

Individual Cabinet Members Decision

Warm Homes: Social Housing Fund

Report of Chief Officer (Housing and Property)

PURPOSE OF REPORT				
To accept funding from the Warm Homes: Social Housing Fund to enable delivery of energy efficiency measures at properties within the council's housing portfolio				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision		18 th November 2024		
This report is public				

RECOMMENDATIONS OF COUNCILLOR CAROLINE JACKSON

- (1) To accept funding through the Warm Homes: Social Housing Fund

1.0 Introduction

- 1.1 Lancaster City Council has submitted a bid to the Warm Homes: Social Housing Fund (WH:SHF Wave 3) to assist with financing energy efficiency upgrades and low-carbon measures to properties within the council's housing portfolio. This report provides a summary of the WH:SHF Wave 3 guidance and application and seeks approval to accept the funding.

2.0 Proposal Details

- 2.1 Lancaster City Council has a portfolio comprising of over 3,500 residential properties. Whilst many of these properties are energy efficient with an EPC rating of C or above, over 800 properties were rated below C at the last EPC assessment. Although the council has an active capital programme of energy improvement works to improve these properties, the available funding is limited and must be used to target other measures required to ensure that homes are safe.

Warm Homes: Social Housing Fund (WH:SHF Wave 3)

- 2.2 The WH:SHF Wave 3 grant funding programme has been established by the Department for Energy Security and Net Zero (DESNZ) to raise the energy performance of as many as possible of the 1.2m social homes in England which are currently rated as below EPC band C. The WH:SHF Wave 3 is designed to provide up to 50% of the funding required to install those measures which can help a property reach an EPC rating of “C” with the remaining 50% to be provided by the applicant (Lancaster City Council).
- 2.3 The funding has a cost cap of £7,500 per property for energy efficiency measures but can be averaged out across homes. Applicants will be able to access a total of £15,000 of SHDF Grant Funding – split into 50% for energy efficiency measures and 50% for low carbon heating. There is also an additional and separate cost cap of £7,500 for low carbon heating in off gas homes. Combined with 50% Co-funding – this means that £30,000 will be able to be spent on off gas homes.
- 2.4 Measures which can be installed through this funding include (but are not limited to) the following:
- Solar PV
 - Wall Insulation
 - Loft Insulation
 - Underfloor Insulation
 - Low Carbon Heating Systems (LCH)
- 2.5 Due to the scale and size of the projects, applicants are expected to have administration and ancillary (A&A) costs of 14% (combined funding) associated with the delivery of the project. This may include project management, pre-installation assessment and EPCs to check eligibility, and building works to prepare for installation.
- 2.6 Grant Funding may be drawn from 1st April 2025 with the delivery window running until 30th September 2028 (although grant funding must be spent prior to 31st March 2028)

Delivery of Measures

- 2.7 To help ensure a successful project, Lancaster City Council have joined a consortium being led by Liverpool City Region Combined Authority (LCRCA). The value to the WH:SHF Wave 3 combined bid in terms of likely success, and ongoing technical and administrative support with delivery, is felt to justify the administrative costs to LCRCA totalling 1% inclusive of the total A&A of 14% which LCC will incur.
- 2.8 Using the available WH:SHF Wave 3 funding, Lancaster City Council is provisionally targeting 150 properties representing an average capital spend per property of £6,832 with the lowest being £1,800 and the highest being £36,772 (although this is subject to change as properties are assessed and measures are finalised). Total bill saving to tenants across the project will be £76k per annum.

- 2.9 The total project costs as per the original application for 150 homes are summarised in the following table:

Description	LCC Contribution (£'k)	WH:SHF Contribution (£'k)	Total (£'k)
Capital Cost	1,026	1,026	2,052
Administration and Ancillary Costs (13%)	155	155	311
Fee to LCRCA	12	12	24
Total bid	1,193	1,193	2,387

