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# Social Housing Decarbonisation Fund (SHDF)

## Wave 1: Pre-Launch Webinar



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# Welcome and Introductions

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## Session Overview

- This session will provide an update of information on our current thinking for Wave 1 of the Social Housing Decarbonisation Fund
- The competition guidance will be published on 23<sup>rd</sup> August and will contain the final policy
- There will be time for Q&A at the end of the session – questions will also be addressed through the FAQ document and/or guidance published on 23<sup>rd</sup> August

# Agenda

## Session

Welcome and Introductions

Overview and Background

Wave 1 Scheme Design

Social Housing Retrofit Accelerator

Scheme Administrator

Q&A

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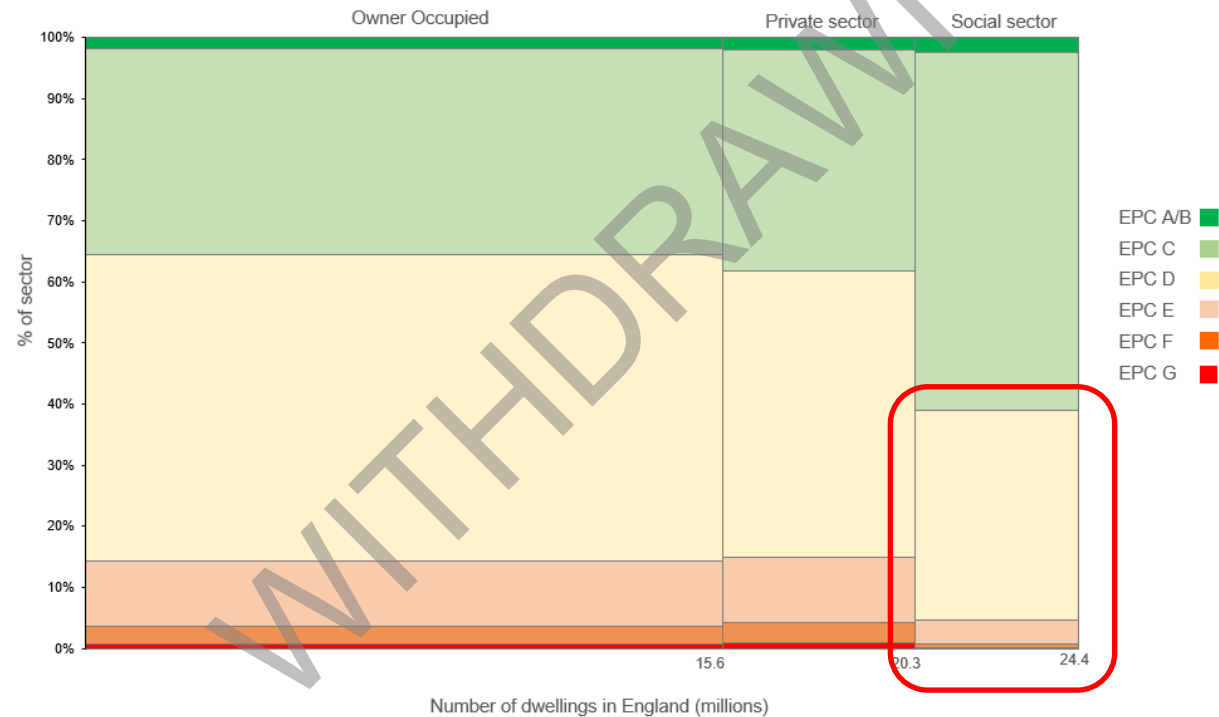
# Overview and background

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# Social Housing Sector Overview

There are approximately 24 million homes in England, of which approximately 4.1m are social homes. Within this 1.6m are below Energy Performance Certificate (EPC) Band C; with 1.4m at EPC D; 155,000 at EPC E; 27,000 at EPC F; and 5,000 at EPC G.



