



Officer Key Decision
14 May 2025

**Report from the Corporate Director
of Residents and Housing Services**

**Authority to Enter into a Funding Agreement for the Warm
Homes: Social Housing Fund Wave 3**

Wards Affected:	Roundwood, Brondesbury Park
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
List of Appendices:	Appendix 1- Grant Agreement (exempt)
Background Papers:	None
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1.0 Executive Summary

- 1.1. The Warm Homes: Social Housing Fund (WH: SHF), previously known as the Social Housing Decarbonisation Fund (SHDF), is a grant fund administered by the Department for Energy Security and Net Zero (DESNZ). The scheme is the government's current flagship retrofitting scheme and is designed to support Registered Providers of social housing in improving the energy efficiency of their housing stock, and consequently, reducing their carbon emissions.
- 1.2. In November 2024, the Council joined a consortium of 27 London Boroughs and housing associations to submit a pan-London strategic partnership bid to WH: SHF. The consortium is led by London Councils and the Greater London Authority (with the London Borough of Camden as Lead Local Authority). The original pan-London bid totalled £376m, with the aim of retrofitting 15,601 dwellings across London. Brent's proportion of this bid was put forward as £3.7m (£2.46m as co-funding (match-funding) from the Brent Carbon Offset Fund, with the intention to secure £1.23m in government grant) to retrofit 80 properties within two of our blocks, The Oaks (Roundwood ward) and Pharamond (Brondesbury Park ward).
- 1.3. In March 2025, the consortium was notified that it had been successful in its application to DESNZ for the WH: SHF, albeit with a lower allocation and a reduced scheme totalling £196m, due to the grant being oversubscribed nationally. This comprises £78m in grant funding from DESNZ, combined with £118m in co-funding from London Boroughs and Housing Associations. Brent's allocation has also since reduced slightly to £3.15m (£2.07m as co-funding; £1.08m government grant).
- 1.4. London Borough of Camden (The Grant Recipient) will act as the single counterparty to the Grant Funding Agreement with DESNZ and will subcontract the grant to the Parties in the London Strategic Partnership for Warm Homes Social Housing on terms that mirror the terms of the Grant Funding Agreement at Appendix 1.
- 1.5. To receive the grant funding, the Council must sign and enter into a Grant Funding Agreement and associated legal agreements once this is received from London Councils and provide £2.07m as co-funding. This report therefore seeks approval to enter into a funding agreement with DESNZ and London Councils to proceed with the funding and ensure the effective delivery of energy efficiency improvements to the identified properties within The Oaks and Pharamond.

2.0 Recommendation(s)

That the Corporate Director of Residents and Housing Services:

- 2.1 Approves entry into a grant agreement with the London Borough of Camden that acts as lead authority in respect of a successful grant application to the

sum of £3,150,911 million as part of the Pan-London consortium bid, coordinated by London Councils, to the WH: SHF Wave 3.

- 2.2 Approves entry into associated agreements in relation to the grant agreement in recommendation 2.1
- 2.3 Notes that a co-funding allocation of £2.46m from the council's Carbon Offset Fund Council was approved by the Corporate Director, Partnerships, Housing and Resident Services in consultation with the Lead Member for Climate Action as delegated by Cabinet.
- 2.4. Notes that the Council's participation in the Consortium bid was approved by the Corporate Director Finance and Resources.

