

TITLE OF REPORT: Social Housing Decarbonisation Fund Bid

REPORT OF: Colin Huntington, Strategic Director, Housing, Environment and Healthy Communities

Purpose of the Report

1. To note a decision taken under delegated powers, to submit the Social Housing Decarbonisation Fund (SHDF) bid, on the grounds of urgency, due to bid submission timescales.

Background

2. The Social Housing Decarbonisation Fund Wave 2.1 is available for social housing providers to improve the energy efficiency of social homes that are currently below Energy Performance Certificate (EPC) Band C.
3. SHDF was launched by the Department for Business Energy and Industrial Strategy (BEIS) on the 29 September 2022 with the bid window closing on Friday 18 November 2022.
4. The SHDF aims to upgrade social housing stock currently below EPC Band C up to that standard. It will support the installation of energy performance measures in social homes in England, and help deliver warm, energy efficient homes. The works delivered with the support of fund will reduce carbon emissions, tackle fuel poverty and support green jobs.
5. The SHDF Wave 2.1 will allocate up to £800 million of funding to support the installation of energy performance measures in social homes in England. It aims to deliver measures that will improve the comfort, health and well-being of social housing tenants
6. The fund follows on from The Social Housing Decarbonisation Fund Demonstrator and SHDF Wave 1. SHDF Wave 2 projects can run up until 31 March 2025 and aligns with the HRA capital programmes 2023/24 and 2024/25.
7. The Housing Revenue Account (HRA) Asset Strategy 2022-27 identified energy improvements to the social housing stock as a priority for both the strategy and the 30 year HRA Business Plan. The strategy anticipates that, to meet our current requirements on carbon reduction, the HRA will need to invest £265m into insulation measures and new heating technologies.

8. The strategy anticipates an average investment cost of around £16,000 per property and, in some cases, potentially even as much as £37,000 for hard to heat buildings. While the HRA business plan includes some allowances for costs for energy efficiency measures and improvements, it will require support from public funding. It is estimated that just over £40m will need to be secured in additional funding to meet our targets.

Proposal

9. Gateshead's social housing stock currently has an average EPC level of Band C. For the bid to the SHDF 230 homes have been identified as an initial priority. These homes are a mixture of houses, bungalows and flats and all currently have uninsulated flat roofs. The properties currently present as EPC Band D and E. The installation of new modern insulated flat roofs would lift the properties to Band C.
10. The total cost of the planned programme of work is £4.6m that includes £1,082,000 of SHDF funding for works. Co-funding for the remainder of the value of the scheme is budgeted for in the HRA capital programme. Works have provisionally been planned, as part of the 5-year capital programme, for 2023/24 and 2024/25 respectively.
11. The measures that are planned in the bid will support Gateshead's commitment to work towards a Net Zero Carbon future. The measures included in the bid also contribute positively towards maintaining the housing stock in line with the Decent Homes Standard.
12. The bid has been submitted to the Department for Business, Energy and Industrial Strategy (BEIS) who have confirmed receipt of it. Announcements regarding successful funding bids are likely to be made during March / April 2023.

Recommendations

13. It is recommended that Cabinet notes that a bid has been submitted as described in the report and agreed by the Strategic Director, Resources and Digital and Strategic Director, Housing, Environment and Healthy Communities as an urgent delegated decision in accordance with Schedule 5, Part 2 General Delegations to Managers, Paragraph (4) (e) of the Council's Constitution.

For the following reason:

To support Gateshead's commitment to work towards a Net Zero Carbon future and to maintain the social housing stock in line with the Decent Homes Standard.