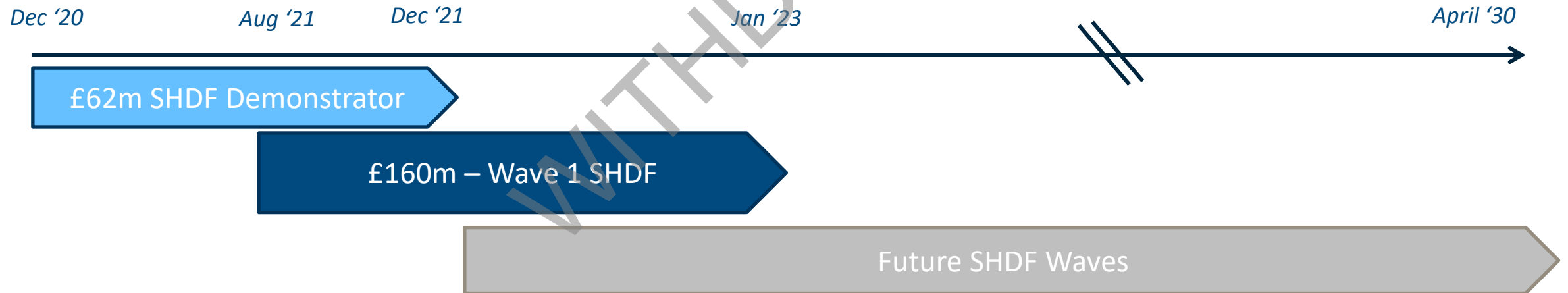
Number of dwellings in England (millions)  
English Housing Survey, 2019

# Targets and Commitments



# The Social Housing Decarbonisation Fund

- The 2019 Conservative Manifesto includes a proposal for a **£3.8bn Social Housing Decarbonisation Fund** over a 10-year period, to improve the energy performance of social rented homes (subject to future spending reviews).
- The 2020 Summer Economic Update announced the £50m Demonstrator (*increased to £62m*) fund to deliver innovative retrofit projects for social housing, demonstrating a targeted performance level and cost reduction.
- The Government has announced up to £160m for the first wave of the SHDF in financial year 2021/22, delivering to January 2023.





# Demonstrator vs Wave 1

	Demonstrator	Wave 1
Funding	£62m	£160m
Scope	UK Wide	England Only
Approach	Innovation focused – “Whole House Retrofits” – high complexity, lower volume	Fabric first, Worst first – lower complexity, higher volume
Cost Caps	No Cost caps	Scaled cost caps
Archetypes included	All archetypes are eligible with the exception of high-rise buildings over 18m	All social housing archetypes, both on- and off- gas grid, including high rise buildings are eligible
Measures	No specification on measures	SAP Eligible Measures only
Clean Heat	15 projects installed CH measures	Low carbon heating may be installed alongside fabric improvements & must not increase bills in isolation compared to the existing heating system
Quality/standards	All projects must be compliant with PAS 2035 Contractors must be Trustmark registered and where applicable MCS certified (or accredited to a scheme that BEIS is satisfied is equivalent).	All projects must be compliant with PAS 2035 Contractors must be Trustmark registered and where applicable MCS certified (or accredited to a scheme that BEIS is satisfied is equivalent).



# SHDF Wave 1 Indicative Timeline

Milestone	Date
Application Form & Guidance Published	23 <sup>rd</sup> Aug 21
Competition Open	23 <sup>rd</sup> Aug 21
Two-week clarification period	23 <sup>rd</sup> Aug – 3 <sup>rd</sup> Sept 21
Competition close	15 <sup>th</sup> Oct 21
Bid Assessment begins / ends	19 <sup>th</sup> Oct – 18 <sup>th</sup> Nov 21
Successful projects notified	Dec 21
MoUs signed with successful applicants	Jan 22
Projects start	Jan 22
Projects end	End Jan 23



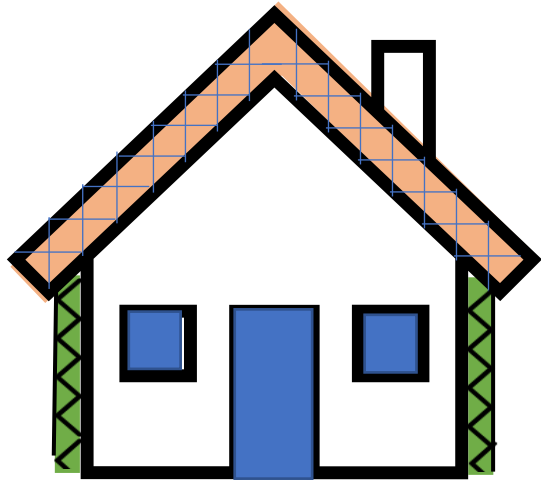
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# Wave 1 Scheme Design

