



Department for  
Business, Energy  
& Industrial Strategy

# Social Housing Decarbonisation Fund

Competition Guidance Notes

Deadline for Applications: 23:59, 15<sup>th</sup> October 2021

August 2021

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WITHDRAWN



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# Guidance Overview

This section provides an overview of the key headlines of Social Housing Decarbonisation Fund (SHDF) Wave 1 policy. It is not a replacement for the full text further down the document – which applicants should read before applying.

Section	Overview
Introduction	<ul style="list-style-type: none"><li>• Works must adopt a fabric first, lowest regrets approach (a definition is provided in Section 1).</li><li>• Tenant energy bills should not increase for equivalent home warmth, and it is expected that bills will reduce.</li></ul>
Eligible Applicants	<ul style="list-style-type: none"><li>• The SHDF Wave 1 is available to Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers.</li><li>• Private Registered Providers including Housing Associations must apply within a consortium with a lead LA.</li></ul>
Project Delivery Timescales	<ul style="list-style-type: none"><li>• Applications for the fund should be based on a completion date of 31st January 2023.</li><li>• If exceptional circumstances arise during delivery of certain projects, BEIS reserves the ability to grant an extension, of up to 2 months, to these projects to allow completion by 31st March 2023.</li></ul>
UK Subsidy Control Rules	<ul style="list-style-type: none"><li>• This competition provides funding in line with the UK's obligations and commitments to Subsidy Control, outlined in the EU-UK Trade and Cooperation Agreement (TCA).</li></ul>
Eligible Properties	<ul style="list-style-type: none"><li>• All social housing belonging to Registered Providers, including Private and Local Authority providers, is eligible.</li></ul>
Performance Requirements	<ul style="list-style-type: none"><li>• Properties must reach Energy Performance Certificate (EPC) Band C, or EPC Band D where this is not possible for EPC F/G properties, upon completion of works.</li><li>• RPs are expected to improve properties to a space heating demand target of 90 kwh/m<sup>2</sup>/year.</li></ul>
Mixed Tenure	<ul style="list-style-type: none"><li>• Mixed tenure policy is designed to offer support to the retrofit of social homes in situations where there is also the presence of other tenure types.</li><li>• Where over 70% of an application consists of Social Housing, RPs can apply for infill funding for leaseholder properties.</li><li>• Leaseholders are expected to contribute 1/3 of the cost of works, capped at a maximum contribution of £3,300 per home. SHDF Wave 1 will fund the remaining costs.</li><li>• For low income leaseholders, SHDF Wave 1 will fund 100% of the costs of works.</li></ul>
Eligible Measures	<ul style="list-style-type: none"><li>• RPs should adopt a fabric first approach to works carried out.</li></ul>

Section	Overview
	<ul style="list-style-type: none"> <li>• Installation of energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) are permitted, except for fossil fuel boilers (some exceptions for hybrid boilers on gas grid – see section 2.9).</li> </ul>
Funding and Eligible Costs	<ul style="list-style-type: none"> <li>• Maximum grant funding for retrofit works: EPC D = £10k, EPC E = £12k, EPC F/G = £16k.</li> <li>• It is expected that up to 15% of total project costs can be allocated to administration and ancillary costs.</li> <li>• RPs must contribute at least a third of total eligible costs.</li> </ul>
Eligible Installers	<ul style="list-style-type: none"> <li>• RPs should ensure that they have an appropriate procurement path in place to secure installers to carry out planned works.</li> <li>• Eligible installers should follow PAS2035:2019 and be approved by TrustMark or equivalent.</li> </ul>
Safety and Quality	<ul style="list-style-type: none"> <li>• All projects must be compliant with the standards of PAS 2035.</li> <li>• Installers must be TrustMark accredited or equivalent (and MCS or equivalent where appropriate).</li> <li>• RPs must adhere to all relevant building safety and construction product regulations and requirements, in particular those that are considered safety critical and in line with industry best practice.</li> </ul>
Interaction with other Energy Efficiency Schemes	<ul style="list-style-type: none"> <li>• A single measure may not be funded by multiple schemes (e.g. ECO, Sustainable Warmth), but multiple funding sources can be used as long as not on the same measure.</li> <li>• For the purposes of the Renewable Heat Incentive (RHI) any funding from the SHDF Wave 1 competition for low carbon heating measures must be declared to Ofgem (the RHI scheme administrator) when an accreditation application to the RHI is made. The SHDF grant amount will be deducted from RHI's payments as per the RHI rules on grant funding.</li> </ul>
Consideration of Tenants	<ul style="list-style-type: none"> <li>• RPs should demonstrate consideration to tenants throughout the project, including how works will benefit tenants and mitigation plans against any negative impacts.</li> <li>• RPs should consider the impact their project may have on the protected characteristics under their Public Sector Equality Duty (<a href="#">PSED requirements</a>).</li> </ul>
Technical Assistance Facility	<ul style="list-style-type: none"> <li>• A Technical Assistance Facility has been established to provide technical support for all RPs across England who intend to apply to the SHDF Wave 1 competition.</li> <li>• Technical assistance for Wave 1 will be delivered through the Greater London Authority as the Social Housing Retrofit Accelerator (SHRA).</li> </ul>

Section	Overview
VAT	<ul style="list-style-type: none"> <li>• This grant funding to the LA falls out of scope of VAT. This is because the provision of the grant is not a consideration of supply for VAT purposes.</li> <li>• This means recoverable VAT should not be included in the grant requested.</li> </ul>
Financial Viability of Applicants	<ul style="list-style-type: none"> <li>• BEIS will undertake appropriate financial viability checks on all consortium members.</li> </ul>
Conditions of Payment	<ul style="list-style-type: none"> <li>• Payments will only be made by BEIS after a Memorandum of Understanding has been signed between the lead LA and BEIS.</li> <li>• RPs must satisfy the due diligence, financial and organisational checks required prior to receiving public funds.</li> <li>• RPs will be required to track and evidence delivery against the milestones agreed.</li> </ul>
Monitoring & Evaluation	<ul style="list-style-type: none"> <li>• RPs will be required to share regular monitoring data with BEIS, and track progress against specified metrics.</li> <li>• RPs will be required to participate in BEIS' independent evaluation of the SHDF Wave 1.</li> <li>• This evaluation will also include research with tenants, installers and delivery partners. RPs will be required to: <ul style="list-style-type: none"> <li>○ Gather installers', tenants' and delivery partners' consent to take part in this evaluation and to be contacted by BEIS' evaluation contractor in order to be invited to take part in the evaluation.</li> <li>○ Collate contact information (e.g. names, addresses, emails and telephone numbers) for those who have provided consent.</li> <li>○ Securely share this contact information, and proof of consent, with BEIS. BEIS will pass this contact information to their evaluation contractor so they can contact relevant parties in order to invite them to participate in evaluation research.</li> </ul> </li> </ul>
Managing Potential Fraud	<ul style="list-style-type: none"> <li>• RPs must satisfy the due diligence, financial and organisational checks required prior to receiving public funds.</li> <li>• BEIS and the scheme administrator will utilise a range of approaches to ensure the safe administration of funding. BEIS also expects that RPs have appropriate measures in place to mitigate fraud risks as provided in the Memorandum of Understanding.</li> </ul>
Post Launch Webinar and FAQs	<ul style="list-style-type: none"> <li>• Following on from the pre-launch webinars, BEIS will host post-launch webinars during the competition window, arranged and run through the Social Housing Retrofit Accelerator.</li> <li>• BEIS have published an FAQ document which is available at the SHDF gov.uk webpage: <a href="https://www.gov.uk/government/publications/social-housing-decarbonisation-fund">https://www.gov.uk/government/publications/social-housing-decarbonisation-fund</a></li> </ul>

Section	Overview
	<ul style="list-style-type: none"> <li>This FAQ document will be updated after the two-week clarification period ending on 3<sup>rd</sup> September 2021.</li> </ul>
Application Process	<ul style="list-style-type: none"> <li>The Application form will be available to download from the SHDF gov.uk webpage: <a href="https://www.gov.uk/government/publications/social-housing-decarbonisation-fund">https://www.gov.uk/government/publications/social-housing-decarbonisation-fund</a> on 23<sup>rd</sup> August 2021.</li> <li>All completed application forms and required attachments must be submitted electronically via the Ricardo Application Portal at <a href="https://ee.ricardo.com/shdf">https://ee.ricardo.com/shdf</a>, or if experiencing technical difficulties with the portal, via email to <a href="mailto:SHDF.W1@Ricardo.com">SHDF.W1@Ricardo.com</a> by 11.59pm on 15<sup>th</sup> October 2021.</li> </ul>

## Key dates

- **23 August 2021** – competition launch
- **3 September 2021** – 2-week clarification period
- **15 October 2021** – deadline for submission of proposals
- **By end of December 2021** – notification of competition results
- **January 2022** – grant awards
- **31 January 2023** – project closure

## Executive Summary

The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund (SHDF) over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF aims to deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty, and support green jobs. The SHDF supports the aims of the Prime Minister's Ten Point Plan for a Green Industrial Revolution.

