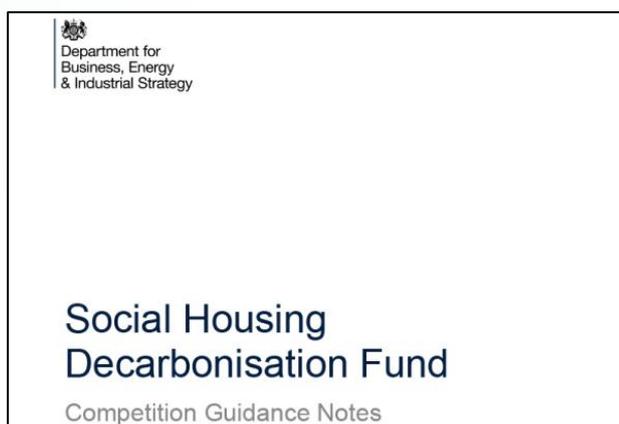




Social Housing Decarbonisation Fund

£800m fund targeted at reducing carbon emissions and tackling fuel poverty in social housing.



Courtesy of BEIS

Scheme highlights

- **Fabric-first approach, with shared ground heat exchange recognised as eligible technology**
- **Wave 1 (£160m) closed; Wave 2 expected in 2022/23 financial year**
- **No minimum or maximum bid size, but applications to treat large number of properties encouraged**

Scheme details

This funding mechanism is aimed at social housing landlords including local authorities and Registered Providers. It is intended to tackle fuel poverty, reduce carbon, and improve comfort, health and well-being.

If Wave 2 operates along similar principles to Wave 1, bids can be made by consortia of local authorities and RPs but must be led by local or combined authorities.

Property / tenure eligibility

- Social housing EPC E-G (or D if not possible).
- Mixed tenure but 70%+ social, apply for infill funding, leaseholders pay 1/3 (£3,300 max), low income fully funded, whole-block approach may be justified.

Costs

- No minimum or maximum size/value of application.
- Landlord to provide 1/3 of costs.
- Maximum per-dwelling funding: EPC D = £10k, EPC E = £12k, EPC F/G = £16k.

Technology / approach

- Fabric-first (target to achieve 90 kWh/m² per year).
- Then heating technology which reduces cost (inc. heat pumps, high retention night storage heaters, biomass in exceptional circumstances).

A BEIS workshop for social housing providers to input into Wave 2 is to be held on 17 Feb 2022, and support to help bid development is provided by the Social Housing Retrofit Accelerator (see links below).

Key scheme information

Total scheme value	£800m, 3 years from 2022
Applicable to	England only
Funding type	Capital grant
Organisation eligibility	Local authorities, RPs
Bids submitted by	Local authorities
Property eligibility	Social housing, EPC D or below, preferably F-G
Resident eligibility	Social tenants & low-income leaseholders
Approach	Fabric-first
SGHE eligible	Yes, following fabric measures

References & further information

<https://www.gov.uk/government/publications/social-housing-decarbonisation-fund>

<https://www.gov.uk/government/publications/social-housing-decarbonisation-fund-wave-1-successful-bids>

<https://www.housing.org.uk/news-and-blogs/news/social-housing-decarbonisation-fund-wave-2-beis-social-housing-workshop/>

<https://www.socialhousingretrofit.org.uk/>



Public Sector Decarbonisation Scheme

Capital grants for public sector bodies to replace end-of-life fossil heating with low carbon alternative.



Courtesy of BEIS

Scheme highlights

- **Grant funding to cover costs of heat decarbonisation for end-of-life fossil systems**
- **Open to all types of public sector body including schools**
- **Phases 1–3 now closed to applications; further phases expected**
- **Fabric-first approach (fully funded) before heat technology (marginal cost)**

Scheme details

The scheme is aimed at enabling public sector organisations to lead the way in heat decarbonisation, through provision of capital funding to replace end-of-life fossil heating with low carbon alternatives.

Applications can be any value and there is no upper limit, however the applicant is expected to meet the cost of installing a like-for-like fossil counterfactual system. Energy efficiency measures are fully funded.

