

# CABINET

URN: 24-049

Report Title: Social Housing Decarbonisation Fund Grant Funding

Report to: ELT

27 March 2024

Cabinet

8 April 2024

Responsible Cabinet Member:

Cllr Graham Plant

Responsible Director/Officer:

Nicola Turner, Head of Housing Assets

Is this a Key decision? Yes

Date added to Forward Plan of Key Decisions if a Key Decision: 18 March 2024



## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report seeks approval to accept funding from the Department of Energy Security and Net Zero's Social Housing Decarbonisation Fund to upgrade 173 Council homes during 2024/5 and delegate approval of spend of the grant monies.

### RECOMMENDATIONS:

That Cabinet:

- 1) Accept the Social Housing Decarbonisation Fund Wave 2.2 funding detailed in the report.
- 2) Note the requirements for the signing of a Grant Agreement to draw down the funding.
- 3) Delegate all decisions on the use and spend of the Social Housing Decarbonisation Fund monies in accordance with the funding conditions to the Head of Housing Assets.
- 4) Note that the 2024/25 Housing Revenue Account capital budget will be updated to include the grant funding and total spend on energy efficiency.

## 1. Introduction

- 1.1 The Council has a track record in bidding for and successfully delivering grant programmes funded by the Department of Energy Security and Net Zero (DESNZ) to increase the energy efficiency of homes across the borough including the Sustainable Warmth Competition and current Homes Upgrade Grant 2 (HUG2) programme.
- 1.2 The Council has also previously successfully bid for and delivered energy efficiency upgrades of Council homes using Social Housing Decarbonisation Fund (SHDF) Wave 1 funding. In total, SHDF Wave 1 grant funding of £1,495,607 was spent on works to improve the energy efficiency of 127 Council homes. On 31 January 2024, the Council submitted a bid for SHDF Wave 2.2 funding and was notified on 14 March 2024 that the bid was successful. This report seeks approval to accept the funding.

## 2.0 Social Housing Decarbonisation Fund Wave 2.2

- 2.1 The Council's bid for SHDF Wave 2.2 sought grant funding of £1.3m to support works to increase the energy efficiency of 173 Council homes, increasing the Energy Performance Certificate rating of the properties from a rating of D or E to a C. A number of measures will be undertaken to homes including:

- Enhancing loft insulation
- Installation of cavity wall insulation
- Installation of Air Source Heat Pumps
- Installation of Solar Panels.

Overall, the approach being taken will improve the energy efficiency of the buildings increasing thermal comfort. Properties across the borough have been identified to benefit from the works.

### **3.0 Financial Implications**

- 3.1 The grant funding will be paid in instalments and is required to be fully spent by 31 March 2025. In accordance with the requirements of the SHDF programme, the Council is contributing 50% of the total cost of the works, this element of match funding was built into the 2024/5 Housing Revenue Account capital programme. If the SHDF Wave 2.2 bid had not been successful, this funding would have still been used to support energy efficiency works to the stock, but less works and homes would have been able to be funded. Whilst there is no overall financial impact to the Council of accepting the grant funding, when the 2024/5 Housing Revenue Account budget is reviewed, it will be updated to include the additional £1,378,441 which will be spent on energy efficiency works, noting that this increase reflects the SHDF grant funding.
- 3.2 The grant funding will be paid in tranches reflecting monthly reporting on progress against the grant milestones and spend.

### **4.0 Risk Implications**

- 4.1 A draft Grant Funding Agreement was provided by DESNZ as part of the bidding process, the agreement is clear that if the grant funding is not spent by 31 March 2025, any costs incurred in relation to properties where the grant funding has not been spent will fall to the Council. There are a number of other requirements of the funding which will be monitored against to ensure compliance. Any breach of the agreement could require repayment of grant if already paid or some works not being eligible for the grant. To mitigate these risks the Council will continue to use in house staff to monitor delivery of the works, progress, quality and spend. Oversight of delivery will be monitored by an Officer Working Group which includes representatives of the Finance Team with formal reporting and oversight of delivery via the Corporate Projects Board.

### **5.0 Legal Implications**

- 5.1 As noted above, the Council will sign a Grant Agreement to drawdown the funding which sets out the Council's agreement to the conditions of the funding. The Council will use a direct award framework to appoint E.On Energy Solutions Ltd to deliver the energy efficiency works.

### **6.0 Background Papers**

None

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Consultations	Comment
---------------	---------

Monitoring Officer Consultation:	Prior circulation
Section 151 Officer Consultation:	Prior circulation
Existing Council Policies:	Sustainability Strategy
Equality Issues/EQIA assessment:	SHDF funding will be used to target energy efficiency works at properties within the Council's housing stock that are the least efficient ensuring that all household types are able to benefit from more efficient homes which are less costly to heat.