Up to £160m will be made available to Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers in England through Wave 1 of the SHDF to support the installation of energy performance measures in social homes by 31st January 2023 taking a worst first, fabric first, lowest regrets approach.

This follows the £62m SHDF Demonstrator, which was an initial investment to test innovative approaches to retrofitting at scale.



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## Outline of the Competition

The Department for Business, Energy and Industrial Strategy (BEIS) is inviting Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers, to apply for funding to be used to improve the energy performance of Social Housing. Applications for SHDF Wave 1 must be led by a LA (as defined under Section 31 of the Local Government Act 2003), meaning that RPs must apply as part of a consortium with a lead LA in England. We encourage RPs to consider their housing stock and to assess whether they can apply to the scheme, with the aim of raising the energy performance of low EPC rated properties, particularly those properties with the worst energy performance. We aim to improve the energy performance of homes to Energy Performance Certificate (EPC) Band C, wherever possible, to take homes out of fuel poverty and deliver progress towards the UK's commitment to Net Zero by 2050. This is the first wave (out of a total of four waves, subject to future spending review agreement) of the SHDF programme. The entire SHDF programme seeks to raise the energy performance of as many as possible of the 1.6m social homes below EPC Band C up to that level, in preparation for the widespread adoption of decarbonised heating systems.

Applications for Wave 1 will be accepted from 23<sup>rd</sup> August 2021 to 15<sup>th</sup> October 2021. Applications should be submitted via the Ricardo Application Portal: <https://ee.ricardo.com/shdf> or, if experiencing technical difficulties, send via email to [SHDF.W1@Ricardo.com](mailto:SHDF.W1@Ricardo.com) using the application form provided, by 11.59pm on the 15 October 2021. Applications received after 15 October 2021 will not be considered by BEIS. Details of the application process are set out later in this document in Section 7. Where applicants are successful in the application process, BEIS will aim to make grant offers in January 2022. BEIS will contact applicants individually to inform them of the outcome of their application prior to the publication of successful applications on gov.uk.

Successful LAs will then be required to sign and return a Memorandum of Understanding (MoU), a Privacy Notice, Data Sharing Agreement and a Grant Determination Notice, so that BEIS can issue grant payments to the LA (or lead LA if part of a consortium) under Section 31 of the Local Government Act 2003. To enable prompt payment LAs are requested to return completed and signed documents within 15 working days. Grant payment is dependent upon the timely receipt of correctly completed and signed MoUs; those received outside the 15 working days may result in a delay to payment of the grant. Where the documents are not signed and returned within 30 days, the grant offer may be rescinded.

Delivery of all projects funded through the SHDF Wave 1 competition must be completed by 31st January 2023. RPs are asked to submit applications that they are confident can be fully delivered by the end of January 2023.

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## Enquiries

This document sets out the SHDF Wave 1 competition and should be read prior to submitting an application for funding. The application form can be found on the SHDF gov.uk webpage: <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund>

BEIS have also published a Frequently Asked Questions (FAQ) document, see SHDF gov.uk webpage: <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund>

RP's should review the FAQ document in the first instance if they have any questions. There will be a two-week clarification period when the competition window has opened for applicants to ask further questions. All queries should be addressed to the Scheme Administrator at [SHDF.W1@Ricardo.com](mailto:SHDF.W1@Ricardo.com) after which the FAQ document will be updated and re-uploaded to gov.uk page. RP's should refer to the FAQ document for all queries after this time.

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# 1. Introduction

The purpose of the Social Housing Decarbonisation Fund (SHDF) is to improve the energy performance of Social Housing in England. The 2019 Conservative Manifesto committed to a £3.8bn Social Housing Decarbonisation Fund over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. The SHDF will upgrade a significant amount of the social housing stock to meet an Energy Performance Certificate (EPC) Band C standard, delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs. By improving the energy performance of homes below EPC Band C, the fund will facilitate the subsequent widespread adoption of decarbonised heating systems as part of the social housing landlords' normal asset management strategy.

The 2020 Summer Economic Update announced the SHDF Demonstrator project, launched in 2020, which has awarded £62m of funding to social landlords to test innovative approaches to retrofitting at scale, seeing over 2,300 social homes improved to at least EPC Band C and supporting at least 1,300 local jobs.

The Government has announced up to a further £160m in financial year 21/22, delivering up to January 2023, as Wave 1 of the £3.8bn 2019 manifesto commitment.

The SHDF Demonstrator was designed to learn lessons about high complexity, deep retrofit, installing many measures throughout homes with a target space heating demand of 50 kWh/m<sup>2</sup>/year. In the majority of cases, the heating system of properties treated through the Demonstrator was replaced with low carbon heating. Wave 1 of the SHDF will look to retrofit a significantly greater number of properties than the SHDF Demonstrator, and will not focus on such deep retrofit, while still offering the opportunity for the worst performing social homes to be upgraded. Wave 1 will support the installation of low carbon heating where a fabric first approach is taken, and the new heating system reduces bills when compared to the existing heating system in isolation (see section 2.7.1 for more details) - BEIS does not expect low carbon heating installations to be proposed for the majority of properties. Lessons learned from both the SHDF Demonstrator and SHDF Wave 1 will be incorporated in the design of any future Waves of the SHDF.

The SHDF Wave 1 competition will be based upon the following key principles:

- **Worst First:** Facilitating the treatment of the worst performing homes through a scaled cost cap that allows for greater spend on those homes with a lower starting EPC Band. Whilst applications to the SHDF including the worst performing properties are encouraged, there is no requirement for properties of certain EPC Bands to make up a certain percentage of the overall number of properties included in an application to the SHDF.

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- **Fabric First:** A fabric first approach (of insulation and heat loss prevention measures) is required. This ensures that heat loss prevention measures are installed before other energy efficiency measures to maximise comfort and bill savings for the consumer, and to maximise the dwelling's suitability for low carbon heating either now or in the future.
  - **Lowest Regrets:** The approach to retrofit taken should minimise the potential of measures installed through SHDF having to be replaced in the future on the journey to Net Zero for the social housing stock.

The key aims and objectives for the SHDF Wave 1 competition are set out below:

- **Fuel Poverty:** Reduce the numbers in Fuel Poverty by improving the energy efficiency rating of social homes below EPC Band C and reducing energy bills. On this basis, tenant energy bills should not increase for equivalent home warmth, and it is expected that bills will reduce.
- **Carbon:** Deliver cost effective carbon savings to contribute to carbon budgets, and progress towards the UK's target for Net Zero by 2050 by reducing CO2 emissions from Social Housing.
- **Green Economy:** Support economic resilience and a green recovery in response to the economic impacts of Covid-19, supporting thousands of jobs.
- **Tenants:** Improve the comfort, health, and well-being of Social Housing tenants by delivering warmer and more energy-efficient homes.

RPs must improve their social homes through a fabric first approach suitable for the building type, to at least a minimum energy efficiency rating threshold of EPC Band C. By exception, where the building archetype for EPC Band F/G homes prevents this from being achieved, a lower performance could be acceptable (EPC Band D) but must be underpinned by strong justification.

RPs are expected to improve properties to a space heating demand target of 90 kwh/m<sup>2</sup>/year. There is however a recognition that this level of space heating demand may be hard to achieve for some archetypes – if it is not achievable, then justification is required.

## 2. Eligibility Criteria and Application Requirements

### 2.1 Eligible Applicants

The SHDF Wave 1 competition is available to Registered Providers (RPs) of Social Housing, including Private and Local Authority (LA) providers.

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Grant funding can only be awarded to Local Authorities using Section 31 as specified in Section 33 of the Local Government Act 2003<sup>1</sup>. Applications for SHDF Wave 1 must therefore be led by a LA. Private Registered Providers of social housing may apply as part of a consortium with a LA in England. Local Authorities may also form part of a consortia with other LAs, in this instance a lead LA must still be chosen.

Where an application is from a consortium, a lead LA should be agreed, and this LA should submit the proposal on behalf of the consortium and be the primary point of contact with BEIS. When drafting the application, the lead LA must list all the social housing providers involved in the proposal. The lead LA for a successful application will be expected to enter into a Memorandum of Understanding (MoU) with BEIS before the grant may be paid.

