

Cabinet – 8 September 2021

Social Housing Decarbonisation Fund (SHDF) – Wave 1.

Portfolio: Councillor Andrew, Portfolio Holder for Regeneration

Service: Money Home Job, Childrens Services

Wards: Borough wide

Key decision: Yes

Forward plan: No

1. Aim

To assist registered social landlords (RSLs) with stock in the borough to improve the energy efficiency of their dwellings that have the lowest energy efficiency through co-ordinating and submitting a bid on their behalf for Wave 1 of the Social Housing Decarbonisation Fund (SHDF).

2. Summary

- 2.1 On 23 August 2021 the Department of Business, Energy and Industrial Strategy (BEIS) launched their newest round of grants to help tackle fuel poverty and domestic carbon emissions. This is the £160M Wave 1 of the Social Housing Decarbonisation Fund (SHDF). BEIS requires funding bids direct from local authorities who will then act as the Accountable Body for all RSLs forming part of the specific bid.
- 2.2 The closing date for bids is 15 October 2021 and at the time of writing the report details of any bid to BEIS for Walsall have yet to be finalised but are envisaged to take the bid to the level requiring cabinet authority for Accountable Body status (over £500,000).
- 2.3 BEIS will announce their decision on bids in December 2021 with schemes commencing from January 2022 with a deadline for completion, currently set at March 2023.

3. Recommendations

- 3.1 That Cabinet delegates authority to the Executive Director Children Services to bid to the Department of Business, Energy and Industrial Strategy for Social Housing Decarbonisation Fund and for the council to act as Accountable Body for the same.
- 3.2 That Cabinet agrees that as part of the bid a fee for councils services of up to 5% is included which will be used as income to directly support Finance and Housing Energy Team costs in 2021/22 and 2022/23.

4.1 Report detail - know

Context

- 4.1.1 The SHDF is the latest phase of the government's programme to assist households in tackling domestic related carbon emissions and fuel poverty. It is specifically focussed at improving registered social landlord stock.
- 4.1.2 BEIS has developed specific criteria for eligible works, eligible dwellings and grant levels. The grant funding is dependent upon a 1/3rd minimum contribution from the RSL and grant ceilings are summarised below (Table 1). Grant levels are dependent upon each dwelling Energy Performance Certificate (EPC) rating.

Table 1 Social Housing Decarbonisation Fund Grant Levels

| EPC Rating | Maximum government grant per dwelling | RSL contribution (minimum) | Total value of Improvements |
|------------|---------------------------------------|----------------------------|-----------------------------|
| A to C | Not eligible | NA | NA |
| D | £10,000 | £5,000 | £15,000 |
| E | £12,000 | £6,000 | £18,000 |
| F | £16,000 | £8,000 | £24,000 |
| G | | | |

- 4.1.3 Whilst many RSLs with stock in Walsall have made significant advances over the last 10+ years to improve the energy efficiency of their dwellings there are still expected to be dwellings eligible for SHDF as a result of a combination of:
- hard to treat stock (previously un-economic to improve)
 - limited RSL capital resources
 - tenants declining the upgrade to their home.
- 4.1.4 Officers from the Home Energy Team are in continuing discussions with representatives of RSL landlords with stock in the borough making them aware of the SHDF and supporting their development of individual aspects of a broader bid for funds. This work is in line with the council's adopted Home Energy Conservation Act (HECA) Action Plan, which seeks to lower fuel poverty in the borough (currently rate of 19.4% of all households, 11th highest nationally).
- 4.1.5 At the time of writing this report, the details of any bid to BEIS have not been finalised but are expected to assist more than 50 dwellings and therefore have a capital grant value of over £500,000. Officers will seek to include any eligible council owned dwelling within the project.
- 4.1.6 In addition to the capital grant BEIS is expected to allow applicants to include up to 15% 'on-costs' for ancillary and project development costs to cover items such as EPCs, retro-fit assessments (before and after works) and project management.
- 4.1.7 Whilst the work associated with supporting RSLs is in line with the HECA action plan, it is a cost to the council. It is therefore considered appropriate to include within the 15% on-costs an element to pay for costs associated with work undertaken by the council in this same area and a fee of up to 5% is to be set for this and to be apportioned as shown in Table 2 overleaf.

Table 2 Fee for Social Housing Decarbonisation Fund Grant

| Allocation of On cost fees | % fee | Value based on an indicative £500,000 bid |
|---|-------|---|
| Finance Services ongoing support and monitoring costs | 1.5% | £7,500 |
| Housing Home Energy Service - project management / monitoring and submissions | 3.5% | £17,500 |
| RSL eligible costs- all other associated 'on-costs' i.e. balance available | 10% | £50,000 |
| Total fee | 15% | £75,000 |

4.2 **Council Corporate Plan priorities**

4.2.1 The proposal is in line with:

- a) The existing Housing Strategy (2020-2025) which highlights that the Council is committed to working closely with our major RSL partners to ensure that a sufficient number of affordable housing, that meets housing need, is provided.
- b) The Walsall Home Energy Conservation Act 1995 (HECA) Action Plan 2021 which seeks to address fuel poverty, excess winter deaths and domestic related carbon emissions.