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# SHDF Wave 1 Key Principles



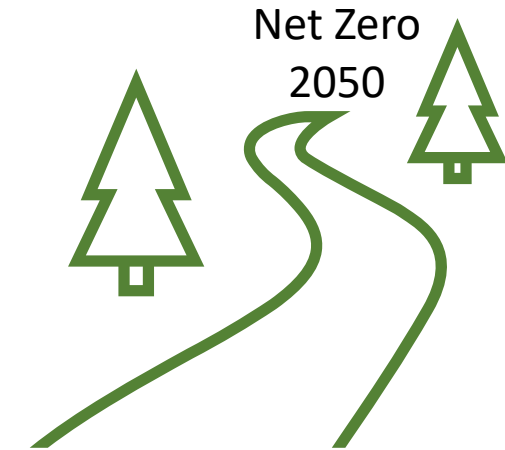
## Fabric First

Ensures heat loss prevention measures are installed before other energy efficiency measures, to maximise the dwelling's suitability for low carbon heating either now or in the future, and to benefit tenants (comfort, health, wellbeing and bills).



## 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.



## Lowest Regret

Minimise the potential of measures having to be replaced in the future on the journey to Net Zero.

# What do we want applicants to demonstrate?

Applicants are asked to be able to demonstrate that they can:

- Bring together a **strong delivery team**, including a Retrofit Coordinator
- Identify groups of **suitable dwellings for retrofit** to be undertaken and secure permission from the occupants in advance of works taking place
- Procure **skills and materials from the retrofit supply chain** in a timely manner
- **Measure baseline dwelling performance** to understand retrofit needs
- **Design and implement retrofits** to improve energy performance of stock and meet targets
- **Measure actual performance**
- Oversee delivery of retrofit in such a way as to **avoid adverse consequences**, e.g. overheating, problems associated with damp etc.
- **Coordinate all of the above to successfully deliver the projects by Jan 2023.**

