

Sustainable Warmth Competition



Scheme Updates

- LAD Phase 1a - £74million delivery until August 2021
 - Extended delivery
 - PAS 2030:2019 transition extended
- LAD Phase 1b - £126m delivery until September 2021
 - PAS 2030:2019 transition extended
- LAD Phase 2 - £300m delivery until December 2021
 - PAS 2035/2030:2019 only
- SHDF Demonstrator - £62m delivery until December 2021

	Q2 20 (Jul-Sep)	Q3 20 (Oct-Dec)	Q4 21 (Jan-Mar)	Q1 21 (Apr-Jun)	Q2 21 (Jul-Sep)	Q3 21 (Oct-Dec)	Q4 22 (Jan-Mar)	Q1 22 (Apr-Jun)	Q2 22 (Jul-Sep)	Q3 22 (Oct-Dec)	Q4 23 (Jan-Mar)
	2020		2021				2022				2023
GHG vouchers	Applications close 31 March 21 - delivery run off tbc										
LAD Phase 1a (c£74m across 55 projects)	Competition ends August	Allocate Funding	Delivery starts Dec 20 and ends Aug 21								
LAD Phase 1b (c£126m across 81 projects)		Competition ends December	Allocate Funding	Delivery starts Dec 20 and ends Sept 21							
LAD Phase 2 (£200m across Local Energy Hubs)		Sourcing Strategy Delivered	Allocate Funding	Delivery starts Dec 20 and ends Dec 21							
Sustainable Warmth Fund (LAD 3 £200m & HUG1 £150m)				Competition ends August		Allocate Funding	Delivery starts Dec 21 and ends March 2023				
SHDF Wave 1 (£160m)				Procuring scheme administrator	Procuring scheme administrator/competition launch	Competition ends/allocate funding	Money transferred/pre-delivery phase/early delivery	Delivery ends March 2023			
HUG Main Scheme							Mobilisation (including procuring outsourced Scheme Manager)	Allocate Funding	Delivery starts Autumn 22 and ends June 2025 -->>>		

NOTE: Timelines may change. HUG Main Scheme delivery subject to future fiscal events.

The Sustainable Warmth Competition

The 'Sustainable Warmth Competition' is a funding opportunity being launched to bring together two fuel poverty schemes:

- 1. LAD Phase 3:** In March 2021, Government announced £200m for low-income households heated by mains gas through a third phase of Local Authority Delivery (LAD) funding. This funding builds on Phase 1 and 2 of LAD, with the majority of eligibility rules staying consistent with the earlier phases – with the most prominent change refining the scope to gas fuelled homes only.
- 2. HUG Phase 1:** £150m available to support for low-income households off the gas grid through the Home Upgrade Grant (HUG) Phase 1.

The primary purpose of the funding is to raise the energy efficiency rating of low-income and low EPC rated homes, those with E, F or G being prioritised (band Ds will be limited), on the gas grid and off the gas grid and support economic resilience and a green recovery.

Single Competition

We want to make applying for funding as straight forward as possible for Local Authorities and ensure that the schemes efficiently complement each other:

- The **new £200m phase of LAD and the initial £150m HUG** scheme will be running simultaneously, with delivery expected from early 2022 through to March 2023.
- The competition will cover both **off-gas (HUG1) and on-gas (LAD3) properties**, where the household is on a low-income and likely to be in fuel poverty. We will retain the focus of upgrading the worst-performing homes with energy efficiency installations and low carbon heating, as such projects that support **E, F and G rated homes will be prioritised** and upgrades to band D rated homes will be limited.
- This £350m funding opportunity will be **launched in June**. The competition will be comprised of single competition guidance for Local Authorities and a single application form covering both schemes.
- This combined approach will continue through the delivery, with one monthly reporting pack covering both schemes.

Eligibility Criteria

Scope of the scheme

Funding Limits	<ul style="list-style-type: none">All applications are subject to a minimum bid value of £250,000; there is no maximum.
Applicants	<ul style="list-style-type: none">All Local Authorities or Local Energy Hubs in England. Consortium proposals with a nominated lead Local Authority coordinating delivery across multiple LAs or regions are welcomed, including building on LAD P2 led by LA Hubs.
Households	<ul style="list-style-type: none">Low-income households with a combined annual income less than £30,000 gross income.Retaining LAD1B flexibility to account for regional variation and household composition.
Homes	<ul style="list-style-type: none">EPC D, E, F and G rated homes. Band D will be capped at 30% across on and off the gas grid housing stock.Domestic dwellings only – primary focus will be to upgrade privately owned housing.Social housing permitted as part of mixed tenure upgrades. Bids focused on social housing encouraged to apply to SHDF.
Measures	<ul style="list-style-type: none">Any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP).Includes energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies.Fossil fuel heating systems are excluded from these schemes.
Contractors	<ul style="list-style-type: none">Trustmark registered and where applicable MCS certified.Installers must be compliant with PAS2030:2019.

