

**Committee:** Scrutiny Committee

**Date:** 13 July 2026

**Title:** Social Housing Decarbonisation Fund Project Update

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**Lead Member:** Cllr Arthur Coote, Portfolio Holder for Housing and Equalities

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## Summary

1. On 16 July, Cabinet will meet to consider an update on the work to deliver the Social Housing Decarbonisation Fund project.

## Recommendations

2. Scrutiny Committee is requested to consider and provide comment on the Cabinet report set out in (Sections 5 to 33 of this report)
3. Scrutiny Committee is requested to provide comment to Cabinet on the progress of the work.
4. Scrutiny Committee is requested to provide comment to Cabinet on the recommendation to ask Officers to include options for delivery of further decarbonisation and energy efficiency measures in the Housing Asset Management, Development and Growth Plan, which forms part of the Housing 30 Year Business Plan currently in preparation.

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## Summary

5. In 2024, the Council was successful in a grant funding bid under the Social Housing Decarbonisation Fund (SHDF) (Wave 2) and secured an allocation of £3.8 million. This was the second highest amount awarded to any council in the country from that funding round, and reflected the boldness of Uttlesford's ambition to improve energy efficiency in our tenants' homes, potentially reduce bills, and tackle the climate crisis.
6. The Social Housing Decarbonisation Fund project aimed to retrofit up to 276 rural properties to a minimum of Energy Performance Certificate (EPC) standard C, resulting in reduced energy consumption, reducing carbon emissions and energy cost savings for tenants. The project expected to deliver a substantial contribution to council's climate commitments. In addition to the grant funding, the council has committed to contribute to the overall funding of the project and allocated circa £5.7 million of capital funding to the project.

7. To deliver the expected energy performance, a range of measures were incorporated including the installation of roof-mounted Photo Voltaic panels to generate power and Air Source Heat Pumps to provide space heating and hot water. Other measures including cavity wall insulation, loft insulation, external wall insulation, and new windows and doors.
8. Early work to carry out detailed surveys was completed in 2024 and 2025. In Autumn 2025, the Council's Repairs and Maintenance Service provider advised that they would not complete the SHDF works. In order to optimise the external grant funding awarded to the Council for the SHDF project, the Housing Repairs and Maintenance service mobilised work to procure the key components and a prime contractor to carry out installation works. Contracts were awarded in January 2026 for a total of £8.5 million to Aspect Group Services Limited for the supply of labour and ancillary services, and City Electrical Factors (CEF) for the supply of materials associated with the delivery of the Social Housing Decarbonisation Fund (SHDF) project.
9. The service was able to secure a short extension to the timeline for completion of installation works (from 31 March 2026 to 26 May 2026), but no further opportunity for extension could be secured.
10. Installation has been completed at 82 properties that will be eligible for a proportion of grant funding. Installation works are complete, underway or scheduled at a further 47 properties which will be fully funded by the Council as part of the capital funding allocated to the project, totalling 129 homes. Ongoing engagement with the funding body may increase the proportion of properties eligible for grant funding.
11. This was the first initiative of this type within Uttlesford, so implementation reflected a learning curve arising from the need to work with suppliers in a relatively under-developed market place, and in working with tenants to help them understand the implications, particularly around those whose packages would involve moving from a traditional boiler-fuelled radiator system to an air source heat pump.
12. Policy, Strategy and Plans for Housing Asset Management, Development and Growth are being finalised over the Summer for presentation to Cabinet and Full Council in Autumn 2026. These documents will establish a framework for continuing installation of decarbonisation and energy efficiency works as part of the Council's ongoing capital programme for its social housing.
13. Substantial and valuable learning has been gained from this initiative in terms of both tenant engagement and market management. This learning will serve the Council well over years to come as more homes are considered for energy efficiency retrofit measures. Early tenant concerns regarding the design of the solution and its impact on residential energy costs were substantially eased once early works had begun and tenants in those homes were prepared to talk positively about their experiences to others. Having experienced substantial market/supplier failure in the earlier stages of this scheme, the council is now also well-served into the future understanding how best to select and manage suppliers for this type of complex, multi-property initiative. In particular, it is

worth noting that the marginal average cost per property after this learning is below £20,000 compared to the original circa £31,000 unit cost. This cost reduction has been driven by the decision to shift part way through the process from procuring a single supply-and-install contractor to the council separately bulk purchasing the components and then paying an installer separately.

## **Recommendations**

14. To note this report.
15. To ask Officers to include options for delivery of further decarbonisation and energy efficiency measures in the Housing Asset Management, Development and Growth Plan, which forms part of the Housing 30 Year Business Plan currently in preparation.

## **Financial Implications**

16. The delivery of the Social Housing Decarbonisation Fund project is funded by a combination of £3.8 million external grant funding and circa £5.7 million capital funding.
17. The cost of the capital works was built into the original budgets for 2024/25 and 2025/26. The underspend in 2024/25 was reallocated into 2025/26 and 2026/27 based upon revised estimates for the timing of the expenditure. Additional capital funding has also been assigned to support associated works required such as roofing.
18. The council secured grant funding of £3.8 million from central government as part of the Social Housing Decarbonisation Fund Wave 2.2. There are time constraints to delivering the programme and maintaining the grant funding.
19. Based on current financial reporting, around £837k has been allocated to the grant award in Financial Year 24/25 and 25/26. It is estimated that a further £429k will be allocated to the grant in Financial Year 26/27 bringing the total grant utilisation to £1.265m. This assumes that the funding body agrees to an extension for filing of completion paperwork. It is expected that the remainder of the grant will be returned to the funding body.
20. Based on current financial reporting, around £1.088m has been invested by the council in financial years 24/25 and 25/26 in delivery of this programme. It is estimated that a further £1.452m will be expended to complete the 129 properties set out in point 6 of this report, bringing the total estimated investment to date to £2.540m. It is anticipated there will be a roll forward of financial year 2025-26 to cover this additional cost.
21. A full and final cost allocation will be established as part of finalising and reporting the project closure to the funding body.
22. The Council has made provision in the financial statements for outstanding claims raised by previous service providers. The timing and value of which are yet to be determined.