Organisation / building eligibility

- Public sector buildings currently using fossil-fuelled heating.
- Includes central / local government, academic including schools, and the NHS.

Costs

- Capital grant funding to cover *marginal cost* of low carbon alternative and energy efficiency measures.
- Building owner to meet cost of fossil-fuel counterfactual.
- No minimum or maximum size/value of application.
- <£325/tonne carbon saved over project lifetime.

Technology / approach

- Whole-building approach with energy saving measures encouraged alongside heating system.
- Heating technology which reduces carbon (heat pumps, electric heating, connect to district heat network).
- SGHE technology appears eligible, but the scheme does not cover social housing.

Phases 1-3 now closed to applications, but further phases are expected. The application process for prior phases was managed by Salix Finance.

Key scheme information

Scheme value	£1.4bn (phase 3)
Applicable to	England only
Organisation eligibility	Most public sector bodies (excluding social housing)
Bids submitted by	Building owner
Property eligibility	Social housing, EPC D or below, preferably F-G
Cost approach	Lifetime cost <£325/tonne CO₂ saved
Approach	Fabric-first
SGHE eligible	Yes, following fabric measures

References & further information

<https://www.gov.uk/government/collections/public-sector-decarbonisation-scheme>

https://www.salixfinance.co.uk/P3_PSDS



Green Heat Network Fund

Capital grants to support development of low and zero carbon heat networks.



Courtesy of BEIS

Scheme highlights

- Grant funding to cover costs developing low carbon heat networks
- Open to public, private and third sector
- Transition scheme closed Oct 21; full scheme expected Apr 2022

Scheme details

This successor scheme to the Heat Network Investment Project (HNIP) aims to build a pipeline of low carbon heat network projects through 11 funding rounds from Apr 22 – Sept 24.

Applications can be made by any type of organisation, and for new or existing heat networks which meet a set of ‘gated metrics’, primarily carbon reduction.

A distinction is made between eligible ambient loops (“centrally managed”, 2GWh+) and non-eligible shared ground loops (two or more heat pumps with not more than

one heat pump in a dwelling). However, SGL eligible “when they form part of either aggregated communal networks or rural heat networks”.

Costs

- (Transition phase) Commercialisation costs e.g. contract & procurement.
- (Full phase) Construction phase costs – up to 50% of total CAPEX inc. commercialisation costs.
- Maximum award of 4.5p per kWh of heat delivered to customers over first 15 years of operation (£1.35m for 2GWh/yr system).

Gated metrics

- Max 100gCO₂e/kWh thermal energy delivered.
- Price of heat to customers lower than fossil counterfactual (existing buildings) or low carbon counterfactual (new buildings).
- Social IRR 3.5%+ over 40 years.
- Urban networks: minimum customer demand 2GWh/yr (roughly 130 homes).
- Rural networks: minimum 100 homes.

Aggregation requirements

- When part of heat decarbonisation strategy for Local Energy Hub region / local heat mapping masterplan.
- Systems designed to enable future connection to wider network.

Key scheme information

Scheme value	£270m
Applicable to	England & Wales
Organisation eligibility	Public, private, third sector
Bids submitted by	Heat network developer / operator
Technology eligibility	Various inc. waste heat, heat pumps, deep geothermal, solar thermal
Network eligibility	Min. 2GWh/yr (urban), 100 homes (rural)
Cost eligibility	50% of total CAPEX, up to 4.5p/kWh of heat delivered over first 15 years
SGHE eligible	Yes, when aggregated

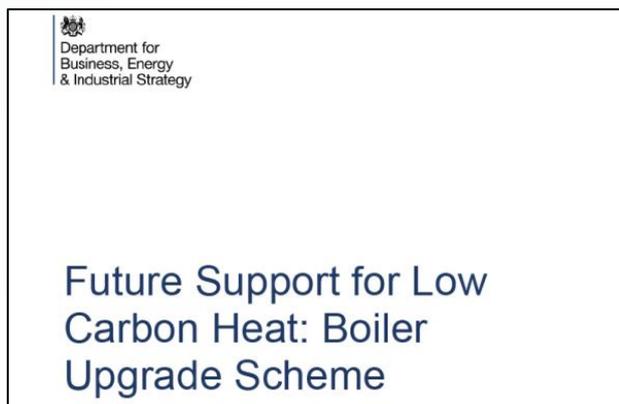
References & further information

<https://www.gov.uk/government/publications/green-heat-network-fund-ghnf-transition-scheme>



Boiler Upgrade Scheme

Capital grants for households and businesses to replace fossil fuel heating with low carbon alternatives.



