



Social Housing Decarbonisation Fund.

To: APSE Main Contacts in England

For information only: Contacts from Scotland, Wales and Northern Ireland.

Key Issues

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 improve the energy performance of Social Housing.

The aim of the Social Housing Decarbonisation Fund (SHDF) is to raise the energy efficiency 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 decarbonisation heating systems.

1. Introduction

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 improve the energy performance of Social Housing. The aim of the Social Housing Decarbonisation Fund (SHDF) is to raise the energy efficiency 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 decarbonisation heating systems.

The SHDF Wave 1 competition will be based upon key principles including the worst first; fabric first, and the lowest regrets. The key aims and objectives for the SHDF Wave 1 competition are reported as being Fuel poverty, Carbon, Green Economy and tenants.

2. Eligibility Criteria and Application Requirements

2.1. Eligible Applicants

The SHDF Wave 1 competition is available to RPs of Social Housing, including private and LA providers.

The criteria states that the grant funding can only be awarded to LA's using Section 31 as specified in Section 33 of the Local Government Act 2003, therefore applications for SHDF Wave 1 must be led by a LA. Private Registered Providers of social housing may apply as part of a consortium with an LA in England.

There is also provision for LAs to form part of a consortia with other LAs, however, in this instance, a lead LA must be nominated. In this circumstance, the chosen lead LA should submit the proposal on behalf of the

consortium and will be expected to enter into a Memorandum of Understanding (MoU) with BEIS before the grant is paid.

On a final point on the eligibility of applications, it is commented that BEIS welcomes applications from RPs that have engaged under the SHDF Demonstrator scheme, whether they were 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 31 January 2023, and consider any risks to this plan. It is stated that provision has been made for exceptional circumstances that might arise during the construction, and BEIS advise that they reserve the ability to grant an extension of up to 2 months, to these projects to allow completion by 31 March 2023.

2.3. Subsidy Control Rules

The competition provides funding in line with the UK's obligations and commitments to Subsidy and the guidance provides links to the UK Subsidy Control requirements. This section of the document also provides an overview of the rules for the lead LA passing grant funding to a Private Registered Provider, the rules associated with leasehold or freehold (Right to Buy) properties and the special provisions in place for awarding grant funding to an ailing or insolvent enterprise.

It is stated that in instances of a LA using grant funding on their social housing stock – this will not be considered a subsidy. Applicants that are unsure about the obligations under the UK Subsidy Control arrangements are advised to seek independent legal advice.

The LA is also required to ensure that at all times the funding awarded is compliant with the Subsidy Control Obligations and that the appropriate records are maintained to evidence compliance.

BEIS states that if any changes to these requirements arise that impact this competition for funding, they will notify applicant as soon as possible.

2.4. Eligible Properties

The funding is available for all existing social housing provided by Registered Providers (RPs) including Private and Local Authority providers, 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 it is stated that RPs may wish to consider the income profile of tenants to determine how best to make progress towards reducing fuel poverty. However, it is reiterated that it is expected that the majority of applications will be for homes with an EPC rating below Band C. Details of exceptions to this are set out in the guidance.

2.5. Eligible Installers

It is reported that the 'fabric first' and 'lowest regrets' principles of the SHDF are supported by the 'fabric first' and 'medium term improvement plans' core principles of PAS 2035 respectively. PAS supports work towards those objectives by promoting and defining a technically robust and responsible "whole-building" approach to domestic retrofit work.

This section of the guidance also provides information regarding the details that RPs need to provide regarding their installers including the requirement to be TrustMark Registered or equivalent and be compliant with TrustMark requirements, and that all projects must be compliant with 'PAS2035:2019 Retrofitting dwellings for improved energy efficiency. Specification and guidance2 (PAS 2035:2019).

In projects 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.

There is also a reference to the BEIS expectation that all contractors will follow government guidance regarding [COVID-19 secure working practices](#)

RPs are also encouraged to consider and implement all relevant Public Procurement Notices in their procurement activity.

2.6. Safety and Quality

It is stated that 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.

There is also a requirement 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.

The guidance also comments that 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.

2.7. Performance Requirements

The performance requirements report that RPs must improve their social homes to at least a minimum energy efficiency rating threshold, with strong justification being required where it is not possible for EPC Band C to be reached and what evidence could be provided to support this justification.

There is also an expectation that properties will need to be improved to a space heating demand target of 90kwh/m²/year or better. However, BEIS recognises that this level may be hard to achieve for some archetypes and in these cases, justification is required as part of the 'strategic fit' section of the application form and examples of the evidence needed for the justification are provided.

2.8. Mixed Tenure

The guidance advises that 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.

The Government's Standard Assessment Procedure for Energy Rating of Dwellings, 2012. 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.

It is also reported that 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.

2.9. Eligible Measures

The eligibility measures are described in this section as being energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) 2012 that will help improve the energy performance of homes. This section of the report sets out the expectation for RPs to focus on measures that will help lower energy bills and there is an overview of what this could include.

It is stated that RPs should quantify the mix of measures they are intending to install and provide justification as to why these are considered to be the most appropriate measures for targeted properties and why they are considered to be value for money. An outline of the evidence that should be provided is detailed in the guidance.

In addition, 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.

2.9.1. Low Carbon Heating

It is reported that 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). An overview of examples is provided in the document.

For the circumstance where low carbon heating is supported it is stated that 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, it is expected that high temperature heat pumps, solid biomass, and high retention electric storage heaters (in electrically heated flats and small dwellings only) will be installed as the next best option for deliverability, value for money, affordability, sustainability, and air quality.

Solid biomass is an eligible measure; however, it is 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. The guidance advises that if an RP proposes 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.

