

SUBJECT:	WARM HOMES PROJECT
DIRECTORATE:	HOUSING AND INVESTMENT
REPORT AUTHOR:	MATTHEW HILLMAN, ASSISTANT DIRECTOR, ASSET MANAGEMENT

1. Purpose of Report

- 1.1 To obtain approval to undertake a Warm Homes project to delivery low carbon heating and insulation works to properties within the Housing stock that have a SAP rating of Band D or below.

2. Executive Summary

- 2.1 The Housing Directorate has an obligation to ensure all its Housing portfolio has a minimum SAP rating of Band C or above by 2030.
- 2.2 By delivering a Warm Homes low carbon heating and insulation project, this will be reducing properties from fuel poverty resulting in healthier homes for households. It will also reduce the number of properties within our stock below band C by 44%.
- 2.3 The total overall Council funded budget required for the project is £3,252,262 to improve 200 properties. This includes 60 fully funded properties and 140 co-funded by the Warm Homes Social Housing Fund Wave 3 (WHSHF) grant.

3. Background

- 3.1 The Government set a target of 2030 for social landlords to ensure all our properties have an SAP rating of band C or above by 2030.
- 3.2 Within the 30 Year Business Plan (6.4 Addressing Climate Change), we have reaffirmed our committed to ensure our remaining properties will reach Band C or above by 2030. Additionally, we have committed to improve the environmental performance of our homes as we deliver planned improvement works and ensure we undertake surveys on our archetypes to produce a fit for purpose investment programme, that includes what is required to retrofit our properties during the next five years (2024-2029).

We currently have 450 properties that are band D or below. Warm Homes Funding is available to properties falling into this category.

- 3.3 During the summer of 2024, the Council awarded a contract to Equans to carry out sample retro fit assessments to some of our lower energy rated stock along with energy data modelling work and support with the preparation of our Warm Homes grant application.

- 3.4 We submitted an application for Warm Homes Social Housing Fund Wave 3 grant funding of £1,929,411 to deliver our proposed programme of works to 200 properties.
- 3.5 The WSHF Wave 3, was oversubscribed and therefore our maximum scaled grant funding award is £1,338,332 (Subject to requirements in Section 4.4). This will enable the City of Lincoln Council's housing directorate to deliver a programme of work to 140 properties within the housing stock using the co-funded grant. The work will include low carbon heating and insulation works to reduce the number of households living in fuel poverty and increase the SAP rating of these properties to band C or above.

4. WSHF Wave 3 Project

- 4.1 The co-funded grant project to improve the SAP ratings of 140 properties will include the following works:
- 134 Solar PV with battery storage
 - 60 Ventilation improvements
 - 57 Replacement windows
 - 48 Loft Insulation top ups
 - 12 Air source heat pumps
 - 4 External wall insulations
 - 2 Cavity wall insulations

The delivery model submitted within our application will see the following works carried out:

Period	Year	Number of Properties
Quarter 2	2025-26	35 Properties
Quarter 3	2025-26	35 Properties
Quarter 4	2025-26	35 Properties
Quarter 1	2026-27	35 Properties

- 4.2 Initially an outline programme of addresses identified with an SAP rating of band D or below will receive a Retro Fit assessment. This will clarify if the SAP rating of the property meets the WSHF Wave 3 criteria to be placed into the programme. The addresses will be batched in groups of 35 addresses, these will then be submitted to DESNZ for approval before works can commence. Therefore, this project is time critical to ensure we maximise our grant funding allocation.
- 4.3 The Council had applied for funding for 200 properties, but due to oversubscription our co funded grant was reduced to (69%)140 properties. However, the proposal is to still deliver works to 200 properties. This additional work will make significant inroads into our 2030 deadline for ensuring all our properties are band C or above. In addition, this work will support Housing's Decarbonisation plan.

Low carbon heating measures and insulation works as set out in 4.1 above will be included within the delivered works. These additional 60 self-funded properties will be delivered in addition to the co-funded WSHF Wave 3 work.

- 4.4 The Council has submitted a revised scaled grant application on the 27th March as requested by the Department for Energy, Security and Net Zero. The Council will receive notification of grant and grant fund agreements in April. These agreements will need to be signed and returned in May 2025.
- 4.5 Our WHSHF Wave 3 grant is £1,338,332.