Courtesy of BEIS

Scheme highlights

- Heat pumps have priority with £5,000 per ASHP and £6,000 per GSHP
- Open to domestic and non-domestic installations
- Scheme to open Apr 2022
- Small SGHE systems eligible

Scheme details

This successor scheme to the Renewable Heat Incentive (and formerly known as Clean Heat Grant) will provide capital grants to households and businesses towards the capital and installation cost of low carbon heating.

Ofgem have been appointed to manage the delivery of the scheme which will be open to the property owner or can be carried out with owner's consent.

It will be operated via a voucher scheme with the two-stage claim process now planned to be installer-led with customer approval. Contractors must be MCS accredited and member of consumer code.

Property eligibility

- Domestic & non-domestic properties.
- Excluding social housing and new build (aside from self-build).
- Currently heated by fossil fuel or direct electric.
- Hold a valid EPC with either:
 - no recommendation to install loft or cavity insulation, or
 - this is to be done during installation process, or
 - exemption e.g. due to listed status.

"We understand that there may be non-social housing projects where the installation of a shared ground loop system may be desirable. These will be eligible for support under the Boiler Upgrade Scheme up to a total system capacity of 45 kWth"

Technology eligibility & funding

- ASHPs - £5,000.
- GSHPs - £6,000.
- SGHE (up to around 10 properties) - £6,000 per HP.
- Biomass boilers (rural, off-grid locations, not suitable for heat pump) - £5,000.
- Technology must be able to meet full heating and hot water needs of property, but can be combined with supplementary heating e.g. electric immersion.

Recognising that the grant will not cover all costs, government expects the scheme to work alongside the current Green Home Finance Innovation Fund and Green Home Finance Accelerator programme to launch in 2022 to encourage development of innovative financial models.

Key scheme information

Scheme value	£450m
Applicable to	England & Wales
Applicant eligibility	Domestic and non-domestic customers
Grant to be claimed by	MCS accredited installer
Technology eligibility	ASHPs, GSHPs, SGHE, biomass boilers (rural)
Heat pump efficiency	Minimum SCOP 2.8
Cost eligibility	£5,000-£6,000 per property
SGHE eligible	Yes, up to 45kWth

References & further information

<https://www.gov.uk/government/consultations/future-support-for-low-carbon-heat>

<https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus>



Sustainable Warmth Fund

Two parallel schemes to raise energy efficiency and reduce carbon emissions of inefficient low-income households.



Courtesy of BEIS

Scheme highlights

- For low-income households with low EPC-rated homes
- Targeted at low carbon heating and insulation with fabric-first approach.
- Applicable to owner-occupiers, private landlords, social landlords

Scheme details

This combined scheme brings together a third phase of the Green Homes Grant Local Authority Delivery Scheme with the new Home Upgrade Grant with a total value of £450m from Jan 2022 – Mar 2023.

The aim is to tackle fuel poverty and meet net-zero targets through efficiency measures and low carbon heating installation. The combined application process was open to local authorities and Local Energy Hubs until Aug 2021, with winning authorities announced 08 Dec 2021.

The focus is on privately owned housing which includes in the private rented sector. The scheme gives applicants flexibility to apply their own methodology to discern how

low-income households are likely to be in fuel poverty, and the <£30,000 household income threshold can be an average over a block of flats, for example.

For properties in the private rented sector where tenants meet the requirements, landlords are expected to contribute 1/3 of the cost. Social housing is eligible on an 'in-fill' basis up to 10% of e.g. in a block of flats or street.

Local Authority Delivery (LAD) Phase 3

- Existing domestic properties.
- EPC Band D-G.
- **Connected** to gas grid.
- Maximum average grant of £10,000 per home.
- <£30,000 household income.