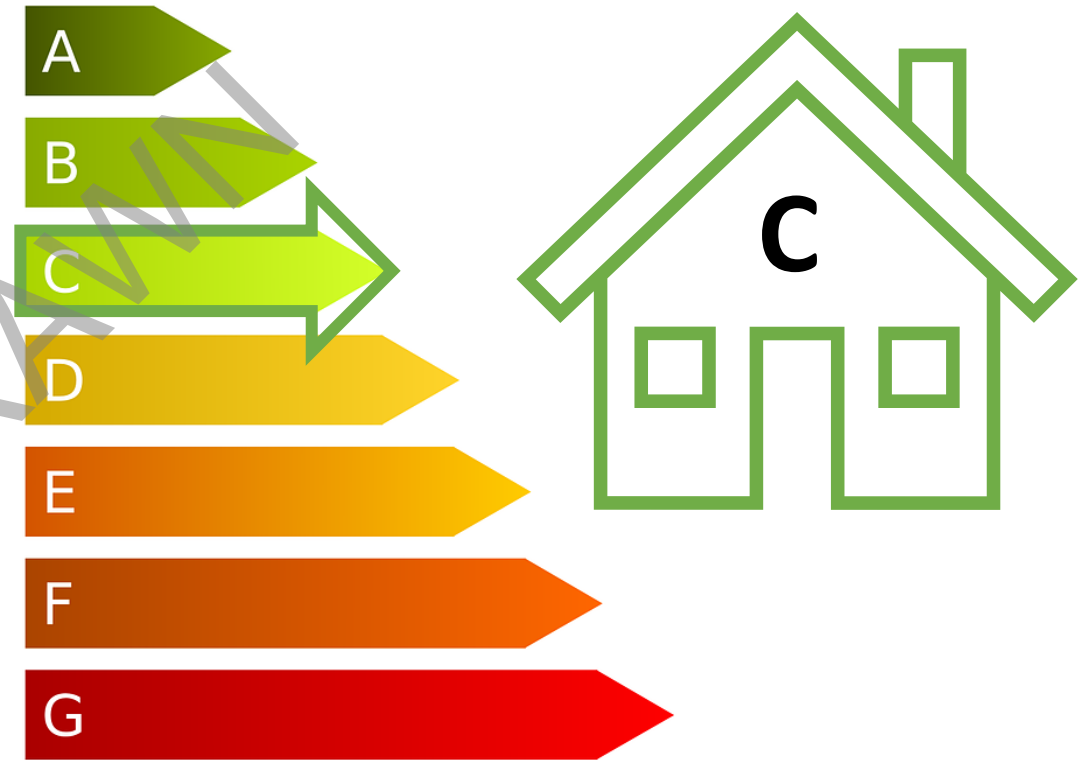
# Eligibility criteria

- Must be within the competition scope and located within England.
- The project must be led by a Local Authority.
- Private Registered Providers of social housing can apply as part of a consortium with an LA in England (irrespective of whether the LA is stock owning or not).
- The Lead LA does not have to submit their own stock as part of a consortia bid, the bid can be entirely made up of stock from other Registered Providers of social housing (RPs).
- All social housing owned by RPs, including Private and LA providers, is eligible, regardless of archetype, including both on- & off-gas grid.
- There is no income related eligibility for social housing tenants.
- Focus is on social housing, non-domestic buildings are not eligible for funding.
- 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).

# Performance Requirements

- Registered Providers (RPs) must improve their stock using a fabric first approach to at least a minimum of **EPC C\***
- Also expected to improve properties to a space heating demand of **90kwh/m2/year**

\* Except where not possible for EPC F/G homes, an EPC D will be accepted with reasonable justification.



# Scaled Cost Caps and Co-funding

- Cost caps for home upgrades are based on **starting performance of home** - facilitating the treatment of the worst performing homes. Higher caps on those homes with a worse starting EPC Band (see Table 1).
- Grant funding requested per property can be totalled and **allocated flexibly** across the application as appropriate (as long as performance requirements are met for all homes).
- Anticipated that most homes will not require the level of spend allowed by the max cost caps (plus associated co-funding) to reach SHDF Wave 1 performance requirements.
- Administrative & Ancillary (A&A) costs **expected to make up less than 15%** of total costs – A&A costs are in addition to the costs for home upgrades.
- RPs required to contribute **at least 1/3 of the total eligible project costs** – the RP contribution is known as ‘co-funding’.
- For RPs wishing to spend more than the maximum levels provided through SHDF grants and associated minimum co-funding, additional co-funding will be required.

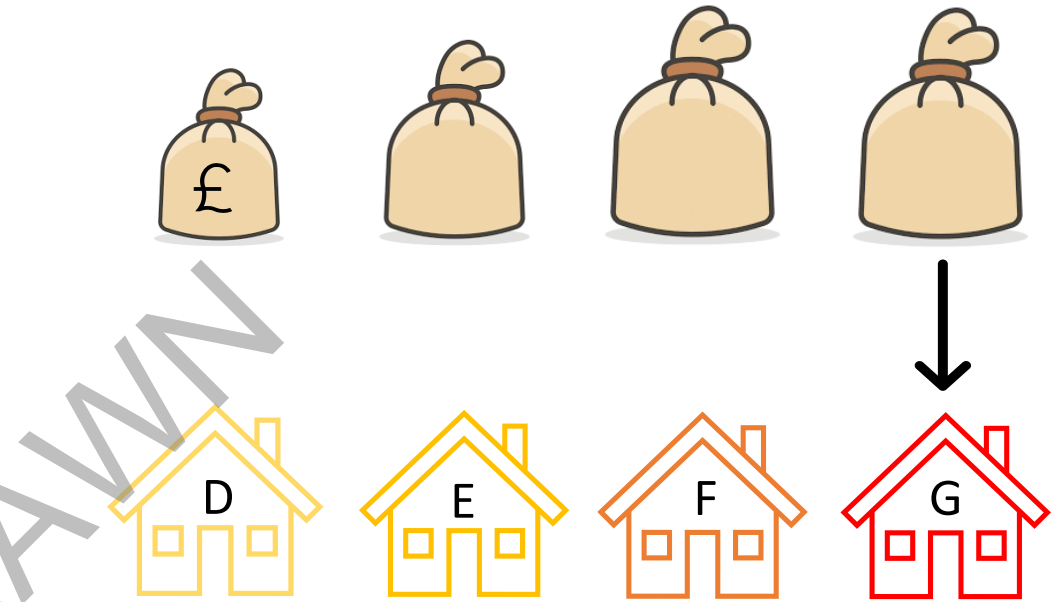


Table 1: Maximum funding levels and corresponding minimum landlord contributions for home upgrades.

