

<b>Report title</b>	Plans to submit a further bid to the Social Housing Decarbonisation Fund
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<b>Department</b>	Housing
<b>Exempt?</b>	No

**Purpose of report:**

**To resolve**

To provide committee members with the relevant information around the Housing Department activities to make a bid for wave 2.2 of the Social Housing Decarbonisation Fund and to seek their agreement to proceed to the bidding process.

**Synopsis of report:**

In September 2023 Runnymede Borough Council was notified that wave 3 of the Social Housing Decarbonisation Fund (SHDF) would open its 'bidding window' from April 2025 – the organisation has also been made aware that a wave 2.2 of the fund is also likely to be opened to organisations who failed with their wave 2.1 bid (which includes Runnymede Borough Council).

Earlier this month, the Department for Energy Security and New Zero (DESNZ) announced that SHDF wave 2.2 will open for applications week commencing 20 November 2023. In this latest round of funding, up to £80 Million will be allocated to successful bids, helping social housing landlords to improve energy efficiencies of their stock.

Applications must be submitted by the week commencing 15 January 2024 and successful projects will be notified by late February to early March. The delivery window is two years, until March 2026, with projects required to spend all their grant funding within the first year.

The purpose of the bid is to seek additional funding to deliver on the Housing Service's key carbon reduction target of: - ***Ensure all RBC owned social housing units have an energy efficiency rating of C or above by 2030***.

At the beginning of 2022 it was estimated that between £8.79m and £9.3m of investment will be required in the Council's housing stock to deliver the above target. Funding to enable this investment is coming from the following sources: -

- Green Homes Grant – Local Authority Delivery 1.
- Improvement work to achieve the Runnymede Investment Standard £3.7m by 2026.
- A request for wave 2.2 Social Housing Decarbonisation Funding.

### **Recommendation(s):**

- I. Housing Committee Members approve a bid to the Social Housing Decarbonisation Fund when it re-opens.
- II. Housing Committee give delegated authority to the Assistant Chief Executive (Place) in consultation with the Chair and Vice Chair to approve a bid to the fund – including clarified finance figures.
- III. Housing Committee Members note that should a bid be successful to the fund the service is on track to deliver a C energy efficiency rating two years after a successful bid.

## **1. Context and background of report**

- 1.1 In March 2021 the Department for Business Energy and Industrial Strategy etc introduced the Social Housing Decarbonisation Fund. The fund is designed to: -

*“Upgrade a significant amount of the social housing stock currently below Energy Performance Certificate (EPC) 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*
- *reduce carbon emissions*
- *tackle fuel poverty*
- *support green jobs*
- *develop the retrofit sector*
- *improve the comfort, health, and well-being of social housing tenants”*

- 1.2 Funding via the Social Housing Decarbonisation Fund will be released in a number of waves. Wave 1 of the fund funded 69 projects up to the value of £179m.
- 1.3 Funding via wave 2.1 of the fund funded 107 projects up to the value of £778m.
- 1.4 It is anticipated that the Social Housing Decarbonisation Fund wave 2.2 will open in November 2023 for bids with a further wave anticipated for April 2025.
- 1.5 Runnymede Borough Council currently have 757 properties with an energy efficiency rating below a C.
- 1.6 All of these properties are general needs accommodation.
- 1.7 426 of these properties will achieve a C rating by the installation of new doors, windows, boilers etc. via RBC’s ‘Decent Homes’ programme.
- 1.8 The remainder 331 will require additional work on top of what is planned under our capital programme to achieve a C rating. Work is planned for 59 properties via ECO 4 funding – although one of these properties will not achieve a C rating due to the scale of work required to bring it to a C rating.

## **2. Report and, where applicable, options considered and recommended**

- 2.1 A project team will be put together to develop Runnymede Borough Council's next bid to the SHDF. The team is likely to be comprised of members from Housing Technical Services, Housing Services, the Council's Bid Writer/Grants Officer, and the Climate Change Team. Bidding guidelines and materials have been released and members of this team will be attending introductory webinars in early November in order to be fully prepared for a bid from 20 November.
- 2.2 OVO Energy are also available and willing to support the data modelling and bidding process at no cost and without prejudice to any procurement process should the application secure funding.
- 2.3 As a submission was submitted to the wave 2.1 of the SHDF in the winter of 2022, Runnymede Borough Council holds good data on the energy performance of its stock.
- 2.4 Runnymede Borough Council also purchased energy efficiency modelling software to support its bid to the fund (Elmhurst Housing Energy Modelling Software).
- 2.5 In the bid to the wave 2.1 SHDF Runnymede Borough Council's Housing Service sought £1,229,997 .

This was intended towards the following work: -

- External Wall Insulation £2.65m
  - Planning Application Fees £1,180 (traditional dwellings non-painted)
  - Ground Source Heat Pumps X2 £638,969, RBC have budgeted £200,000 for this work - £638,969 is the non-budgeted amount.
- 2.6 59 properties have received additional energy efficiency measures since the wave 2.1 bid was submitted.
  - 2.7 This is likely to reduce a further submission to the SHDF by around £900,000.