BEIS welcomes applications from RPs that have engaged under the SHDF Demonstrator scheme, whether successful or unsuccessful in their application.

## 2.2 Project Delivery Timescales

Applicants to the scheme must develop evidenced project plans showing their ability to complete projects by the 31<sup>st</sup> January 2023, and consider any risks to this plan. If exceptional circumstances arise during delivery of certain projects, BEIS reserves the ability to grant an extension, of up to 2 months, to these projects to allow completion by 31<sup>st</sup> March 2023.

## 2.3 UK Subsidy Control Rules

This competition provides funding in line with the UK's obligations and commitments to Subsidy Control. Further information about the UK Subsidy Control requirements can be found within the [EU-UK Trade and Cooperation agreement](#) (TCA) and the subsequent guidance from the department of [Business, Energy and Industrial Strategy \(BEIS\)](#).

Where grant funding will be passed from a lead Local Authority to a Private Registered Provider, for example Housing Associations, as part of a consortium this will be considered a subsidy in accordance with the task of social housing under Services of Public Economic Interest. The Local Authority will need to ensure compliance with the subsidy control rules – refer to the above guidance for further information.

In instances of a Local Authority using grant funding on their own social housing stock – this will not be considered a subsidy.

Where leaseholder or freeholder (right to buy) properties, including those that are privately rented, are included in the Proposal, the Small Amounts of Funding Exemption applies. To receive funding under this exemption, RPs should declare to LAs that the support they are receiving does not exceed 325,000 Special Drawing Rights threshold across three financial

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<sup>1</sup> <https://www.legislation.gov.uk/ukpga/2003/26/section/33>

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years from all public sources. Subsidies below this amount are exempt from the subsidy provisions of the TCA.

There are special provisions that apply in respect of awarding grant funding to an ailing or insolvent enterprise. Further information on the June 2021 Subsidy Control Bill can be found [here](#). We will conduct financial viability and eligibility tests to confirm this is not the case following the application stage.

## Further Information

If you are unsure about your obligations under the UK Subsidy Control arrangement, please take independent legal advice.

You must make sure at all times that the funding awarded to you is compliant with all current Subsidy Control obligations applicable in the United Kingdom.

This aims to regulate any advantage granted by a public sector body which threatens to or actually distorts competition in the United Kingdom or any other country or countries.

If there are any changes to the above requirements that mean we need to change the terms of this competition, we will tell you as soon as possible. Where necessary, Grant Recipients will be expected to comply with the UK's obligations and commitments to subsidy control and maintain appropriate records as evidence of this.

## 2.4 Eligible Properties

All existing social housing provided by Registered Providers (RPs) including Private and Local Authority providers are eligible for SHDF Wave 1 funding, regardless of archetype (including high rise blocks). Homes both on and off the gas grid are eligible for funding. There is no income related eligibility requirement for social housing tenants, although RPs may wish to consider the income profile of tenants to determine how best to make progress towards reducing fuel poverty, a key objective of the SHDF.

Private domestic homes, such as those owned by leaseholders, may be eligible for funding under the Wave 1 Mixed Tenure policy, outlined in Section 2.8 below. Shared ownership homes will only be eligible for funding under the SHDF Wave 1 Mixed Tenure policy.

The focus of SHDF Wave 1 applications will be on social homes with an EPC rating of Band D, E, F or G. Where a small number of properties in a block or terrace are at EPC Band C or above (for instance – a tower block/low rise with a small number of properties at EPC Band C or above due to individual home upgrades, with the vast majority of homes in the block being below EPC Band C), they can be included where they enable effective works to social housing below EPC Band C. RPs should justify this approach in the application, including providing the % of properties at EPC Band C or above. There would need to be a significant reason for inclusion of these properties – any application without appropriate justification will not be successful. Any

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inclusion of properties at EPC Band C or above would need to be on an ‘infill’ basis – properties at EPC Band C or above can be included in an application where:

- They are limited to situations in which social homes below EPC Band C would be adversely affected without it, for example cases where these social homes would not be able to meet the performance requirements of the scheme, or where works must be undertaken on a whole block for planning or logistical reasons.
- A minimum of 70% of homes across the overall application are below EPC Band C
- Measures installed are insulation and associated ventilation. RPs may include additional measures on an exceptional basis if a justification is given as to why a whole block approach is essential for the attainment of SHDF Wave 1 performance requirements (see section 2.7) for the below EPC Band C homes.

BEIS expects the majority of applications will include homes exclusively below EPC Band C. BEIS expects that applications that do contain homes at or above EPC Band C will keep the number of such homes as low as possible (the 30% is a limit, not a target, and it is expected that most applications containing homes at or above EPC Band C will have far fewer than 30% of homes at or above EPC Band C). Applications requesting a considerable amount of funding for homes already at EPC Band C or above are unlikely to score well on the Value for Money and strategic fit sections of the application form.

The grant funding cost caps for retrofit works for EPC Band C homes are the same as that for EPC Band D homes (£10,000 – see section 2.10.2).

## 2.5 Eligible Installers

RPs should provide details of their contractors, procurement status and TrustMark registration or equivalent; and where applicable their Microgeneration Certification Scheme (MCS) certification status.

All installers are required to be TrustMark Registered<sup>2</sup> or equivalent, and compliant with TrustMark requirements.

All projects must be compliant with “PAS 2035:2019 Retrofitting dwellings for improved energy efficiency. Specification and guidance” (PAS 2035:2019).

Installers are required to have the appropriate certifications for the eligible measures that they are installing on behalf of the RP as set out in the application. PAS 2035 requires that all energy efficiency measures within the scope of the PAS 2030:2019 standards must be delivered by

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<sup>2</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.

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installers who are certified to this standard and all low-carbon heating measures must be installed by a MCS certified<sup>3</sup> installer.

It is a requirement for low carbon heat installers to be registered with TrustMark or equivalent and to be certified to the relevant MCS standards for the technology they are installing. MCS certification requires an installation company to be assessed by an affiliated certification body, have consumer code membership, and to have demonstrated suitable competency against relevant technology standards, as well as carry out installations in accordance with MCS installation standards.

Where a communal heat network/district heating scheme is to be installed, this should be done in accordance with the Heat Trust Consumer Protection Scheme<sup>4</sup>.

BEIS expects all contractors to work safely, following [Covid-19 secure working practices](#).

RPs are encouraged to support and boost local green growth by considering local and SME installers as part of a contribution to levelling up society whilst investing in the skills and supply chains necessary to meet net zero. RPs should consider the role of SMEs in the supply chain and ensure that barriers to participation are minimised in their procurements.

RPs are also encouraged to consider and implement all relevant Public Procurement Notices in their procurement activity. A summary of relevant public procurement policy can be found at the following [link](#).

## 2.6 Safety and Quality

RPs must adhere to all relevant building and construction product regulations and requirements, in particular those that are considered safety critical and in line with industry best practice. Applicants must ensure any installations are in line with all concurrent legal requirements for manufacturers to ensure that products are safe at the time of installation.

RPs are required to detail their adherence to all appropriate safety and construction standards in line with PAS2030:2019 and PAS2035:2019, including ensuring sufficient checks are in place to ensure installers are compliant with the same standards.

A retrofit coordinator will advise on suitable measures to be installed in properties, ensuring there are no negative impacts, no unneeded installations and that good value for money is maintained.

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<sup>3</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.

<sup>4</sup> Or able to demonstrate registration with a scheme which has been deemed equivalent by the Secretary of State.



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## 2.7 Performance Requirements

RPs must improve their social homes (through a fabric first approach suitable for the building type) to at least a minimum energy efficiency rating threshold of EPC Band C; except for those EPC Band F/G homes that cannot reach this level, which would need to reach EPC Band D and provide strong justification as to why they could not reach EPC Band C (evidence could include SAP data and recommendations, PAS 2035 retrofit dwelling assessment or improvement option evaluation).

RPs are also (in addition to the above EPC improvements) expected to improve properties to a space heating demand target of 90 kWh/m<sup>2</sup>/year or better (as per SAP 2012<sup>5</sup> worksheet box 99). There is however a recognition that this level of space heating demand may be hard to achieve for some archetypes – if it is not achievable for a given home or properties, then justification is required as part of the response to the ‘strategic fit’ section of the application form.

Examples of acceptable evidence of the planned improvement of properties to the recommended space heating demand can include the outputs from stock modelling and energy efficiency planning using a SAP, energy, carbon or PHPP based modelling tool or calculator. This does not replace the requirements for dwelling assessments under PAS2035.