Starting EPC Band	Maximum SHDF Funding	Minimum* 1/3 Landlord Contribution (Co-funding)	Total Cost (if maximum grant funding utilised)
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

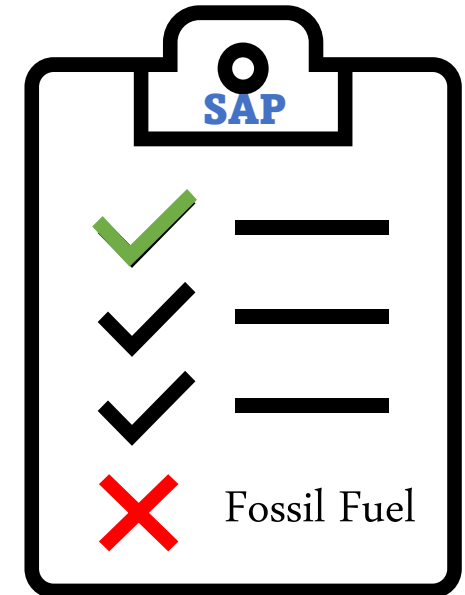
Notes: \* If maximum grant level applied for



# Eligible Measures

SAP Measures excluding Fossil Fuels:

- Allow any measure that is eligible with SAP to be installed with SHDF funding, with the exception of fossil fuel heating systems.
- Low Carbon Heating can be installed where a fabric first approach is taken, and all new heating systems must reduce bills in isolation compared to the existing system.
- Hybrid heating systems will be eligible in some circumstances in on-gas grid homes.



# Blended Funding and Mixed Tenure

## Blended Funding:

- Multiple funds can be used on one property provided no measures or works are funded twice.

## Mixed Tenure:

- Funding for other tenure types is available through SHDF, but only when social homes would be adversely affected without it and if the bid contains a minimum of **70% social housing**.
- Funding is limited to infill measures. These are deemed as measures that all residential units require in order for the social homes to meet the fund's performance objectives. It is anticipated this will be insulation and associated ventilation.

## Low Income – OO Only (<£30K gross household income)

- **SHDF will fund 100%** of costs of the infill measure.

## 'Able to Pay' – OO (>£30K gross household income) & All PRS

- Expected to **contribute 1/3** of the proportionate cost of infill measures, up to £3,300. SHDF will pay remainder.
- RPs may be asked to underwrite the capped contribution from the leaseholder, freeholder, or shared ownership if it is withheld or refused.

# Eligible Installers/Standards & Quality

- All installers are required to be TrustMark Registered or equivalent, and compliant with TrustMark requirements.
- All projects must be compliant with the most up to date PAS 2035:2019 “*PAS 2035 Retrofitting dwellings for improved energy efficiency. Specification and guidance*” (PAS 2035).
- Installers must have appropriate certifications for eligible measures.
- Low carbon heating installers must be registered with Trustmark or equivalent, and be certified with relevant MCS standards.

# Marking Criteria

Projects will be assessed on three key areas:

1. **Strategic Fit (45%)** to assess how well the proposal fits with the aims, desired outcomes and eligibility criteria of the SHDF Wave 1 Scheme.
2. **Delivery Assurance (35%)** to assess the feasibility and credibility of the project.
3. **Value for Money (20%)** to ensure that projects deliver high value for money for SHDF and BEIS.