4.2.2 The work has the potential to have a direct positive impact on the Council's abilities to deliver to its priorities as stated in the Corporate Plan 2018-21 in particular;

Communities: Housing provision matches local need and reduces homelessness.

4.3 **Risk management**

4.3.1 The key risk is an individual RSLs not delivering their specific aspect of the scheme. It is expected that a range of RSLs will seek to participate in this project and there will be flexibility in the bid to enable transfer of allocations between RSLs if a specific RSL's delivery is not on target.

4.4 **Financial implications**

4.4.1 The council will only enter into funding agreements with RSLs and BEIS when a bid to BEIS has been approved by them.

4.4.2 The council as Accountable body is expected to receive funding direct from BEIS and will only release it to an RSL upon completion of relevant and evidenced works. RSLs will individually be responsible for confirming compliance with BEIS funding criteria and council officers will be check and verify any funding submissions. As indicated at Table 2 and para 4.1.7 it is proposed to 'levy' a fee for the delivery of this work to cover the councils associated costs.

4.4.3 The level of funding to be sought in the overall bid is not known at this stage but is expected to be in excess of £500,000 i.e. assisting more than 50 dwellings.

4.4.4 As indicated at 4.1.5 officers will seek to include, if possible, any council dwellings that meet the eligibility criteria within a bid with the 1/3rd 'match' funding being sourced from a combination of:

- existing IFM budgets (2021/22 and 2022/23);
- a bid for 2022/23 capital funding and
- Health Through Warmth Capital Programme

4.5 *Legal implications*

4.5.1 Assisting RSLs to improve their own stock is in line with the HECA1995.

4.5.2 The council if successful in its bid will be asked to enter into agreement with BEIS and will then enter into individual agreements with RSLs in line with BEIS requirements.

4.6 *Procurement Implications/Social Value*

4.6.1 It is expected that the majority if not all of the stock to be improved will be owned by RSLs and not the council. RSLs have their own procurement arrangements and these will need to comply with BEIS criteria.

4.6.2 If the council is permitted to include its own limited portfolio of dwellings within the bid it will procure the capital works through a relevant framework such as Fusion 21 which is being used for the Local Authority Delivery Scheme (LADS) retro-fit grant project.

4.7 *Property implications*

4.7.1 The council has a very limited portfolio of dwellings. The occupancy arrangements and premises will be assessed alongside the BEIS criteria to establish if any are eligible for assistance and the bid will include those that are.

4.8 *Health and wellbeing implications*

4.8.1 Improving the energy efficiency of dwellings can directly tackle fuel poverty and excess winter deaths. The proposal is in accordance with the:

- Marmot Review (Fair society healthy lives)
- NICE Guidelines NG5 and Quality Standard QS117 Preventing excess winter deaths and illness associated with cold homes

4.8.3 Previous council research has highlighted that undertaking home insulation and/or heating upgrades has a statistically significant positive impact on mental well-being.

4.9 *Staffing implications*

4.9.1 The proposal includes for existing staff costs to be met from a fee charged to the grant bid. The proposal will be managed by existing staff within the Housing Energy Team and Finance.

4.10 *Reducing Inequalities*

4.10.1 The implications for reducing inequalities have been taken into account and assessed. The proposal is in accordance with the council's approved Renewal Assistance Policy (for which an EQIA already exists).

4.10.2 The key grant criteria is property specific i.e. the dwelling must have a low rated EPC and this effectively 'leads' the prospective direction of grant funding. The scheme will directly help residents move out of fuel poverty and reduce the risk of excess winter deaths caused by cold and damp homes.

4.11 Climate Change

4.11.1 Government data estimates that carbon emissions from dwellings have reduced between 2005 and 2019 (latest data release) in Walsall at a similar rate (38.1%) to the West Midlands (38.4%) and England (38.5%).

4.11.2 The proposal is directed at helping RSLs decarbonise their stock and as a result is expected to have a positive impact on the climate.

4.12 Consultation

4.12.1 Officers are in detailed discussion with a range of RSLs and supporting them in the development of schemes that will meet the BEIS criteria.

5. Decide

5.1 An alternative to the recommendation in this report is to not develop a bid for this source of external funding. It is strongly recommended to seek to bid as SHDF may be the last opportunity to secure grant assistance to improve low efficiency social dwellings (including council premises) and as with private rented dwellings there may in the future a legislative move to the 'outlawing' of tenancies being provided for social rented rated dwellings with F and G EPCs.

6. Respond

6.1 In the event that cabinet approves this report officers will continue to seek to develop a viable bid for funding and submit this to BEIS for their consideration.

7. Review

7.1 An update report will be presented to Cabinet CMT, for noting, when the outcome of any bid to BEIS for this funding is known.

Background papers

NICE Guidelines NG5 and Quality Standard QS117 Preventing excess winter deaths and illness associated with cold homes

Walsall Home Energy Conservation Act (HECA) Action Plan – June 2021

BEIS Local Authority Carbon Dioxide (CO₂) emissions dataset - 9 August 2021

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8th September 2021



Signed
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8th September 2021