3.0 Background

- 3.1 39% of Brent's territorial carbon emissions are from homes. This is the single biggest source of carbon emissions within the borough's boundary. The objective of Theme 3 of Brent's Climate and Ecological Emergency Strategy is: "By 2030, as many homes and buildings in the borough as possible will be more energy efficient, be powered by renewable sources and be resilient to future adverse weather events caused by climate change – and we will do all in our gift to achieve an average rating of Energy Performance Certificate B in directly owned council stock." The majority of Brent owned council properties, where we hold EPC data, are EPC C.
- 3.2 Retrofitting is prohibitively expensive at scale, and this remains one of the biggest challenges of the council's climate and ecological emergency programme. A study undertaken in 2022 for retrofitting council housing stock to achieve an average of EPC B estimated that it would cost a minimum of £62m, and it is likely with current inflationary pressures that this figure would be higher. In the current economic climate, the council lacks the scale of capital funding to be able to carry out the required works ourselves and we are reliant on wider government funding to support this aim. Government funding schemes of this nature also require a significant amount of 'co-funding' from local authorities.
- 3.3 The current SHF: WH programme is the next iteration of government schemes which centre on improving the energy efficiency of social housing properties. In late 2022, Brent Council was awarded £1.3 million in funding (with an additional £1.7m in co-funding coming from both the housing capital budget and Carbon Offset Fund) from the Social Housing Decarbonisation Fund Wave 2.1. The aim of this retrofit programme was to enhance the energy efficiency of 127 properties across the borough. This included 125 social homes originally rated between EPC D and G, with the objective of improving these ratings to a minimum of EPC C. Completion of the last 2 homes is expected at the end of March 2025.

- 3.4 For WH: SHF, London Boroughs opted to join for the first time as part of a pan-London strategic partnership and bid as one consortium rather than each authority submitting individual bids.
- 3.5 A consortium approach was felt to offer a range of benefits. The successful centralised bid application, managed by London Councils with input from consortium members, has streamlined the bid process and provided additional capacity and resources in pulling together a significant joint application. This partnership provides greater flexibility to adjust, increase, and decrease properties and measures, as well as longer periods between reporting requirements. The consortium also encourages knowledge sharing, providing joint access to projects involving complex properties, such as high-rise Large Panel System buildings, heritage properties, and system builds. Finally, the initiative is expected to deliver value for money through economies of scale and access to specialised procurement frameworks, ensuring the best outcomes for cost efficiency and positive environmental impact.
- 3.6 Approval to submit the initial application as part of the pan-London Strategic Partnership was given by the Corporate Director of Partnerships, Housing and Resident Services in consultation with the Cabinet Member for Climate Action and Community Power in accordance with paragraph 13 of Part 3 of the Council's Constitution. The Corporate Director Finance and Resources is in agreement with the Council joining the Consortium.
- 3.7 In addition to the grant agreement as detailed in recommendation 2.1, the parties will enter into the following agreements below, in addition to any other documents which may become necessary to effect the transfer of funding under the grant agreement to the Council:
- New Party's Agreement
 - Data Sharing Agreement
 - Grant Step Down Letter.

4.0 Contribution to Borough Plan Priorities & Strategic Context

- 4.1 The programme will improve energy efficiency and reduce carbon emissions in 80 poorly performing properties in the council housing stock from an energy efficiency perspective. This work aligns with several existing Borough Plan priorities, specifically under Strategic Priority 2: A Cleaner, Greener Future and Strategic Priority 5: A Healthier Brent. The programme directly supports these priorities by enhancing environmental sustainability and the co-benefit of seeking to improve the health and well-being of Brent's residents living in the properties identified for works, with warmer homes delivered through improved insulation measures.
- 4.2 The Council also published a Climate and Ecological Emergency Strategy in 2021 and pledged to do all reasonable in the Council's gift to aim for carbon

neutrality by 2030. As stated in paragraph 3.2, Carbon emissions from domestic homes are the single biggest carbon emissions source within the borough boundary and we stated that we will do all in our gift to achieve an average rating of Energy Performance Certificate B in directly owned council stock by 2030 as the key objective for the Homes, Buildings and Built Environment Theme. This is also the agreed target from the London Environment Directors Network and London Councils Transport and Environment Committee joint climate change declaration in 2019.

- 4.3 This initiative would represent the second substantial retrofit programme undertaken by LB Brent, furthering the Council's commitment to decarbonisation. The project contributes to advancing the borough's climate action goals and reflects an increased ambition to improve energy efficiency across the council's housing stock.