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# Social Housing Retrofit Accelerator

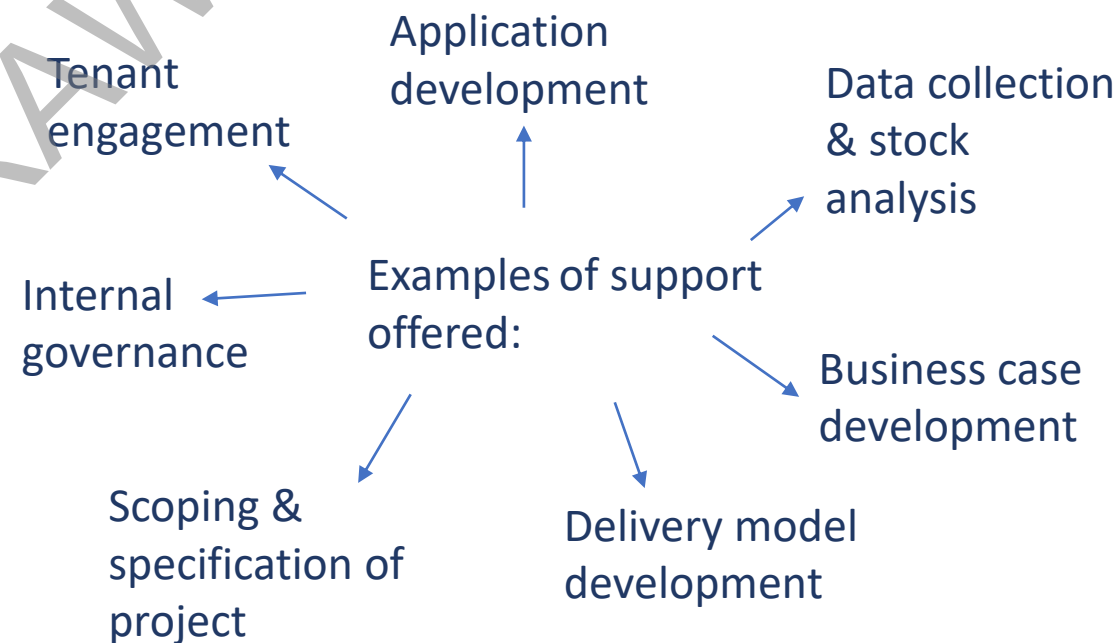
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# Social Housing Retrofit Accelerator (SHRA)

The SHRA has been established to provide technical support for all social housing landlords interested in accessing funding from Wave 1 of the SHDF at any stage of their project.

The support will come in the form of:



## How to Access the SHRA

- This technical assistance will be available to all registered providers of social housing across England who intend to apply to the SHDF Wave 1 competition.
- Technical assistance will be delivered through the Greater London Authority (GLA) under the name of the Social Housing Retrofit Accelerator (SHRA) which is:

Accessible via [www.socialhousingretrofit.org.uk](http://www.socialhousingretrofit.org.uk)

Contactable via [info@socialhousingretrofit.org.uk](mailto:info@socialhousingretrofit.org.uk)