## 2.8 Mixed Tenure

SHDF Wave 1 policy on mixed tenure is designed to support works to social homes in situations where there is also the presence of other tenure types. The policy:

- Is limited to situations in which social homes would be adversely affected without it, for example cases where social homes would not be able to meet the performance requirements of the scheme, or where works must be undertaken on a whole block for planning or logistical reasons.
- Requires a minimum of 70% of homes across the overall application to meet the eligibility requirements of the scheme.
- Is available for insulation and associated ventilation. RPs may include additional measures on an exceptional basis if a justification is given as to why a whole block approach is essential for the attainment of SHDF Wave 1 performance requirements (see section 2.7).

For homes that require works to be funded under mixed tenure policy, a mixture of SHDF Wave 1 funding and recovered costs from the leaseholder, freeholder or shared ownership owner can be used. It should be noted that if a contribution from the leaseholder, freeholder, or shared ownership is withheld or refused, the RP may be required to underwrite this.

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<sup>5</sup> [The Government’s Standard Assessment Procedure for Energy Rating of Dwellings, 2012](#)

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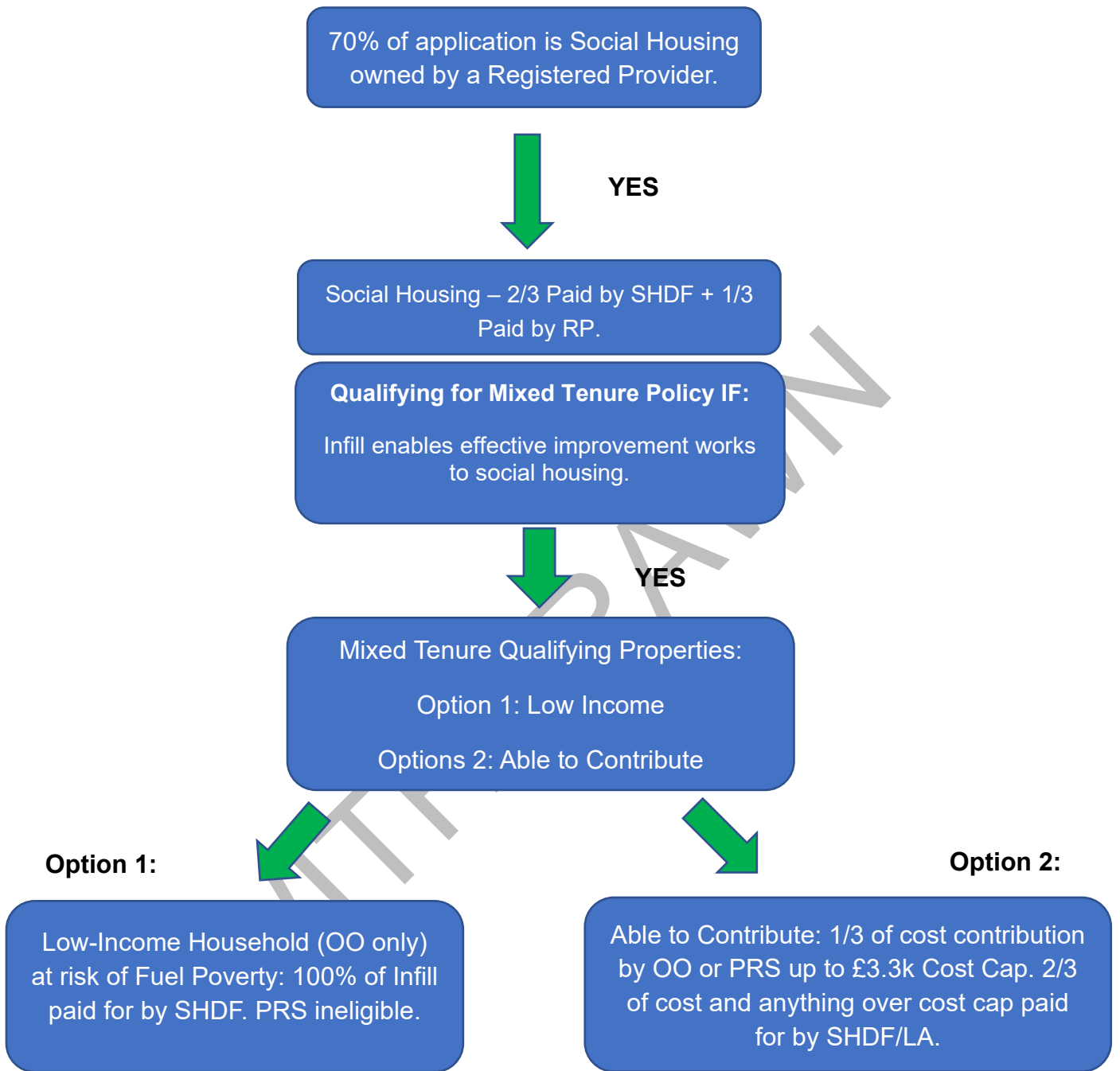
For works carried out on mixed tenure properties in Wave 1 (those that are not social homes), the following applies:

- The SHDF Wave 1 competition will fund 100% of costs of the infill measure for low-income owner occupier homes. These homes are considered as:
  - Homes with an annual income of no more than £30,000 gross, before housing costs and where benefits are counted towards this figure; or
  - Verified using alternative methodologies, such as means tested benefits, charity, and health referrals, locally held data (e.g., Council Tax reductions), and advanced statistics / machine learning.
- For owner occupier homes that are not captured in the above, and Private Rental Sector homes, a contribution towards the infill measure may be requested. This contribution is capped at £3,300 and therefore is either a 1/3 of the cost of the infill measure or £3,300, whichever value is lower.
- Where the capped contribution of £3,300 does not cover the full cost of the infill measure, the SHDF wave 1 competition will cover the outstanding cost.

BEIS have developed a Mixed Tenure Calculator to support RPs calculate the level of contribution required by Leaseholders and the amount payable by the SHDF wave 1 for mixed tenure infill measures. This can be found in the Strategic Fit section of the application form.

Inclusion of non-social housing must comply with UK subsidy control rules as laid out in section 2.3 of this guidance.

Figure 1: Below – Flow chart showing how a mixed tenure application will be assessed



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## 2.9 Eligible Measures

Eligible measures are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) 2012 that will help improve the energy performance of homes. RPs are expected to focus on measures that will help lower household energy bills. This includes, but is not limited to, energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies – but excluding heating systems which are solely fuelled by fossil fuels. One of the core objectives of the SHDF is to support progress for the UK to reach its Net Zero target by 2050. Therefore fossil fuel measures, such as the installation of a new fossil fuel-based heating system, or the replacement or repair of an existing fossil fuel-based heating system with another fossil fuel-based heating system, are not in scope and applications including these fossil fuel measures will be ineligible for funding through the SHDF Wave 1 competition. For eligible heating measures that are in scope see sections 2.9.1 and 2.9.2 below on low carbon and hybrid heating, respectively.

A fabric first approach (of insulation and heat loss prevention measures) to works is required. A fabric first approach is a core principle of the *“PAS 2035 Retrofitting dwellings for improved energy efficiency. Specification and guidance”*<sup>6</sup> standards, to which all delivery partners and subcontractors must adhere. It ensures that heat loss prevention measures are installed before other energy efficiency measures, to maximise comfort and bill savings for tenants and to maximise the home’s suitability for low carbon heating either now or in the future. We expect that adherence to the PAS 2035 standards and a fabric first approach may require ancillary measures such as improved ventilation systems, therefore these costs can be included as either capital costs or within the 15% administration and ancillary budget.

RPs should quantify the mix of measures they are intending to install and provide justification as to why they are considered the most appropriate measures for targeted properties; and why they represent good value for money. RPs should provide evidence that products and technologies will be of a good standard - for instance renewable heating measures below 45kW should be listed on the MCS Product Directory. Where RPs plan to install measures such as solar PV or double glazing, which are typically less cost-effective, the proposal should, for example, quantify how many double-glazing installations are planned and specify whether double glazing will replace single glazing only. Applications where these less cost-effective measures represent a high percentage of the total costs of upgrades are likely to receive a low score in the ‘Value for Money’ section of the assessment.

RPs are required to complete a table detailing the expected number of measures to be installed and the cost of these measures to be installed (a template is provided in the application form). The proposed measures mix to be installed will be assessed for their alignment with SHDF Wave 1 objectives under ‘Strategic fit’ and the total costs will be assessed within ‘Value for Money’ to ensure that proposed measure costs are reasonable.