Home Upgrade Grant (HUG) Phase 1

- Existing domestic properties.
- Property eligibility: EPC Band E-G.
- **Not connected** to gas grid.
- Average grant expectation £10,000-£25,000.
- <£30,000 household income.

Communal and district heat networks are permitted when low carbon and Heat Trust accredited but it's assumed the timescale and capital cost of DH makes it less viable.

Key scheme information

Scheme value	£450m
Applicable to	England
Applicant eligibility	Local authorities & Local Energy Hubs
Property eligibility	Existing domestic, low EPC
Energy efficiency measures	Wall, loft and underfloor insulation
Heating technology measures	Heat pumps (priority), high retention night storage, biomass (exceptional circs)
Cost eligibility	£10k/home (LAD) £25k/home (HUG)
SGHE eligible	Yes

References & further information

<https://www.gov.uk/government/publications/apply-for-the-sustainable-warmth-competition>

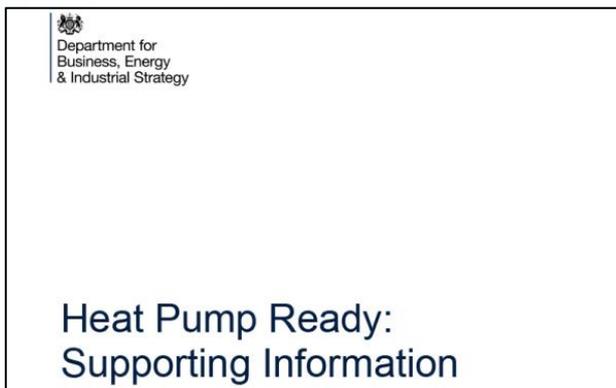
<https://www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england>

<https://www.gov.uk/government/publications/sustainable-warmth-competition-successful-local-authorities>



Heat Pump Ready Programme

Supporting innovative solutions and overcoming barriers to residential heat pump deployment at scale and in high densities.



Courtesy of BEIS

Scheme highlights

- Focused on tackling barriers to domestic heat pump deployment
- Open to all types of applicant
- £60m over three work streams
- Application deadlines Feb–Mar 2022

Scheme details

This scheme aims to tackle current problems faced by heat pump suppliers, installers and customers, and create the environment for mass deployment towards the government’s 600,000/year by 2028 target.

This multi-stream programme aims to deliver:

- Reduced capital, installation and running costs for heat pumps.
- Improved consumer experience of product selection, installation, and living with a heat pump.
- Solutions to the impact of domestic heat pumps on the electricity grid.

Stream 1: ‘Solutions for High-Density Heat Pump Deployment’ - £30m

£30m to support development and trial of solutions and methodologies to deliver high-density deployment:

- Projects which deliver optimised deployment and cost savings beyond life of project.
- Innovative approach for roll-out of a high-density heat pump installations within chosen location type (urban / urban with rural / rural).
- Funded through Small Business Research Initiative (SBRI) scheme.

Closing date: 22 Feb 2022.

Stream 2: ‘Developing Tools and Technology’

£25m to support development of technology, tools and processes to overcome specific barriers to domestic heat pump deployment:

- Reduce lifetime cost.
- Increase lifetime performance.
- Minimise installation disruption.

E.g. quieter heat pump, app to support installers, heat-as-a-service business model.

Closing date: 15 Feb 2022.

Stream 3: ‘Trial Support & Learning’

£5m to support knowledge transfer and shared learning across programme:

- Capture and share progress, evidence, knowledge, and lessons between Stream 1 & 2 and other NZIP.
- Dissemination of knowledge and evidence to external audiences.

Closing date: 07 Mar 2022.

Key scheme information

Scheme value	£60m over 3 streams to Mar 2025
Applicable to	England, Wales, Scotland
Applicant eligibility	“stakeholders from across the heat landscape”
Outputs to include	Better heat pump designs, monitoring systems, financial models, tools for surveys, algorithms, etc.
Cost eligibility	Stream 1: £50k-£9m Stream 2: eligible costs up to maximum grant intensity
SGHE eligible	Yes (Stream 1)

References & further information

<https://www.gov.uk/government/publications/heat-pump-ready-programme>