23. Overall, around a half of the projected 276 homes will have been successfully adapted (129), but at less than half of the original budgeted cost. The underspends will be passed back into the Housing capital budget, so that energy efficiency and decarbonisation works can continue to be considered in future capital improvement rounds, when considered alongside other calls on the Housing Revenue Account capital programme such as new kitchens and bathrooms.

## Background Papers

24. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

- a) Key Decision Notice (KDN) dated 29<sup>th</sup> January 2026 to award a contract to City Electrical Factors
- b) Key Decision Notice (KDN) dated 29<sup>th</sup> January 2026 to award a contract to Aspect Group Services Group
- c) Full Council Report 24 February 2026

## Impact

25.

Communication/Consultation	Tenants of the properties identified for the SHDF project were contacted and engaged with in advance of, during and after works, including support and information on the operation of new installation equipment.
Community Safety	Not applicable
Equalities	Current and future tenants of the properties targeted for installation of energy efficiency and decarbonisation measures will benefit from reduced energy costs
Health and Safety	Health & safety of tenants and contractor operatives will be the responsibility of the principal contractor, Aspect Group Services Limited
Human Rights/Legal Implications	The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do, providing it is not prohibited by legislation and subject to public law principles. Under s.111 Local Government Act (1972) local authorities may do anything which is calculated to facilitate or is conducive or incidental to the

	<p>discharge of their functions. The requirement of the Council to ensure adequate and satisfactory housing/living conditions within its district, is consistent with this power.</p> <p>The council has various statutory powers and duties in relation to the development, provision, and maintenance of housing and related matters, including pursuant to:</p> <p>Housing Act 1985</p> <p>Housing Act 1996</p> <p>Housing Act 2004</p> <p>Housing and Regeneration Act 2008</p> <p>The Landlord and Tenant Act 1985 (as amended)</p> <p>The Town &amp; Country Planning Act 1990</p> <p>The General Power of Competence under the Localism Act 2011</p> <p>Section 111(1) of the Local Government Act 1972 which gives a local authority the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.</p>
Sustainability	Improvements to the properties included in the programme will lead to a significant reduction in carbon emissions
Ward-specific impacts	Tenants in those properties included in the programme will benefit from more energy efficient homes
Workforce/Workplace	None

## Situation

26. In 2024, the Council was successful in application for funding under the Department for Energy Security and Net Zero Social Housing Decarbonisation Fund (Wave 2.2). The grant funding, combined with substantial capital investment by the Council, would enable properties to be retrofitted with

measures to decarbonise the heating solution, install renewable energy and building fabric improvements.

27. The retrofit design will achieve a minimum of Energy Performance Certificate (EPC) standard C, resulting in the following benefits for those properties and tenants:
- a) reducing energy consumption by 80%
  - b) generating mean savings of 34% for tenants (£275.20 per household per year)
  - c) reducing carbon emissions by 89%, 1,026,778kgs CO<sub>2</sub> per year
28. Detailed survey work was used to identify the target properties, and modelling was carried out to assess the outcomes in terms of energy consumption and energy cost savings. The installation of Solar PV will help to protect residents from fuel cost increases. Related roofing works will be carried out alongside the decarbonisation and building fabric improvements.
29. Previous refusals by contracting organisations to undertake the works for their stated contract sums has resulted in a delay to delivery of the programme of works. As a result, there risk to the Council that the allocated grant funding may be reclaimed by central government was heightened. To mitigate this risk, the Council took action to procure alternative arrangements and to seek an extension to the initial delivery deadline.
30. During initial engagement and scheduling of works, some tenants indicated that they were not able to accept the works during the required time period, often related to health and social care issues. There were also some instances where tenants indicated uncertainty that the decarbonisation and energy efficiency measures would deliver the expected financial benefits for tenants. Recognising that the level of engagement and support required could not be delivered to these tenant groups within the deadline for completion of works, the Council adjusted the expected scope of delivery for this initial phase of decarbonisation works.
31. During the first phases of design and commissioning, the Council established that the specifications exceeded the required EPC certificate of C and that the expected costs of delivery had been set too high by the market. Through robust market engagement and taking a flexible approach to the sourcing of key components and commissioning of installation services, the Council has been able to reduce the property cost by around 50%. Although some grant funding will be returned to the funding body, this work has delivered a significant saving to the public purse. The learning will ensure that future decarbonisation and energy efficiency works commissioned by the Council are delivered in line with best value requirements, and the cost reductions enable further properties to receive improvement works from within the Council's capital programme funding envelope.

32. The decarbonisation and energy efficiency measures required at each property vary. On average, we believe a full installation requires investment of around £18,500. Continued investment in these measures will be built into the Council's future capital programme.

## Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Reduced overall benefits to the organisation and to tenants arising from reduced scope of initial phase of works	4 – the scope of initial delivery is lower than initially anticipated	3 – not meeting forecast targets for reduction in carbon emissions  2 – tenants expectations are not met and reputation of the council is impacted	To ensure that decarbonisation and energy efficiency measures are built into the strategy and plans for housing asset management, growth and development.
Ability to secure grant funding in future is reduced	1 – due to successful delivery to nearly 130 properties	3 – greater reliance on council funding for delivery	Communication with DESNEZ on learning derived from the project and lessons learned report to inform future grant applications and capital programme delivery

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.