategic Director (Corporate Resources)/S151 Officer to sign the amended Memoranda of Understanding between the funder (DESNZ) and the Council, to approve the project change requests approved by the funder during delivery of the programme.
- 2.3 To seek approval to ringfence the underspend previously approved for SHDF Wave 1 works and to use this money to fund future energy efficiency capital project proposals within the social housing stock.

3.0 Background

- 3.1 The Social Housing Decarbonisation fund is a central government initiative to improve social housing by increasing their energy efficiency rating to EPC band C or above.
- 3.2 At the Finance and Management Committee held 7 October 2021 approval was sought to bid for SHDF Wave 1 funding and for a contribution of c. £500k to be reserved as co-funding. In April 2022 a grant of £1.6m was offered by DESNZ on the condition that the Council committed to match fund 1/3 of the budget.

- 3.3 The properties selected for the scheme were chosen based on their existing energy efficiency rating of EPC band D or below, the ability to install energy efficiency measures within the cost cap of £1.6M set by the scheme and the assessed vulnerability of the residents.
- 3.4 The initial assessment programme surveyed 138 properties from which the target number of 111 properties were selected.
- 3.5 All the properties selected in Wave 1 were bungalow type homes occupied by elderly or otherwise vulnerable residents.
- 3.6 Whilst 111 properties were initially selected, the programme has delivered energy efficiency improvements to 89 social housing properties, raising their energy performance rating to EPC band C, meeting the requirements of the grant.

This shortfall against the initial target was the result of late developing and unexpected costs that would have been required to address complications at the non-standard house types at Gresley Woodlands and which were not within the scope of the grant. Partial mitigation was achieved by the late inclusion of property that had been deferred to a potential Wave 2 bid.

- 3.7 The councils contractor for the 'Whole House Contract' was appointed on an 'open-book' basis.
- 3.8 The programme has delivered these works within the original budget of £1.65M and within the cost cap set for each EPC banding. Due to the reduced number of properties where works were undertaken an underspend of £244,225 was left over of which £162,817 is to be repaid to DESNZ. These works included the replacement of windows and doors with modern specification high efficiency units, the extraction of failed cavity wall insulation and refill with a bound bead product, additional loft insulation and continuous low level mechanical ventilation.
- 3.9 All site works were completed by 30 September 2023 and this funding stream is now ended.
- 3.10 The original grant of £1.6M is underspent and under the terms of the funding this must be returned to DESNZ. This detail is shown in 5.1 below.
- 3.11 SHDF Wave 1 has been succeeded by SHDF Wave 2.1 which is currently being delivered. Several of the properties assessed in Wave 1 but not included are being reassessed under Wave 2.1.
- 3.12 These improvements will reduce the total CO₂ emissions from these homes by a total of approximately 75.5 tonnes per annum.
- 3.13 It is estimated that the amount of energy needed to keep each home comfortably heated will, on average be reduced by 2050 kW/h per annum.

4.0 Detail

4.1 The table below outlines the property location of the 89 properties that had works completed on them to raise the EPC rating.

Address	Post Code	Ward	Properties treated
Resthaven	DE11 0PX	Swadlincote	15
Kendricks Close	DE11 7AG	Woodville	15
Main Street	DE12 6LG	Seales	1
Bailey Avenue	DE12 6NW	Seales	25
Station Rd	DE65 5EL	Hatton	3
Penn Lane	DE73 8EQ	Melbourne	1
Peniston Rise/ Close	DE73 8EZ	Melbourne	29

4.2 The table below shows how many properties fell into each Energy Efficiency Rating before the works were completed.

Pre-installation EPC band	Number of Properties
D	78
E	10
F	1
G	-

All 89 properties have now had works undertaken to achieve an EPC rating of Band C.

4.3A range of works were carried out at each property to improve the energy efficiency. The table below shows how many of each type of work were undertaken.

Measure	Number Installed
External Wall Insulation	-
Cavity Wall Insulation	65
Underfloor insulation	-
Loft insulation (top up to 450mm)	89
Draughtproofing	-
Air Source Heat Pump	-
Ground Source Heat Pump	-
Shared Ground Loops	-
Storage heaters/High Heat Retention Storage Heaters	-
Solar PV	-
Solar Thermal	-
Windows	89
Ventilation	89
(Other)	

It should be noted that this project has enabled the replacement of ageing double glazing across all the properties, with high efficiency units that would otherwise have been delivered through the planned maintenance programme.

5.0 Financial Implications

5.1 The table below details the breakdown of the original grant and the actual spend.

Funding Source	Actual (£)	Original Forecast (£)	Deviation (£)
DESNZ Funding (67%)	937,018	1099835	162,817
SDDC Funding (33%)	468,509	549917	81,408
Total	1405527	1649752	244,225

Overall, a spend of £1.4m has been delivered during this project leaving an underspend of £244,225. Of this amount, £162,817 must be returned to DESNZ under the terms of the grant as clawback. An interim return of £26k has been made with the remainder is to be remitted on review of the final project closure data by DESNZ.

Of the original £549,971 approved by the council, a total of £81,408 remains uncommitted however, there is the opportunity to spend this money, if approved, on other low carbon improvements to social housing. This money will remain in the major repairs reserve until an appropriate energy efficiency scheme is identified.