CONTACT: Simon Crisp

Ext 5461

APPENDIX 1

Policy Context

1. The proposal supports the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives including achieving the following outcomes: providing good quality housing with a mix of tenures and affordable options that meet the needs of local people including families and older people enabling them to live healthy lives and to make healthy choices, preventing ill health.
2. The Housing Strategy 2019-2030 identifies a vision for housing in Gateshead, centred on three strategic themes - supply, standards, and support. The Social Housing Decarbonation Fund (SHDF) promotes investment in housing standards and will directly support tenancy sustainment and wellbeing.
3. In addition to these overarching objectives one of the key themes embedded in the strategy is supporting the long-term sustainability of the Council's housing stock and the Housing Revenue Account (HRA). The SHDF bid supports financial sustainability by bringing in additional funding to support the HRA capital programme in meeting its priorities.

Background

5. When announcing the launch of the Social Housing Decarbonation Fund, the government proposed a multibillion-pound scheme that would improve social housing homes over a 10 year period. An initial 'Demonstrator' scheme was followed by Wave One in October 2021.
6. The scheme is built on the principles of delivering 'fabric first' insulation improvements to homes, preparing them for future low carbon heating solutions. SHDF aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty and support green jobs. The improvements delivered through SHDF must improve a property to a minimum EPC band C rating.
7. In preparation for the SHDF bid, an extensive self-assessment was carried out through the Social Housing Retrofit Accelerator. The Accelerator, funded by the Department for Business, Energy & Industrial Standards (BEIS), is a support service delivered by Turner & Townsend. The service provides a range of support designed to foster the submission of successful bids.
8. The self-assessment, alongside a range of surveys and analysis of member enquires, customer feedback and business intelligence was used to shape the bid. The bid targets six distinct property archetypes comprising of 230 properties. The properties form parts of the following estates.
 - i. Allerdene
 - ii. Bagnall Grange
 - iii. Beacon Lough East
 - iv. Beacon Lough Upper
 - v. Florence Avenue Estate

- vi. Harlow Green
- vii. Lyndhurst Lower
- viii. Sheriff Hill

The properties all have uninsulated flat roof and façade details that are uninsulated. The properties included in the bid fall into EPC band D and E, the proposed improvement work will lift them to Band C.

- 9. The total cost of the planned programme of work is £4.6m, that includes £1,082,000 of SHDF funding. Unlike previous schemes like the Energy Company Obligation (ECO) and Greendeal, SHDF does not fully fund measures and co-funding is required. Funding is tapered depending on the EPC banding of a property. The average SHDF contribution for the bid is £5,000. Co-funding for the remainder of the value of the scheme is budgeted for in the HRA capital programme. Works have provisionally been planned, as part of the 5-year capital programme, for 2023/24 and 2024/25 respectively.
- 10. If the bid is successful, it is anticipated works would commence late in summer 2023 and run through to December 2024.

Consultation

- 10. The Cabinet Members for Housing have been consulted and indicated their support for the bid. Key internal and external stakeholders were consulted in the development of the bid.

Alternative Options

- 14. An alternative option would have been to not submit a bid, but this would not maximise the funding opportunities available to the Council.

Implications of Recommended Option

- 15. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that the financial implications are as detailed in the report.
 - b) **Human Resources Implications** – None
 - c) **Property Implications** - Capital investment in sustainable HRA assets helps to improve the overall sustainability of the HRA and supports the delivery of corporate priorities under the Thrive agenda
- 16. **Risk Management Implication** - An unsuccessful bid would potentially expose the HRA to the full future cost of the works.
- 17. **Equality and Diversity Implications** - None
- 18. **Crime and Disorder Implications** – None

19. **Health Implications** – The report contains measure that will support the provision of Council homes that are warm and energy efficient, preventing illnesses that can be associated with cold living conditions. The measures ensure the quality and condition of the HRA's assets and will contribute to the health and wellbeing of the tenants and residents.
20. **Climate Emergency and Sustainability Implications** - The report contains measures, which will help deliver a more Sustainable Gateshead and support the delivery of net zero carbon measures for the Council's housing stock.
21. **Human Rights Implications** - No direct human rights implications.
22. **Ward Implications** – The report has implications for properties in the Blaydon, Chowdene, High Fell, Low Fell & Windy Nook & Whitehills Ward.