BIES recognises that the Non-Domestic Renewable Heat Incentive (NDRHI) has closed and it is advised that they are 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 the guidance document.

2.9.2. Hybrid Heating

The guidance states that 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.

Funding cannot be used to replace an existing boiler with a new boiler as part of a hybrid system. 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 Eligibility Costs

It is advised that the 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

The guidance reports that 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 is requiring 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

With the view to maximise Value for Money across Wave 1 of the SHDF, the guidance reports that cost caps will be implemented for each home and these are set out in Table 1 of the guidance. 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 the table. 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

Maximising Cost Caps

It is reported that the 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.

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.

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/m²/year), and an overview of examples of scenarios for this are set out in the guidance

The guidance advises that the application should outline the number of properties that 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 required to achieve the performance requirements of the SHDF. RPs that wish to go beyond these levels are expected to provide additional co-funding. 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

It is advised that 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 from 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 the future, including in any future Waves of the SHDF.

2.10.3 Administration and Ancillary Costs

This section of the guidance sets out the cost that can be attributed to administration and ancillary costs. It is advised that 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 of the guidance)

RPs will be expected to provide significant contributions towards SHDF Wave 1 objectives – an application that comprises of 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 examples of capital costs are given in the guidance. It is acknowledged that for certain activities, there is flexibility in whether these are considered as administration and ancillary, or capital. BEIS advises that they are 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.

2.10.4 Example of Cost Breakdown

For the purposes of clarity, the guidance sets out examples where a RP applies for the maximum grant funding for retrofit works. It is stated that it is not expected that these examples would be the case for most applications.

Included in this section of the guidance is a table (table 2) outlining an example for an application maximising cost caps for 50 EPC EPC D and 100EPC E social homes, and utilising the maximum expected spend on administration and ancillary.

2.10.5 Value for Money

It is stated that value for money is a critical objective of the project and as such a process has 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.

The assessment comprises of a three-part assessment approach. These are outlined as follows:-

- **Measured to be installed** - 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.

- **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.
- **A cost confidence of the application** -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 the 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 to the RHI should be aware of the RHI eligibility criteria and scheme rules. More information can be found [here](#) and [here](#).

3. Tenants

RPs are required to demonstrate how the tenant needs will be considered throughout the project and comment on any tenant engagement undertaken. It is also commented that 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) 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 that 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 and contactable via info@socialhousingretrofit.org.uk

The technical support comprises of the following:-

- 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.

The guidance provides examples of some of the types of support offered.

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

The 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

It is stated that 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.

Before a 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.

6. Information Management

6.1 RP Contacts

Provision of the applicants contact details will 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). It is suggested that one or more contact(s) who is/are the project lead, communications lead, finance lead, legal lead and CEO.

6.2 Monitoring and Evaluation

Baseline and routine performance and monitoring data

It is stated that 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 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 will outline 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.

This section of the guidance provides details of the data LA's are expected to supply, the standard of the data, when information is required and also the expectation that data collection will be included in the relevant contracts.

Working with Monitoring Officers

It is advised that each awarded project will be allocated a Monitoring Officer at the point of notification and will be provided with the data briefing described in the guidance.

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').

This section of the report provides an overview of the data sharing arrangements required as part of the competition and project.

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. LA's that would like your project to be considered for this pilot work, can tick a box on 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

It is reported that 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.

It is commented that 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. 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 below:-

Key Milestone Dates Milestone

- Competition launch - 23rd August 2021
- Deadline for questions from applicants - 3rd September 2021
- Deadline for submission of proposals - 15th October 2021
- Notification of Competition Awards - By end December 2021
- Grant Awards - January 2022
- Project closure - 31st 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 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) 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 23rd 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 by 15th October 2021. Proposals received after this date will not be 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.

It is commented that 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 are 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.

It is commented that 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, BEIS 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 advised that it 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.

APSE COMMENT

To achieve Net Zero the retrofitting of social housing has an integral role to play. Therefore, the funding from the Social Housing Decarbonisation Fund is welcomed to accelerate the retrofitting of the homes with the lowest EPC ratings. APSE also supports the recognition that Local Authorities are best placed to lead on retrofitting programmes.

In the emerging results of the APSE State of the Market Survey 2021 and in the key findings of the APSE / TCPA research, [‘Housing for a fairer society-the role of councils in ensuring stronger communities’](#), the commonly reported barriers to retrofitting are cited as the cost and availability of materials and the availability of skilled tradespeople to undertake the work.

Therefore, APSE calls on the Government to take a proactive role to incentivise domestic production of equipment and sustainable raw materials alongside exploring options for scaling offsite production and modern methods of construction. Government should produce a national labour strategy to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled workers. Government should also ensure accessibility, sustainability, and low carbon innovation is at the heart of a national labour strategy. This will assist the British construction sectors to become world leaders in creating high-quality sustainable homes that enhance people’s health and wellbeing.

APSE’s Housing and Building Maintenance Seminar scheduled on Thursday 7 October and Friday 8 October 2021 at the Doubletrees by Hilton at Stoke on Trent will be focusing on retrofitting and other current challenges in the building maintenance arena.

APSE Energy is designed to bring councils together to share information, ideas, resources, best practice, and to support local energy projects. Working together enables them to exchange knowledge on finance, law, and procurement. It also helps them to gain greater marketplace leverage.

Our bespoke Local Authority Energy Collaboration is a partnership developed by member authorities that maximises the opportunities local authorities are currently offered by bringing councils together on a national scale to work on the green energy agenda. Currently, around 120 councils are members of APSE Energy. To learn more or get involved, contact energy@apse.org.uk

Vickie Hacking
APSE Principal Advisor