Cost Expectations - On Gas Grid Homes

LAD3: homes on the gas grid - retain LAD average cost caps.

- Owner occupied homes: maximum subsidy £10,000
- Rented properties (either with a private landlord or social landlord): maximum subsidy will be £5,000 with the landlord funding one third of the overall costs.

For clarity, a table setting out the subsidy and contributions expected for all on-gas grid upgrades for rented properties has been set out below:

LAD Funding	Minimum Landlord Contribution	Total Cost
£1,000	£500	£1,500
£2,000	£1,000	£3,000
£3,000	£1,500	£4,500
£4,000	£2,000	£6,000
£5,000	£2,500	£7,500

Indicative Cost Caps shown - final cost caps will be confirmed when the competition is launched.

Cost Expectations – Off Gas Grid Homes

HUG1: Off the gas grid homes

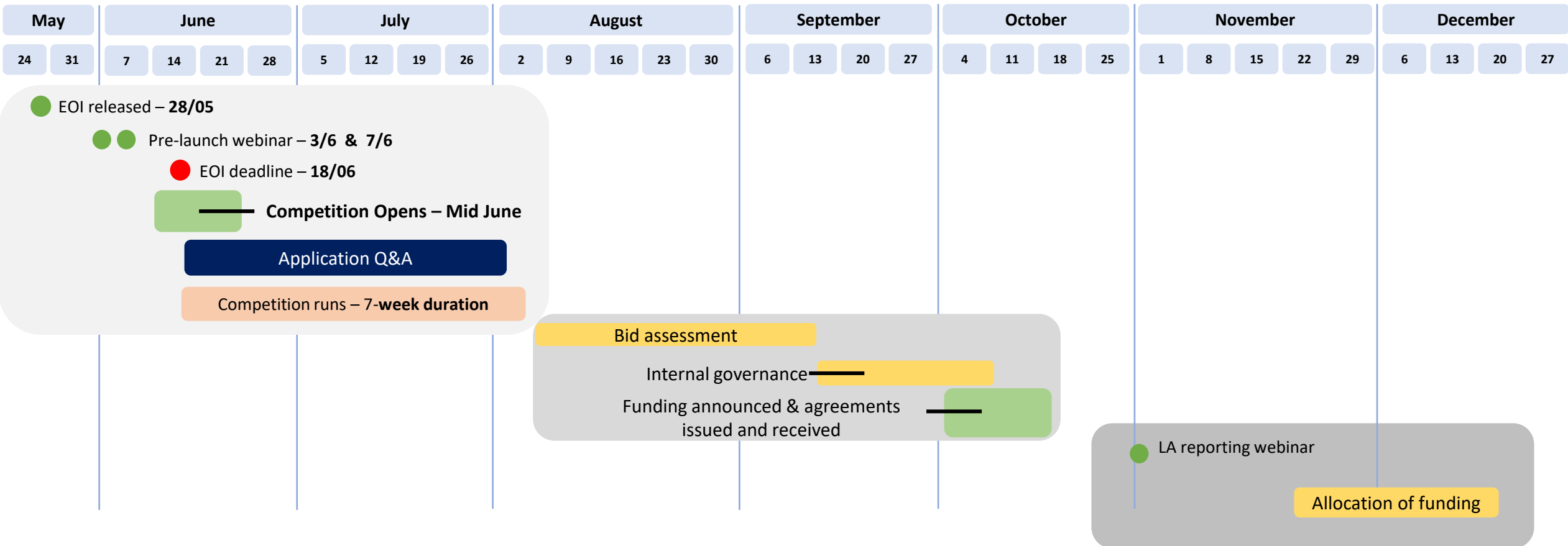
- Average cost caps of upgrades will be on a sliding scale according to the starting EPC band and fuel type.
- Cost caps designed to enable energy efficiency and low carbon heating.
- For rented properties (private landlord), the landlord will be required to fund one third of the cost of upgrades.

	F&G	E	D
Electric	£20,000	£15,000	£10,000
Oil/coal/LPG/solid fuel	£25,000	£20,000	£15,000
Park homes	£15,000		

Indicative Cost Caps shown - final cost caps will be confirmed when the competition is launched.