- 2.10 Procurement have consulted with Blackpool City Council who were the lead on the Cosy Homes in Lancashire (CHIL) Scheme which resulted in the appointment of Rhea Projects Ltd (Rhea) as managing agents. If we receive funding for the Social Housing Wave 3, we would look to use the existing Framework. The procurement has been completed already for this. Procurement have raised enquiries with Blackpool City Council on how Rhea appoint contractors for the various jobs. Rhea maintain a framework of contractors for the various measures that qualify for grant funding and need to comply with PAS2030/TrustMark standards. Contractors work from the same schedule of rates and due diligence is carried out on the contractors for example insurance and DBS checks. A system is in place at Blackpool City Council which monitors the jobs that Rhea allocate to contractors based on resource and ability to deliver the service on time. This is with the view of allocating work fairly to the contractors.
- 2.11 DESNZ has confirmed that the LCRCA consortium application has been successful but, due to funding being oversubscribed at a national level, the final allocations are lower for all applicants. To manage this, Lancaster City Council's provisional allowance is lower than originally sought (equating to approximately 100 properties). This is a descaling of 1/3 overall for the project from the original application, reducing figures in the table above by one third and total project costs to £1591K.
- 2.12 However, as the council is one of the small members of a larger consortium, there is the possibility that during the course of the project, additional funding will become available. To allow for flexibility should the council's allocation increase, this Individual Cabinet Members Decision is seeking authorisation for the full amount originally sought through the application.

3.0 Details of Consultation

- 3.1 Consultation has taken place with relevant officers and the Cosy Homes in Lancashire (CHiL) network; of which Lancaster City Council is a member.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Accept funding from the Warm Homes: Social Housing Fund	Option 2: Do not accept funding from the Warm Homes: Social Housing Fund
Advantages	<ul style="list-style-type: none">• Provides significant funds to aid the delivery of energy efficiency measures for council owned homes• Doubles the available capital funding available for Lancaster City Council to deliver energy efficiency measures.• Vulnerable tenants will have reduced energy bills due to more energy efficient homes.	<ul style="list-style-type: none">• Existing staff can focus on other council priorities.
Disadvantages	<ul style="list-style-type: none">• Requires 50% co-funding from Lancaster City Council	<ul style="list-style-type: none">• 50% less funding is available for Lancaster City Council to deliver energy efficiency measures• Vulnerable tenants will be less able to meet the challenges of excessive energy costs.
Risks	<ul style="list-style-type: none">• All measures may not be deliverable within the allocated timescales	<ul style="list-style-type: none">• Lancaster City Council will not be able to afford to install energy efficiency measures to some homes currently rated at an EPC band "D" and below.

5.0 Officer Preferred Option (and comments)

- 5.1 The officer preferred option is Option 1: Accept funding from the Warm Homes: Social Housing Fund Wave 3

6.0 Conclusion

- 6.1 The Council's Plan sets out ambitions so that we take action to meet the challenges of the climate emergency. The WH:SHF Wave 3 will assist with the delivery of these ambitions by doubling the funding which the council has available to install energy efficiency measures at the council's residential properties. In doing so, it will also help vulnerable tenants by seeking to reduce the costs associated with heating their homes.

RELATIONSHIP TO POLICY FRAMEWORK

The acceptance of the WH:SHF Wave 3 grant funding supports the council's objectives within the Council plan to promote a sustainable district, and health and happy communities, by contributing to the provision of energy efficient residential properties.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

As discussed in the report

LEGAL IMPLICATIONS

There are no comments from Procurement and it is recommended that if the Social Housing Wave 3 funding is received, that we continue to use the Framework in place with Rhea as the managing agent.

By virtue of the General Power of Competence under s1 Localism Act 2011 the Council has the power to do anything that individuals may do and can therefore enter into any form of agreement regarding grant funding. Legal Services will be able to assist in respect of any contracts or legal agreements relating to any funding in respect of this matter to ensure that the same are suitable and serve to best protect the Council.

FINANCIAL IMPLICATIONS

In anticipation of this funding application, as included in the Housing Revenue Account Budget & Policy Framework 2025 to 2030 report presented to Budget Council on 26 February 2025, the HRA Capital Programme includes provision of £535K for Energy Efficiency Improvements in each of the financial years 2025/26, 2026/27 and 2027/28. As the funding is to be spent over a three-year period, the Council's required 50% contribution can be managed from within these amounts.

OTHER RESOURCE IMPLICATIONS

Human Resources:

No implications at this time

Information Services:

No implications at this time

Property:

As discussed in the report

Open Spaces:

No implications at this time

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no additional comments to make to those included within the financial implications

MONITORING OFFICER'S COMMENTS

Acceptance of funding is a member decision in accordance with the financial procedure rules.

BACKGROUND PAPERS

None

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