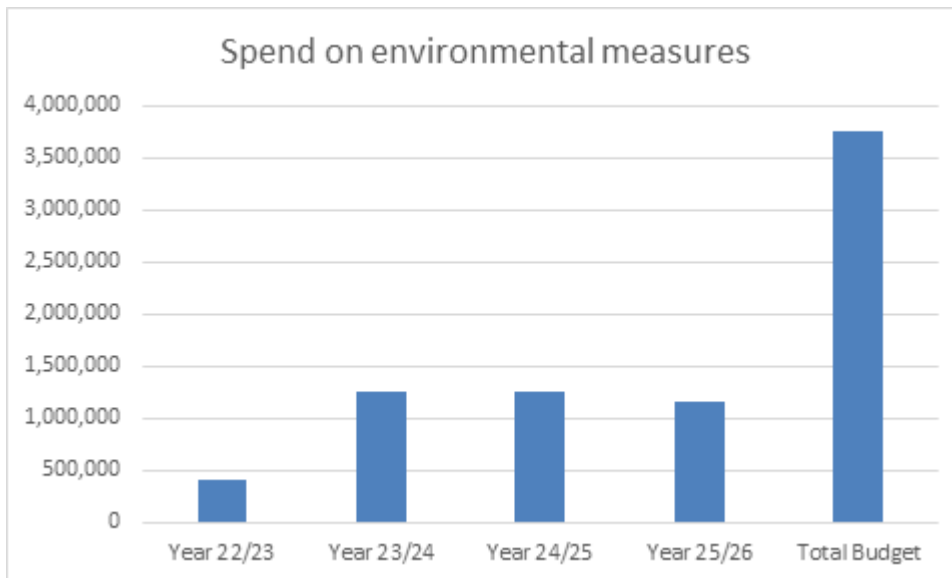
## **3. Policy framework implications**

- 3.1 The Housing Asset Management Plan identifies a number of climate change objectives for the Housing Service
- 3.2 The key one that this report impact on is: -
  - Achieve a C energy efficiency rating as a minimum for all Runnymede Borough Council's social homes by 2030

## **4 Resource implications/Value for Money**

- 4.1 Resources have been identified within the Housing Revenue Account Business Plan to deliver the £3.7m of work identified to improve the energy performance of the Council's housing stock.

This work is phased over 4 years from 2022 – 2026 at the following rate: -



## 5. Legal implications

- 5.1 Runnymede Borough Council is obligated as a Registered Provider of Social Housing to comply with the Regulator of Social Housing's Home Standard.
- 5.2 This standard predominantly focuses on ensuring social landlords meet their repairing obligations and comply with the Decent Homes Standard.
- 5.3 Currently the standard does not refer to energy performance. This is anticipated to change when the standard is next reviewed.

## 6. Equality implications

- 6.1 An Equalities Screening of the impact of work to upgrade the energy performance of the Council's housing stock has been undertaken.
- 6.2 This demonstrates the positive impact of this work – but emphasises the importance of gaining access to properties to undertake improvement work and monitoring closely any refusals we have from tenants.

## 7. Environmental/Sustainability/Biodiversity implications

- 7.1 The work to improve the energy performance of Runnymede Borough Council's housing stock forms a central strand of the work of the Housing Service to cut its environmental impact.
- 7.2 By delivering a C energy efficiency rating for all Council owned homes – this will reduce the carbon emissions from Council homes by 1078 tonnes per year from the position at the beginning of 2022.

## 8. Other implications

- 8.1 It is essential to procure a contractor to undertake any work funded via the SHDF. A number of frameworks exist which will enable this exercise to be expedited. This is likely to be required as bidding and implementation times are often tight.

## 9. Timetable for Implementation

- 9.1 Earlier this month, the Department for Energy Security and Net Zero (DESNZ) announced that SHDF Wave 2.2 will open for applications the week commencing 20 November. In this latest round of funding, up to £80 million will be allocated to successful bids, helping social housing landlords to improve the energy efficiency of their stock.
- 9.2 Applications must be submitted by the week commencing 15 January 2024 and successful projects will be notified by late February to early March. The delivery window is two years, until March 2026, with projects required to spend all their grant funding within the first year.

## 10. Conclusions

- 10.1 A successful bid to the Social Housing Decarbonisation Fund will enable Runnymede Borough Council to achieve a C energy efficiency rating for all its social homes prior to 2030.
- 10.2 Without a successful funding bid a significant unfunded budget gap exists.
- 10.3 Once energy efficiency rating C is achieved additional plans for enhancing energy performance can then be compiled to enable further energy performance improvements prior to 2030.

## 11. Background papers

Housing Asset Management Plan 2021-2026 (within the September 2023 Housing Committee papers)

Social Housing Decarbonisation Fund Wave 2.1 outcomes - [Social Housing Decarbonisation Fund Wave 2.1: successful bids - GOV.UK \(www.gov.uk\)](#)

Social Housing Decarbonisation Fund Wave 1 outcomes - [Social Housing Decarbonisation Fund Wave 1: successful bids - GOV.UK \(www.gov.uk\)](#)

PAS 2035 - [TrustMark & The Delivery of PAS 2035](#)

Energy Performance Rating System (below)