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<sup>6</sup> [PAS 2035 Retrofitting Dwellings for Improved Energy Efficiency: Specification and Guidance.](#)

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## 2.9.1 Low Carbon Heating

Low carbon heating can be installed through SHDF Wave 1 funding where a fabric first approach is taken, and the new heating system reduces bills when compared to the existing heating system in isolation (i.e. ignoring the impact of any other measures (e.g. fabric measures) installed). Examples of this could be (but are not restricted to) installing low carbon heating to replace inefficient direct electric heating, or to replace inefficient fossil fuel heating systems, but not replacing efficient gas boilers with low carbon heating where the low carbon heating source would lead to higher bills in isolation. Applications must be bespoke to the properties they address. Modelled evidence will need to be provided to show that low carbon heating proposed is in line with this objective. BEIS does not expect low carbon heating installations to be proposed for the majority of properties treated through SHDF Wave 1.

Where low carbon heating is supported, RPs should consider systems that are consistent with net zero and considerations such as affordability, air quality, and sustainability. In the application form RPs will be asked to outline the rationale for their proposed form(s) of low carbon heating, and their contributions towards SHDF Wave 1 objectives. Appropriate forms of low carbon heat installed where they reduce bills compared to the existing heating system in isolation, will score well on the Strategic Fit and Value for Money assessment criteria.

RPs are expected to focus on low temperature heat pumps as the lead technology for off-gas grid dwellings. In homes where low temperature heat pumps are unsuitable for the dwelling, we expect high temperature heat pumps, solid biomass, and high retention electric storage heaters (in electrically heated flats and small dwellings only) to be installed as the next best option for deliverability, value for money, affordability, sustainability, and air quality.

Whilst solid biomass is an eligible measure, these are only expected to be installed in exceptional circumstances where heat pumps are unsuitable for the dwelling, and only in rural areas where there are no air quality restrictions. If an RP were to propose the use of biomass boilers within their funding application, a justification should be provided as to why biomass is the most appropriate technology and how the RP intends to ensure the ongoing use of sustainable fuels, such as by adhering to the sustainability and air quality requirements from the Renewable Heat Incentive, and appropriate maintenance of these systems.

If alternative low carbon heating technologies are to be installed, the justification similarly must clearly be evidenced in the application.

Recognising the closure of the Non-Domestic Renewable Heat Incentive (NDRHI), BEIS is committed to supporting the Shared Ground Loop market in social housing through SHDF Wave 1. Therefore, BEIS reserves the right to prioritise the allocation of funding for Shared Ground Loops in applications that are compliant with all requirements outlined in this guidance document.

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## 2.9.2 Hybrid Heating

Where a fabric first approach is taken, and the new heating system reduces bills when compared to the existing heating system in isolation (i.e. ignoring the impact of any other measures (e.g. fabric measures) installed), funding may be used to install hybrid forms of heating for homes currently heated by mains gas; a fully integrated hybrid heating system that includes a heat pump and boiler within a single unit; or a heat pump alongside the current gas boiler that has an Energy Related Products rating of A (or above), where the retrofit coordinator is satisfied it is in good working order to be fitted alongside a heat pump.

Where an existing boiler is replaced with a new boiler as part of a hybrid system, funding cannot be used for this. For all hybrid heating systems, the heat pump must be sized to deliver at least 50% of the heat load. Other forms of transitional heating that are fuelled by mains gas are not permitted. Prior to installing a hybrid heating system, retrofit coordinators are encouraged to upgrade existing systems to stand alone heat pumps, where possible.

## 2.10 Funding and Eligible Costs

Funding available through the SHDF Wave 1 competition is capital funding distributed by Section 31 of the Local Government Act 2003. The funding must therefore be used in line with section 11 of the Local Government Act 2003, for example for the creation of an asset or the modification or improvement of an existing asset.

### 2.10.1 Co funding

On the journey to decarbonising the lowest performing Social Housing, there is a co-funding requirement to maximise the number of properties that can be treated with the funds available. As such, BEIS will require at least one third of total eligible costs to be provided by the RP when applying for the SHDF Wave 1 competition.

### 2.10.2 Cost Caps

To maximise Value for Money across Wave 1 of the SHDF, cost caps will be implemented for each home, detailed in Table 1 below. These cost caps will be scaled to ensure that homes with the lowest EPC Banded ratings receive the most money in line with the worst first principle.

The maximum amount of grant funding for retrofit works that an RP can request is based upon the starting EPC Band of the homes that the RP applies with, as outlined in Table 1. This is exclusive of administration and ancillary costs (see section 2.10.3). The amount of grant funding for retrofit works requested can be totalled and allocated across the application as appropriate at the discretion of the RP, as long as performance requirements are met for every home.

RPs should contribute at least a third of total eligible costs, as detailed in Table 1. If additional costs are required to upgrade the home to the desired standard, additional investment to the minimum RP contribution of at least 1/3 would be required.

**Table 1: SHDF Wave 1 Cost Caps**

<b>Starting EPC Band</b>	<b>Maximum SHDF Grant Funding for Retrofit Works</b>	<b>Minimum<sup>7</sup> 1/3 RP Contribution (co-funding)</b>	<b>Total Spend on Retrofit Works (if Maximum Grant Funding Utilised)</b>
D	£10,000	£5,000	£15,000
E	£12,000	£6,000	£18,000
F	£16,000	£8,000	£24,000
G	£16,000	£8,000	£24,000

## Maximising Cost Caps

Cost caps for Wave 1 have been set to encourage the worst performing homes to be included as part of applications. It is anticipated that most homes will not require the level of spend allowed by the maximum cost caps (combined with the corresponding co-funding amount) to reach the performance requirements. For example, it is anticipated that most EPC Band D rated homes will not require the full £10,000 grant funding for retrofit works (plus £5,000 co-funding) to upgrade the home to an EPC Band C with space heating demand of 90 kwh/m<sup>2</sup>/year, and only a portion of this grant funding for retrofit works (alongside associated co-funding) would be needed.

Therefore, it is not expected that RPs will apply for the maximum grant funding for retrofit works available to them for every home. The level of funding applied for should be dependent on the cost of improving the stock to the required performance requirements and should not be dependent on the maximum level of grant funding for retrofit works available. RPs will be required to provide a detailed cost breakdown of the project, along with a justification of these costs and how they contribute towards progress towards SHDF Wave 1 objectives in a way that provides value for money, as detailed in Section 2.10.4 below.

## Going Beyond the Required Performance Requirements

It is anticipated that some RPs may wish to use grant funding for retrofit works to improve the energy performance of homes beyond the required energy performance requirements stipulated for SHDF Wave 1 (EPC Band C, 90 kwh/m<sup>2</sup>/year). For example:

- If a RP has an internal target for stock improvement of EPC B+;

<sup>7</sup> If maximum grant level applied for.

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- If there are some properties already at EPC Band C within a block and it would not make sense to exclude those properties from works (see section 2.4);
  - If it requires limited extra costs to improve the energy performance of a home to an EPC Band B in comparison to improving to EPC Band C, and the RP wishes to do this;
  - If a RP wishes to undertake deep, complex retrofit improving homes beyond EPC Band C at considerable cost.

The application should outline the number of properties which go beyond the required performance requirements and should outline what performance level will be achieved and justify the reasons why.

It is expected that the grant funding for retrofit works applied for (along with associated co-funding) will be that required to achieve the performance requirements of the SHDF. For RPs wishing to go beyond these levels, it is expected that they will provide additional co-funding to allow them to do so. Cost, and justification of costs, will be considered in the Value for Money section of the application form.

### Innovative approaches to facilitating retrofit at scale

Some RPs may wish to utilise innovative approaches to facilitating retrofit at scale through cost reduction, for example utilising Modern Methods of Construction to help achieve this. The cost of such work can be considerable. To help to support these retrofits through SHDF Wave 1, an application that clearly outlines such an approach would not be disadvantaged for utilising the full grant funding available for these homes, or using the flexibility provided by the cost caps to spend more on these homes and less on others in their application (as long as all homes met the SHDF performance requirements) while applying to utilise the maximum or close to the maximum grant funding for retrofit works available to them based upon the starting stock. Due to the cost of these projects, it is expected that in these circumstances, RPs would provide considerably greater co-funding than the minimum contribution of 1/3 required.

Consideration will be given on how to support innovation in social housing retrofit in England in future, including in any future Waves of the SHDF.

### 2.10.3 Administration and Ancillary Costs

Due to the scale and size of the projects, RPs are expected to have administration and ancillary costs associated with the delivery of the project. Therefore, up to 15% of the total project costs can be utilised for administrative, delivery and ancillary works; and at least one third of these administration and ancillary costs must be provided by the RP in line with minimum co-funding contributions. Administration and ancillary costs are expected to be as low as possible and comprise less than 15% of the total budget. The level of spend on administration and ancillary should be justified as part of the value for money section of the application form (detailed in Section 2.10.4 below).