5.2 Project Change Requests (PCR)

During the programme, five PCR's were submitted to the funder (DESNZ) by SDDC to reflect changes to the delivery schedule, property numbers, and forecast spend. These changes were necessary due to the suitability of properties and were approved by DESNZ on condition that an amended Memorandum of Understanding was signed by the Strategic Director (Corporate Resources)/S151 Officer.

Details of each PCR is shown in the table below.

PCR number	Date Submitted	Summary of changes	Date approved by DESNZ
1	01/03/23	Extension to the delivery period to 30 th June 2023	27/03/23
2	08/06/23	Extension to the delivery period up to 01/09/2023 and an amendment to the project scope (<i>reduction to 89 homes</i>)	08/06/23
3	14/09/23	Extension to the delivery period up to 30/11/2023 and an amendment to project Scope. (<i>reduction in the number of CWI installations following intrusive survey</i>)	20/10/23
4	10/11/23	Amendment to funding amounts. (<i>reduction of proposed spend due to reduced number of properties</i>)	24/11/23
5	12/12/23	Extension to the delivery period up to 31/12/2023 and an amendment to project Scope (<i>to allow finalisation of accounts and refinement of pre-installation EPC data</i>)	08/01/24
6	13/01/2024	Amendment of final spend	14/02/2024

6.0 Corporate Implications

Employment Implications

6.1 None

Legal Implications

6.2 The programme has been delivered to the requirements set out in the grant spend letter and supporting MoU.

6.3 The amended MoU must be signed off by the Strategic Director (Corporate Resources)/S151 Officer or the project cannot be closed, and underspent monies returned.

Corporate Plan Implications

6.4 The measures installed in the properties to improve the energy efficiency will reduce CO₂ emissions by approximately 75.5 tonnes per annum, helping the council to achieve its commitment to be net zero by 2030.

6.5 The energy efficiency measures undertaken improve living conditions and tenants' health and wellbeing. They provide tenants with the opportunity to reduce the amount of energy needed to keep their homes comfortably heated. These reductions are assessed to equate to an average saving of approximately 2050 kW/ hr. per year. These improvements can also reduce the risk of cold-related health issues such as hyperthermia and respiratory complaints arising from condensation, damp and mould.

6.6 The programme has improved the condition of the housing stock by providing replacement glazing units, replacing failed insulation and additional ventilation measures.

Risk Impact

6.7 If the MoU is not signed by the responsible Strategic Director (Corporate Resources)/S151 officer, the Council will be non-compliant and at risk of DESNZ reclaiming the funding from the Council.

7.0 Community Impact

Consultation

7.1 The Council has successfully engaged with stakeholders prior to and during project delivery to ensure residents are kept informed about the programme and its objectives. Officers have sought to engage with Councillors where appropriate and keep them informed of progress. Households originally contacted and surveyed but not included in Wave 1 have been moved where technical conditions allow into Wave 2 which is currently being delivered.

Equality and Diversity Impact

7.2 There are no implications.

Social Value Impact

- 7.3 Residents home will be less costly to heat to a comfortable level.
- 7.4 Residents will be at less risk of health issues arising from cold (hyperthermia).
- 7.5 Residents will be at less risk of health issues arising from condensation, damp, and mould. (Respiratory disease)

Environmental Sustainability

- 7.6 The measures installed will reduce overall carbon emissions by approximately 75.5 tonnes per annum.

8.0 Conclusions

- 8.1 The project has improved the energy efficiency and achieved EPC band C at 89 homes at a cost of £1.4M.
- 8.2 The programme has focussed on vulnerable tenants living in poorly performing homes and by improving their energy efficiency it offers the opportunity for tenants to reduce the amount of energy needed to keep them warm and comfortable.
- 8.3 As a result of installing replacement windows and doors the project has deferred the future burden on planned maintenance for 25+ years.
- 8.4 The project contributes to reducing the health risks to residents arising from cold or mould.
- 8.5 The programme delivered within the funding budget allowed and of the sum originally approved for SHDF 1 a residual amount of £81408 remains uncommitted. It is recommended that consideration is given to ringfencing this sum within the SHDF programme to fund future energy efficiency projects or those complimentary to subsequent SHDF waves. An example where such funding might be employed would be to provide communal heating schemes using ground or other heat sources to reduce dependence on electricity or carbon intensive fuels.
- 8.6 Council officers have gained invaluable insight and practical experience in delivering retrofit works to the recently introduced PAS2030 and PAS2035 standards.
- 8.7 Council officers have gained experience in contractor and management and close financial scrutiny.
- 8.8 Council officers have gained knowledge of the social housing stock that may have been incompletely understood and are now better able to specify future stock condition survey requirements that focus on retrofit works.
- 8.9 Council officers now better appreciate the challenges posed by the Council's legacy non-traditional housing stock and are better placed to consider the short- and medium-term implications these properties pose to retrofit aspirations.

9.0 Background Papers

[HCS/35 Decision 30/09/2021](#)

[F&M Committee report 7/10/22 dealing with SHDF Wave 1](#)

[F&M Committee report 12/01/2023 dealing with SHDF Wave 2.1](#)