Sustainable Warmth Competition Timeline

- EOI stage
- Assessment stage
- Allocation stage



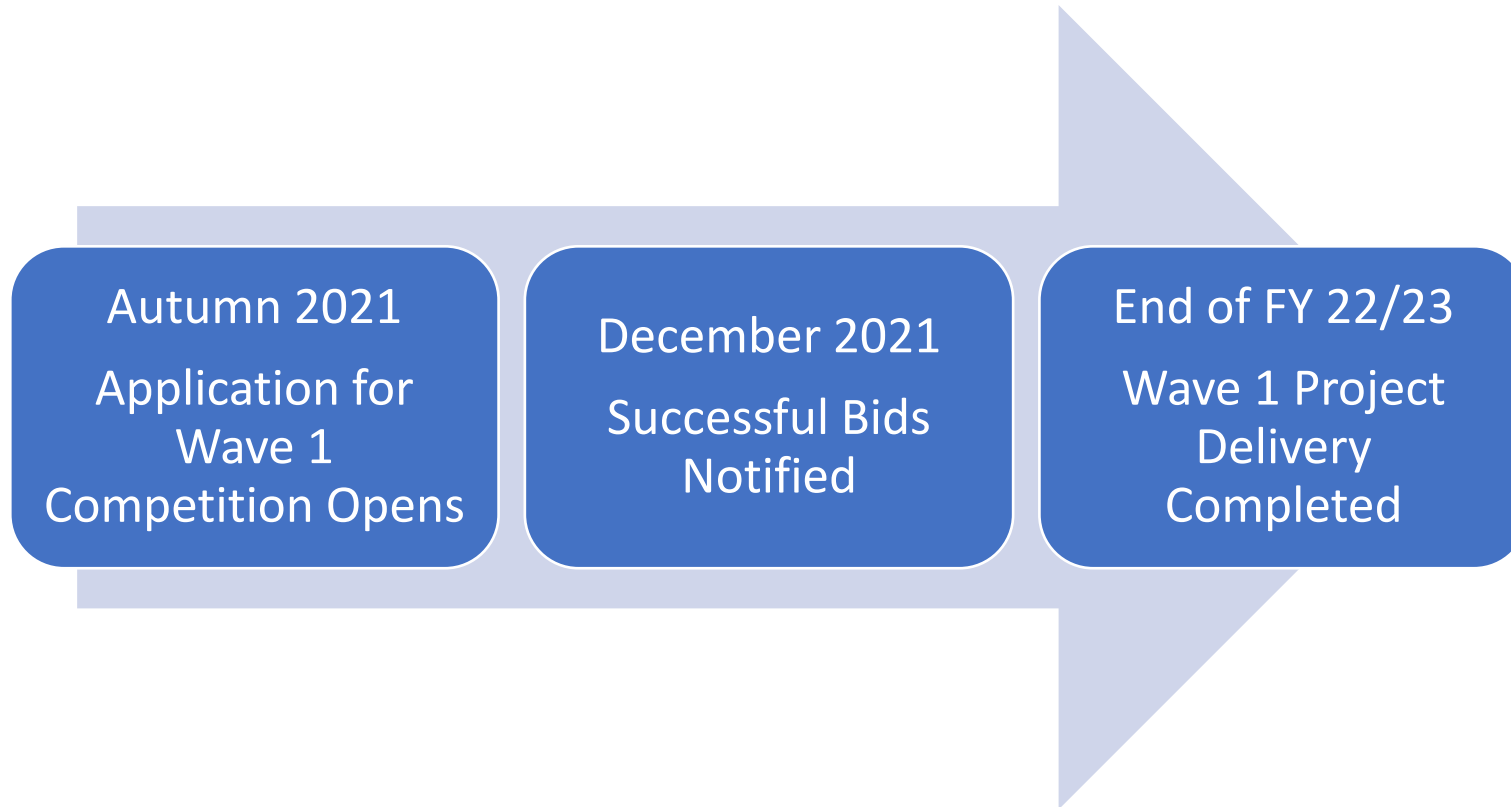
* Project Delivery January 2022 → March 2023

The Social Housing Decarbonisation Fund

- The 2019 Conservative Manifesto includes a proposal for a **£3.8bn Social Housing Decarbonisation Fund** (SHDF) 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 around a further £160m for the first wave of the SHDF in financial year 2021/22, delivering up to March 2023.



SHDF Wave 1 Indicative Timeline *(subject to change)*



- The SHDF is designed to upgrade social housing stock. Local Authorities seeking to upgrade their own social housing stock, or work in partnership with Housing Associations to upgrade social housing are encouraged to apply for the SHDF as limits on the allowable proportion of social housing as part of mixed tenure area-based upgrades will be implemented in HUG1 and LAD3.