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RPs will be expected to provide significant contributions towards SHDF Wave 1 objectives – an application that comprised a high proportion of administration and ancillary costs, and low contributions towards SHDF Wave 1 objectives relative to other applications, will likely score poorly on value for money.

RPs should consider which costs will be non-capital costs and make sure these are accounted for in the administration and ancillary budget. Examples of what spend could be included in the administration and ancillary budget and example of capital costs are given below. It is acknowledged that for certain activities, there is flexibility in whether these are considered as administration and ancillary, or capital. BEIS is not prescriptive about where costs sit and understands the need for flexibility and so RPs should work with their Accounting Officers to ensure that their budgeting and allocations are fit for purpose.

Administration and Ancillary costs may include:

- Project management, reporting and governance costs,
- New pre-installation assessment and EPCs to verify eligibility of households to demonstrate starting EPC rating,
- Building works to prepare for installation – for example if there are issues with the ventilation which need to be rectified prior to insulation being applied, such as repointing,
- PAS 2035 retrofit assessor and coordinator costs,
- Search costs associated with resident recruitment, low-income verification for eligible owner occupier and private rental sector tenants (see section 2.8) and sign-up including communication activities, and
- After-care services to ensure households know how to use any new technology.

Capital costs may include:

- Installer and designer labour costs
- PAS2035 on-site costs such as airtightness tests, ventilation updates, SAP measurements and retrofit coordinator costs (although this could also sit in admin)
- Materials and transportation, and
- TrustMark or equivalent lodgement fees (although this could also be considered an admin cost).

## 2.10.4 Example of Cost Breakdown

For clarity, the below example considers the case where a RP applies for the maximum grant funding for retrofit works available. We would not expect this to be the case in most applications.

### **Example 1:**

- An RP may apply for a maximum of £500,000 of grant funding for retrofit works on 50 EPC Band D properties (£10,000 cost cap x 50 properties) and £1.2m of grant funding for retrofit works on one hundred EPC Band E properties (£12,000 grant funding cost cap x 100 properties). This totals £1.7m of grant funding for retrofit works.
- The RP has to provide co-funding of at least a third of eligible costs. In this example, co-funding relating to retrofit works would have to equal at least £850,000 (£1,700,000 x 3 divided by 2) to go alongside this, taking the spend on retrofit works to at least £2.55m if the maximum grant on retrofit works was requested on these properties.
- It is expected that up to 15% of overall costs can be for administration and ancillary (see section 2.10.3). Therefore, it would be expected that in this example £450,000 or less would be spent on administration and ancillary costs. This is calculated as follows:
  - £2.55m x 100 divided by 85 = £3m = total spend (including funding on retrofit works, and on administration and ancillary).
  - Total costs – capital costs on retrofit works = £3m - £2.55m = £450,000 (maximum expected costs on administration and ancillary).
  - RPs would also be expected to provide at least a third of administration and ancillary costs (£150,000). Table 2 below provides the breakdown of spend for this example.

**Table 2: Example for an application maximising cost caps for 50 EPC D and 100 EPC E social homes, and utilising the maximum expected spend on administration and ancillary**

	<b>Retrofit Works</b>	<b>Administration and Ancillary</b>	<b>Total Costs</b>
<b>Grant funding</b>	£1,700,000	£300,000	£2,000,000
<b>Co-funding</b>	£850,000	£150,000	£1,000,000
<b>Total</b>	£2,550,000	£450,000	£3,000,000

## 2.10.5 Value for Money

Ensuring value for money is a critical objective of this project that reflects BEIS' obligation to ensure it is spending taxpayer's money as effectively and efficiently as possible. The assessment criteria and process for the competition have therefore been designed to assess the value for money of each project on an individual basis, ensuring overall value for money for the programme can be assured.

Value for money will comprise a three-part assessment approach: measures to be installed; a detailed cost breakdown and justification of this cost breakdown; and a cost confidence of the application.

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1. Measures proposed in the application will be assessed and given a score between 0-10. RPs are expected to propose measures appropriate for their chosen stock which align with the SHDF Wave 1 objectives. Proposed measures in alignment with the SHDF Wave 1 objectives will score higher than those which do not align with the SHDF Wave 1 objectives.
  2. Detailed Cost Breakdown and Justification – RPs are expected to detail the costs of the project including VAT and excluding VAT including a breakdown of capital costs for retrofit works and administration and ancillary costs. RPs must provide a breakdown of requested SHDF grant funding for capital costs to retrofit by EPC Band; requested SHDF grant funding for administration and ancillary costs; and the RP co-funding contribution to both. RPs must justify their proposed capital costs for retrofit works and associated administration and ancillary costs by taking into consideration factors such as: geography and spread of dwellings, cost of materials, cost of installers, supply chain infrastructures, archetypes treated, inclusion of hard-to-treat properties and level of funding required to meet SHDF performance requirements. RPs are not expected to maximise the available grant funding for retrofit works for every home (as outlined in Section 2.10.1 above) and should request grant funding based on the costs required to upgrade homes.
  3. Cost Confidence – RPs must outline their confidence level that the application will be delivered within the costs proposed; and should take into consideration factors that will affect this, for example whether the costs are based on quotes from suppliers, whether they are based on costs from previous projects etc. RPs must also confirm the source of funds for co-funding and are expected to provide evidence of secured co-funding such as board sign off, minutes from meetings or letters of commitment.

## 2.11 Interaction with other Energy Efficiency Schemes

Both successful and unsuccessful applicants who have previously applied to the SHDF Demonstrator may apply for funding under this Wave 1 competition, subject to their new proposal complying with the eligibility criteria for this competition set out in Section 2 of this document.

RPs may use funding from other government schemes, such as the Energy Company Obligation (ECO) or the Sustainable Warmth (SW), to support works on the same home but cannot be used to fund the same individual measure. It is the RPs responsibility to ensure that any blending of funding is compliant with each individual scheme and the respective requirements and objectives for each fund is met.

The SHDF Wave 1 competition is grant funding from public funds, therefore, for the purposes of the Renewable Heat Incentive (RHI) any funding from the SHDF competition for low carbon heating measures must be declared to Ofgem (the RHI scheme administrator) when an accreditation application to the RHI is made. The SHDF competition grant amount will then be deducted from the RPs RHI payments as per the RHI rules on grant funding. Potential applicants

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to the RHI should be aware of the RHI eligibility criteria and scheme rules. More information can be found [here](#) and [here](#).

## 3. Tenants

### 3.1 Consideration of Tenants

The SHDF Wave 1 competition will aim to improve the comfort, health, and well-being of Social Housing tenants by delivering warmer and more energy-efficient homes. RPs should demonstrate how tenant needs will be considered throughout the project and comment on any tenant engagement undertaken. Works should benefit tenants, with suitable support and information provided both during retrofit and occupancy so that tenants are able to maximise benefits from installations. Reasonable adjustments should be made to minimise negative impacts and inconvenience to tenants (especially those of a protected characteristic covered by the Equality Act 2010<sup>8</sup>) where possible, and ensure work is delivered in a COVID-19 secure manner.

## 4. Support for Registered Providers

### 4.1 Technical Assistance Facility

BEIS has established a Technical Assistance Facility to provide technical support for all RPs interested in accessing funding from the SHDF Wave 1 competition. This technical assistance will be available to all RPs across England who intend to apply to the Wave 1 competition.

Technical assistance for the Wave 1 competition will be delivered through the Greater London Authority (GLA) under the name of the Social Housing Retrofit Accelerator (SHRA). Technical support from SHRA for Wave 1 will be available to RPs in any stage of their project development - further detail is available on the SHRA website which is accessible via [www.socialhousingretrofit.org.uk](http://www.socialhousingretrofit.org.uk) and contactable via [info@socialhousingretrofit.org.uk](mailto:info@socialhousingretrofit.org.uk)

This technical support comprises:

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<sup>8</sup> The Public Sector Equality Duty (the equality duty) is a legal requirement under the **Equality Act 2010**. It means public sector organisations – and any private organisations that deliver public services – must consider people with protected characteristics when planning, implementing and reviewing policies and making decisions.

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- A comprehensive knowledge hub providing support and information to guide an RP through a retrofit project life cycle. The information draws together industry best practice and guidance.
  - Workshops, seminars and drop-in sessions on specific focus areas.

Examples of some of the types of support offered:

- Data collection and stock analysis, business case development, developing delivery models, scoping and specification of the project, internal governance, application writing and tenant engagement.

RPs intending on applying for Wave 1 competition funding do not need to have applied for/and received support from SHRA to apply for Wave 1 funding. Receiving support from SHRA does not guarantee that the application to the SHDF Wave 1 funding will be successful.

## 5. Other Information

### 5.1 VAT

This grant funding to the LA falls out of scope of VAT. This is because the provision of the grant is not a consideration of supply for VAT purposes.