The grant spend profile which grant recipients must adhere to, is as follows:

Financial Year	Grant spend profile
2025-26	£1,070,665
2026-27	£267,666

- 4.6 The Council will require additional project resource to manage and monitor this project. This will include pre-mobilisation, data analysis, consultation, monitoring delivery, submitting grant applications and asset data management. Within section 6.1 is the budget requirement for Project resource.
- 4.7 Additional revenue costs in relation to annual checks of the 191 Solar PV's is expected to cost in the region of £100 per device, so £19,100 per annum. It is expected that these costs can be met from existing HRA Electrical Testing budgets within the HRA Repairs programme so no additional budget provision is required.

5. Strategic Priorities

5.1 Let's Reduce All Kinds of Inequality

Households will live in homes with improved energy efficiency resulting in improved health, wellbeing, and comfort.

5.2 Let's Deliver Quality Housing

The WHSHF-Wave 3 works programme will tackle fuel poverty and provide affordable, warm, energy efficient properties, therefore delivering one of the Council's vision 2030 strategies.

5.3 Let's Address the Challenge of Climate Change

This Project will deliver low carbon heating and insulation works, reducing carbon emissions and improving energy efficiency and improved SAP ratings of the properties contained within the programme of work. The works will contribute towards Net Zero, along with delivering Housing's Decarbonisation Improvement Plan contained within the Housing Revenue Account 30-year business plan.

6. Organisational Impacts

6.1 Finance

Capital

WHSHF Wave 3 Grant Project 140 Properties (Section 4.1)

	2025/26	2026/27	Total
WHSHF Wave 3 grant	£1,070,665	£267,666	£1,338,331
Council co-funding from Major Repairs Reserve	£1,472,443	£368,111	£1,840,554
Project cost	£2,543,108	£635,777	£3,178,885

Which equates to an average total investment of per property of £22,706.

Project for 60 Self-Funded Properties (Section 4.3)

An additional 60 properties, based on an average price of £22,706, will be wholly financed by the Council and funded from the Major Repair Reserve. The profiling of these properties is expected to be in line with the 140 properties above.

	2025/26	2026/27	Total
Council funded 60 additional properties (funded through MRR)	£1,089,888	£272,472	£1,362,360

Project Management Resource (Section 4.6)

	2025/26	2026/27	Total
Project Management Resource (funded through MRR)	£39,950	£10,190	£50,140

Total Capital Cost for Combined Project including 200 Properties

	<u>2025/26</u>	<u>2026/27</u>	<u>Total</u>
WHSHF Wave 3 grant	£1,070,665	£267,666	£1,338,331
Council contribution	£2,562,331	£640,583	£3,202,914
Project Management	£39,950	£10,190	£50,140
Total Capital Costs	£3,672,946	£918,439	£4,591,385

Revenue Costs (Section 4.7)

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Annual Maintenance	£15,280	£19,100	£19,100	£19,100	£19,100	£91,680

These costs will be funded from existing HRA revenue repairs budgets as outlined in section 4.7 above.

Future replacement components as set out in Section 4.1 will require factoring into future 30 year Asset Management planning and the next HRA Business Plan update. The useful economic life of each component ranges between 15 and 50 years, so the first replacement cycle will need factoring in from 2040 through to 2075.

6.2 Legal Implications including Procurement Rules

The Council are in negotiation with a contractor to award a Framework contract for the delivery of the project works.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

We do not perceive there to be any negative impacts that would warrant an Equality Impact Assessment. There are no Equality and Diversity implications.

6.4 Human Resources

Additional resource required to manage and monitor the delivery of the contract and compliance with associated WSHF Wave 3 grant funding criteria and asset data management.

6.5 Land, Property and Accommodation

N/A.

6.6 Significant Community Impact &/or Environmental Impact

We do not perceive there to be any negative community or environmental impacts.

6.7 Corporate Health and Safety Implications

None.

7. Risk Implications

7.1 (i) Options Explored

7.2 (ii) Key Risks Associated with the Preferred Approach

Key Risks Identified:

- Ability to award and mobilise delivery contract
- Ability to deliver works in accordance with yearly grant allocation
- Access to properties to undertake surveys and works
- Properties dropping in and out of the programme.
- Managing customer expectation of those within and excluded from the programme

Project management resource

8. Recommendation

- 8.1 The recommendation is for the Executive to approve the inclusion of a budget allocation of £4,591,385 in the Housing Investment Programme, as set out in section 6.1 of the report, to enable delivery of low carbon heating and insulation works to 200 properties to improve the SAP rating to band C or above.

Is this a key decision? Yes

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None

List of Background Papers: None

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