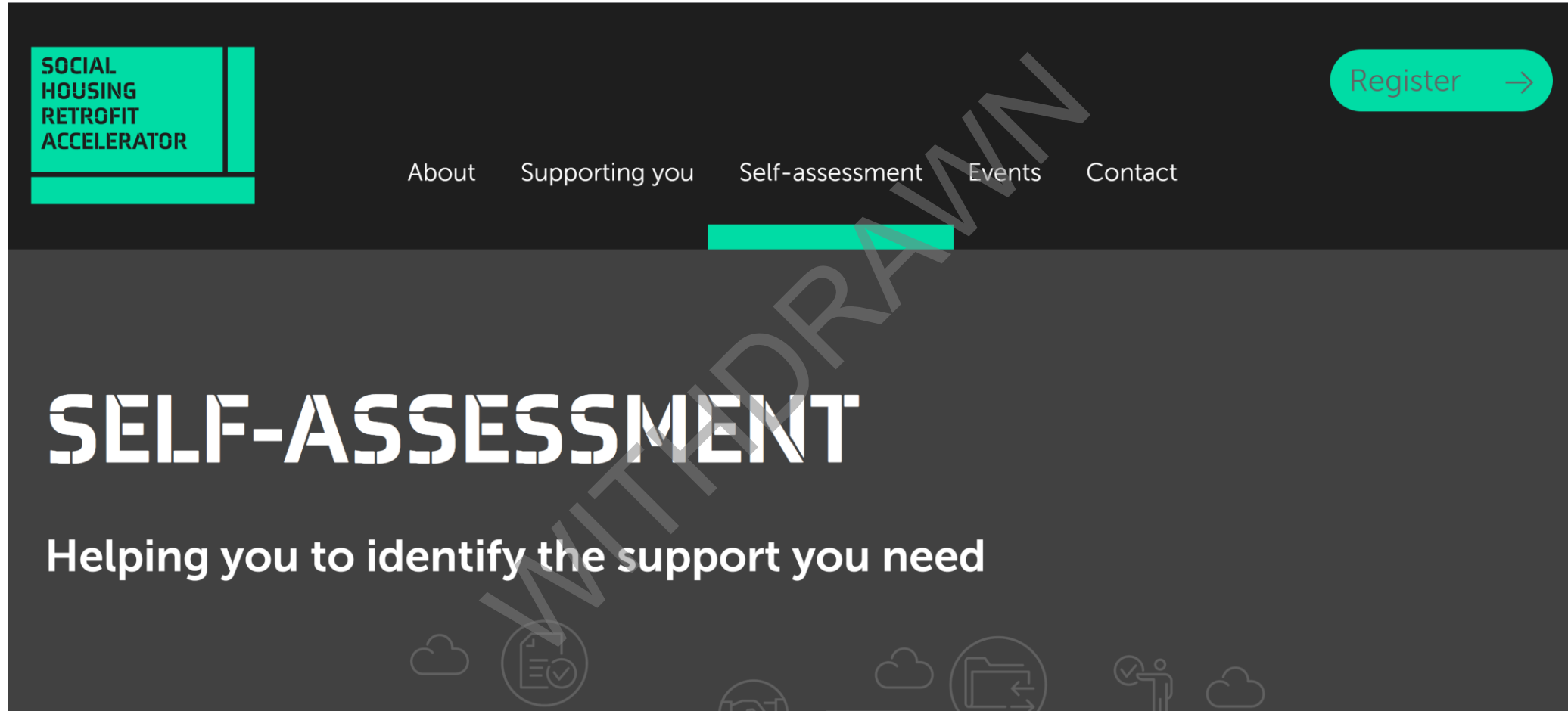


# Self Assessment Process

<b>SOCIAL HOUSING RETROFIT ACCELERATOR</b>			
<b>How the SHRA can offer support at different stages of your SHDF bid journey</b>			
	All social housing providers	Ready to apply in next round	Aiming for future round application
Access to the Knowledge Hub	✓	✓	✓
Access to masterclass webinars	✓	✓	✓
Access to focused workshops	✓	✓	✓
One-to-one support for next round applications		✓	



# SHRA Website



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# Scheme Administrator

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# Scheme Administrator

- BEIS have appointed Ricardo supported by Bierce to be the Scheme Administrator for Wave 1.
- The Scheme Administrator will be the first point of contact for all Social Housing Landlords awarded funding under Wave 1.
- The responsibility of the Scheme Administrator, and its Monitoring Officers, include:
  1. Handling the majority of routine enquiries that are submitted during the competition process;
  2. Managing the bid assessment and moderation process;
  3. Commissioning Social Housing Landlords to provide monthly performance data;
  4. Working with Social Housing Landlords to actively monitor their progress throughout the delivery lifecycle;
  5. For conducting site visits at regular intervals during the delivery lifecycle.
- Once the competition is launched an email address will be circulated outlining how Social Housing Landlords can submit enquiries, during the competition process, to the Scheme Administrator.

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# Summary

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# Summary

- Competition opens 23<sup>rd</sup> August 2021.
- Registered Providers of Social Housing are eligible to apply. Private Registered Providers can apply as part of a consortium led by an LA.
- Homes must be improved to EPC C\*, and expected to reach a space heating demand of 90kwh.
- There is a scaled cost cap approach, RPs must contribute a minimum of 1/3 of total eligible project costs.
- All projects must be compliant with the most up to date PAS 2035.
- Bid support will be available through the SHRA.

\* Except where not possible for EPC F/G homes, an EPC D will be accepted with reasonable justification.