If the LA enters into a third-party contractual relationship with a supplier (per the terms of BEIS issuing the grant), and incurs non-recoverable VAT on the supply provided, the LA should ensure this does not exceed the total grant BEIS provided. This means recoverable VAT should not be included in the grant requested.

There may be different VAT implications depending upon the organisation(s) involved in the consortia applying for SHDF Wave 1. To ensure consistent treatment in the application assessment process, all costs will be assessed excluding VAT in the Value for Money section of the application assessment.

### 5.2 Financial Viability of Applicants

Applicants must satisfy the due diligence, financial and organisational checks that will be carried out by BEIS, prior to receiving public funds. This will assess trustworthiness, suitability, and track record of grant applicants. Where required robust due diligence will be carried out to assess financial health, potential fraud and error.

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Before your project starts, BEIS will ask for evidence that you have the funding mechanisms in place to manage your cash flow across the life of your project. This could include Local Authority Funding Board minutes or other such mechanisms.

## 5.3 Conditions of Payment

Payments will be only made by BEIS after the Memorandum of Understanding (MoU) has been signed between the Lead LA and BEIS. Further details on payments and financial requirements will be provided by BEIS in an MoU. These will include the requirement for detailed statements of expenditure and requests for funds in a specified format. RPs must satisfy the due diligence, financial and organisational checks required prior to receiving public funds.

A Memorandum of Understanding will be provided as part of the competition process for RP's to review.

# 6. Information Management

## 6.1 RP Contacts

### **Provision of your contact details to be held in BEIS's Customer Relationship Management platform**

RPs will be required to provide a name and contact details for at least one named person to BEIS (including their nominated single point of contact). We would suggest one or more contact(s) who is/are the project lead, communications lead, finance lead, legal lead and CEO. We will use this information to communicate scheme updates, training notices, information on future schemes and opportunities and invitations to relevant events. Details of how this information will be held and used will be set out in the SHDF Wave 1 Memorandum of Understanding (MoU).

## 6.2 Monitoring and Evaluation

### **Baseline and routine performance and monitoring data**

Performance Management is at the heart of SHDF, as such, RPs, installers, and delivery partners will be required to report on a range of performance metrics throughout the delivery lifecycle. Some will be essential Key Performance Indicators (KPIs) that will help BEIS identify whether delivery remains on track and is functioning in accordance with the rules of the

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competition, and some will be general performance information that will help bolster BEIS's understanding of the Social Housing Sector or be published as official statistics on its website.

As part of the application, the lead LA will be required to provide baseline estimates on a number of performance areas. A full breakdown of the baseline information required can be seen in the Application Form.

Successful applicants will be asked to provide routine monitoring data throughout the delivery of the SHDF. While the exact routine data reporting requirements may change before delivery commences. The MoU outlines the full monthly data reporting requirements expected of the lead LA, their installers and delivery partners. This information will not be required for the competition application, but rather is illustrative of the types of data that each awarded project may have to report against.

The lead LA will be expected to supply this data to BEIS on a routine basis, and to follow the reporting cycle below. However, some ad hoc data reporting commissions may be issued outside of this schedule.

- A monthly data report to be submitted to BEIS on or before the 20<sup>th</sup> of each month. As outlined in the data requirements table under the performance section of the MoU.
- Monthly meetings with the Scheme Administrator to discuss delivery and performance.
- A quarterly meeting with BEIS to discuss delivery performance and any associated risks or issues.
- A final financial and narrative report on the installation phase of the project within 30 days of the end of the project.

To meet these routine data reporting requirements, awarded parties are expected to include data collection requirements in all relevant contracts with their installers and delivery partners, collate the data across their projects on a routine basis, while checking for completeness and identifying any missing or erroneous data and routinely sharing this data with their Monitoring Officer (see 'Working with Monitoring Officers' below).

It is recommended that lead LAs (and any consortium members), their installers, and delivery partners maintain a database capturing the required information on an ongoing basis to make the process as efficient as possible. BEIS will support this endeavour by streamlining and automating as much of the data collection process as possible, making use of algorithms to calculate potential carbon savings and aggregate data rather than requiring awarded parties to double key information. However, this can only be achieved if the data supplied by RPs, their installers, and delivery partners are of sufficient quality.

To assist with this, the lead LAs are expected to perform at least three primary quality assurance checks on the data. The first check should be to ensure that the installation data is for an eligible household and the installer meets the necessary standards, as outlined as part of the grant award. The second check should be around ensuring that all mandatory and required fields are completed. The third check should be around ensuring that field formats are correctly inputted, e.g., a date field is in a date format.

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BEIS will assist with ensuring a good quality of data by providing successful RPs with clear instructions on what data is required, examples of what good looks like, i.e. what is being requested and the expected response, and a briefing to all awarded parties covering data reporting requirements, expectations and the further evaluative work being undertaken (see 'Further evaluative work being undertaken by BEIS').

RPs will not be expected or required to define a performance management system as BEIS will create this and its requirements will be provided in the data reporting briefing provided to awarded parties.

## Working with Monitoring Officers

Each awarded project will be allocated a Monitoring Officer at the point of notification and will be provided with the data briefing described above, covering exact data reporting requirements.

Awarded parties will be expected to work with the Scheme Administrator and their Monitoring Officer to ensure that this monitoring data is successfully supplied to BEIS, and that progress surrounding their project (including any milestone claims, change requests or issue escalations) is clearly communicated.

The Monitoring Officers, and Scheme Administrator, will be the first point of contact for projects for any reporting, milestone claims and issue escalation. The Monitoring Officers will also conduct at least 3 physical visits during the project lifecycle.

## Data sharing agreements

All lead LAs will be expected to sign a data sharing agreement (DSA) with BEIS. This DSA will cover the supply of the performance and monitoring data discussed above and will cover permission to enable BEIS to undertake other Monitoring and Evaluation activities (discussed further in 'Further evaluative work being undertaken by BEIS' below).

RPs will in turn be expected to carry out their own monitoring activities and thus comply with GDPR and BEIS data processes. It is the responsibility of RPs to ensure sufficient provisions are in place to supply this data in a complete and usable state.

The MoU issued by BEIS as part of the competition documents includes a copy of the DSA drawn up for the SHDF Demonstrator programme, for applicants' information and reference. A DSA for this SHDF Wave 1 is currently being drafted, and a final version will be supplied to successful applicants after funding has been allocated. The issued DSA may deviate slightly from the SHDF Demonstrator DSA, although we do not expect changes to be significant.

## Further evaluative work being undertaken by BEIS

### Independent Evaluation

BEIS will be undertaking further evaluative research to assess the efficacy and effectiveness of the SHDF programme as a whole, and to identify 'lessons learned' to inform future policy design.



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BEIS will commission an independent evaluation contractor to undertake this work, who will be appointed separately to this competition.

In practice, this evaluation research will have a variety of methodological components including interviews and surveys during and after the delivery lifecycle. The interviews and surveys will be centred around gaining quantifiable insights into the delivery of the scheme. Plans are still being finalised, but we expect this to include research amongst tenants and installers, as well as amongst RPs (both successful ones awarded funding, and those not), BEIS' scheme administrator and the wider industry.

Participation in this evaluation research will not be mandatory, and for tenants, will not be a condition for receiving installations in their homes. Anyone in scope of the research will be required to 'opt-in' and provide their consent to be invited to take part.

To support this evaluation work, lead LAs (along with any consortium members) will be expected to:

- a) Gather installers' (including those who consented to receive installations as part of the SHDF programme, and those who did not), tenants' and delivery partners' consent to be contacted by BEIS' evaluation contractor in order to be *invited* to take part in the evaluation. Providing this consent will mean that their personal contact details will be passed to BEIS' contractor in order for them to issue these invitations.
- b) Collate the contact information (e.g. names, addresses, emails and telephone numbers) for those who have given this consent.
- c) Securely share this contact information, and proof of consent, with BEIS. BEIS will pass this contact information to their evaluation contractor so they can contact relevant parties to invite them to participate in evaluation research.

All collecting and sharing of personal information must be done in accordance with GDPR, and RPs are expected to actively collect and share this information, where required, to enable the smooth evaluation of the scheme. RPs will be required to store evidence showing the informed consent of relevant parties.

BEIS will provide all awarded parties with a final data sharing agreement (discussed above in 'Data agreements') and consent form to help facilitate the above process, which can be shared, where relevant, with installers, delivery partners and tenants. RPs will not be required to use the consent form provided by BEIS, although will still be required to demonstrate how informed consent has been obtained and how all relevant parties have been notified of how their data will be used.

RPs will be expected to issue data subjects with the BEIS privacy notice (as published on the SHDF Wave 1 webpage on gov.uk alongside the Wave 1 competition documents), to ensure that data subjects are appropriately informed about the processing of their data by BEIS. RPs must also show data subjects *their own* privacy notice alongside the BEIS privacy notice. Failure to do so could constitute a breach of UK GDPR. Annex 10 of the Memorandum of Understanding

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contains a template privacy notice that RPs can choose to use as their own, although they are not required to.

Further information about the evaluation contractors and the planned research will be covered in the data briefing (discussed above, in 'Baseline and routine performance and monitoring data') that will be provided to all awarded parties.

## **SMETERS**

As part of ongoing improvement in the monitoring and evaluation of the thermal performance of retrofitting in buildings, BEIS may look to build on existing work that has been developed under the [SMETERS](#) projects through facilitating 2 or 3 of the more developed projects to pilot SMETERS M&E in buildings. This work would be funded separately and would require early identification of suitable properties and tenant engagement and consent. More detail will be provided at a later stage. If you would like your project to be considered for this pilot work, please tick the box in the application form (Question 3H).

## **6.3 Managing Potential Fraud**

BEIS encourages RPs to adopt a proactive, structured and targeted approach to managing the risk of fraud. To ensure the safe administration of funding, RPs are expected to have appropriate measures in place to mitigate against the increased risks of both fraud and payment error.

Potential fraud risks may include:

- A provider using the funding for purposes outside of the grant conditions.
- Work not carried out, funds diverted, ineligibility not declared.
- False application or payment of grants to any person, agency or organisation.
- Spurious claims based on fiction e.g., claims made for empty properties and funding pocketed or upgrades sold on.

BEIS will utilise data matching between Energy Efficiency schemes in order to monitor that the same measure installed in the same home is not claimed for under different schemes.

## **6.4 Publication Process**

BEIS may wish to publicise the results of the scheme, which may involve engagement with the media, including press, social media, and other channels. At the end of the application and assessment process and upon signing of the MoU, BEIS may issue a press release or publish a notice on its website. These public documents may, for example, outline the overall results of competitions and describe some of the projects to be funded. BEIS may wish to publish the following information:

- Identity of the participant and its partners;
- Project summary information including aims and expected outcomes of the project as well as the technologies they propose to install;
- Locations of where the properties are that the project will undertake works on (designated by county or city); and,
- Total award value.

Some organisations may want the detail of their projects to remain confidential and RPs will be given a chance to opt out of any involvement in media relations activity and further case study coverage of projects, should they see this as being absolutely necessary. However, the public description of the project that the Lead LA provides in their application will be made available in the public domain if their application is successful, and the Lead LA may not opt out of the basic project description being published.

Any organisation that wishes to publicise its project, at any stage, must contact the Competition Project Manager or their Project Monitoring Officer before doing so.

Following completion of the funded projects, BEIS will publish on its website a summary of the funded activities and the outcomes achieved. This may include a final summary report detailing key achievements from each project. BEIS may also publish outputs from the independent evaluation research that it will be conducting (see page 34). These outputs will be high-level summaries of research findings generated through surveys and interviews, covering Wave 1. Any research findings published will be anonymised in line with the terms of UK-GDPR, and it will not be possible to identify any individual respondents.

BEIS however recognises the need to maintain confidentiality of commercially sensitive information. BEIS will consult RPs regarding the nature of information to be published, to protect commercially sensitive information.

## 7. The Application Form

### 7.1 Key Dates

Applicants will be required to ensure that they have made arrangements to ensure they can meet the delivery window as set out in Table 4 below.

**Table 4: Key Milestone Dates**

Milestone	Planned completion date
Competition launch	23rd August 2021

Milestone	Planned completion date
<b>Deadline for questions from applicants</b>	3 <sup>rd</sup> September 2021
<b>Deadline for submission of proposals</b>	15 <sup>th</sup> October 2021
<b>Notification of Competition Awards</b>	By end December 2021
<b>Grant Awards</b>	January 2022
<b>Project closure</b>	31 <sup>st</sup> January 2023

### 7.1.1 Post-Launch Webinars and FAQs

Following on from the pre-launch webinars, BEIS will host post-launch webinars during the competition window, arranged and run through the Social Housing Retrofit Accelerator. These post-launch webinars will provide details of the SHDF Wave 1 competition guidance and the application process. These are open to Registered Providers of Social Housing, representatives of the supply chain and delivery partners.

BEIS have published an FAQ document which is available at SHDF gov.uk webpage: <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund>. There will be a two-week clarification period whereby RPs can ask questions, after which the FAQs will be updated and re-posted on the gov.uk page. Please get in touch at [SHDF.W1@Ricardo.com](mailto:SHDF.W1@Ricardo.com) if you require any further clarifications not covered in our FAQs during the two-week clarification period.

## 7.2 Application Process

Once an RP is satisfied that they meet the Strategic Fit, Delivery Assurance and Value for Money aims (see Section 7.3 below) of the SHDF Wave 1 competition, the lead LA can complete the SHDF Wave 1 competition application form which will be available to download on SHDF gov.uk webpage: <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund> on 23<sup>rd</sup> August 2021.

Details provided in the proposal submitted by the lead LA will be used as the basis for BEIS to work with successful RPs and their delivery partners to implement the schemes; all RPs should therefore be mindful that the eligibility criteria, homes to be targeted and upgrades will be the basis of the Memorandum of Understanding upon which grant funding is issued.

All completed application forms and required attachments must be submitted electronically to [SHDF.W1@Ricardo.com](mailto:SHDF.W1@Ricardo.com) by 15<sup>th</sup> October 2021. Proposals received after this date will not be

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considered in this competition. Applications must be submitted by the relevant LA, or the lead LA on behalf of a consortium.

RPs are requested to follow the guidance within the application form regarding formatting and number of words per section. RPs should refer to this guidance document where necessary and ensure that they have complied with all the competition requirements.

BEIS officials will first review applications through an initial sift compliance check and may wish to complete some initial clarifications following this sift; followed by a full review of compliant applications. All assessments including the initial compliance sift will be quality assured and moderated for consistency purposes. Proposals that are shortlisted for funding through the review process, will require approval at the relevant governance boards, before being sent to the BEIS Secretary of State for final approval.

BEIS expects to be able to notify applicants of the outcome of their application by end December 2021. In the case of successful applications, BEIS will set out the level of funding being approved, and a MoU will be agreed with the lead LA. All projects undertaken using SHDF Wave 1 competition grant funding must be completed by 31 January 2023.

## 7.3 Evaluation of Proposals & Assessment Criteria

Applications for funding will be judged by BEIS officials against a set of criteria on a non-linear scale (0, 1, 3, 7, 10). This assessment criteria is set out below:

- **Strategic Fit:** how well the proposal fits with the aims, desired outcomes and eligibility criteria of the SHDF Wave 1 competition.
- **Delivery Assurance:** an assessment of the feasibility and credibility of the project including detail on delivery forecasts, key milestones and the planning and scheduling process; resource capability and capacity and organisational design; risk and issues management; management of conflict of interests; commercial agreements and procurement activities including supply chain management.
- **Value for Money:** the proposed measures to be installed and their costs; a cost breakdown of the project; and justification for the cost of the project which must also include project cost confidence.

Eligible proposals will be ranked based upon their total score. In general, applications with higher scores will qualify for funding ahead of those with lower scores, with funding provided to as many applications judged as suitable within the budget available. All applications will be moderated after assessment, and a portfolio review will be undertaken, including review of the suitability of applications that score well overall but poorly on one or more individual question(s).

In the event that BEIS receives more funding applications than the funding available BEIS may place eligible applications on a reserve list to be contacted about any future grant funding opportunities.

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BEIS reserves the right to terminate the competition at any time, and may decide not to award any grants, or to award grants for less than the total funding available under SHDF Wave 1. To ensure the SHDF Wave 1 competition contributes to the levelling up agenda, we have set out an indicative allocation of funding based on the amount of social housing in different regions of England. Depending upon the nature of applications received, BEIS reserves the right to vary the allocation of grant funding, taking account of the scheme criteria and the number and size of Value for Money proposals it receives.

Recognising the closure of the Non-Domestic Renewable Heat Incentive (NDRHI), BEIS is committed to supporting the Shared Ground Loop market in social housing through SHDF Wave 1. Therefore, BEIS reserves the right to prioritise the allocation of funding for Shared Ground Loops in applications that are compliant with all requirements outlined in this guidance document.

BEIS will not be liable for any costs incurred in the preparation or submission of applications.

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This publication is available from: <https://www.gov.uk/government/publications/social-housing-decarbonisation-fund>

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.