5.0 Warm Homes: Social Housing Fund Wave 3 – Aims, Objectives and Criteria

- 5.1 The WH: SHF competition launched on 30 September 2024. It provides the next tranche of funding for local authorities and social housing landlords to improve the energy performance of social homes in England. The scheme will provide funding over a longer period than previous rounds, with the current expectation that borough's will be required to spend the funding and complete the works by 2028-29.

- 5.2 The key aims and objectives of the scheme are:

- **Tackling Fuel Poverty:** The primary objective is to reduce the number of households in fuel poverty by improving the energy efficiency ratings of social homes currently below EPC Band C, and lowering energy bills for tenants through reducing the demand for heating.
- **Carbon Reduction:** The initiative aims to deliver cost-effective carbon savings that contribute to the achievement of national carbon budgets and progress towards the UK's target of Net Zero by 2050. This will be achieved by reducing CO2 emissions from social housing.
- **Tenants:** The programme seeks to enhance the comfort, health, and well-being of social housing tenants by delivering warmer, more energy-efficient homes that improve living conditions and reduce energy consumption and costs.
- **Green Economy:** A key goal is to support economic resilience and aid in the growth of the green economy in the UK helping to safeguard and potentially create thousands of jobs and apprenticeships in the fastest growing sector of the UK economy.
- **Develop the Retrofit Sector:** The initiative will help foster growth in the retrofit supply chain, increasing capacity and capability, driving productivity, and encouraging innovation within the construction sector. Additionally, it aims to upskill social landlords in retrofit techniques to support ongoing improvements in energy efficiency across the social housing sector.

Key Scheme Criteria

- 5.3 Funding is available to support energy efficiency improvements for social homes, ideally aimed at those properties raising the performance of homes rated EPC D or lower. There is however some allowance within the scheme for existing EPC C properties.
- 5.4 Energy efficiency improvements must adopt a 'fabric-first' approach. This means that insulation and ventilation upgrades must be prioritised before implementing any low-carbon heating systems. Brent's proposal suggests the implementation of cavity wall insulation and Ground Source Heat Pumps.
- 5.5 A minimum of 50% 'co-funding is required from the Registered Provider to complement the grant. Funding is limited to £7,500 of government grant funding per dwelling, with an additional £7,500 of grant funding available if the Grant Recipient installs low carbon heating measures in homes off the gas grid. This cost cap is known as the off-gas grid low carbon heating cost cap uplift. There is also an additional £20,000 per dwelling for low carbon heating for up to 10% of homes within the bid (no match funding is required for this element of the grant)'.

6.0 Co-Funding Source (Match-Funding): Brent's Carbon Offset Fund

- 6.1 Since 1 October 2016, under the London Plan, any development that fails to achieve on-site zero carbon must make cash in lieu contributions to a Carbon Offset Fund within the borough that they are operating, collected via Section 106. These contributions are used to fund local carbon reduction projects, thereby offsetting the development's carbon emissions shortfall.
- 6.2 Brent is a Local Planning Authority (LPA) and the London Plan requires LPAs to:
- set up a carbon offset fund that is ring-fenced to secure delivery of carbon savings within the relevant LPA
 - set a price for carbon, i.e. price per annual tonne of carbon, that developers pay to make up any shortfall in on-site carbon savings, securing contributions through Section 106 agreements (for Brent, this is currently £95 per tonne)
 - identify a suitable range of projects that can be funded through the carbon offsetting fund
 - put in place suitable monitoring procedures to enable reporting to the GLA
- 6.3 At its meeting on 14 October 2024, Brent's Cabinet agreed to an amendment to the previous Brent Carbon Offset Fund Allocation Policy to remove the current weighting/proportions (60%/30%/10%) available for council housing, Brent maintained schools and 'Other' respectively, so that the Fund can be used to maximise both the overall funding the council can attract and the outcomes that can be delivered for residents and to meet our climate commitments. The Cabinet also agreed to delegate authority to the Corporate Director, Partnerships, Housing and Resident Services, in consultation with the Lead Member for Employment, Innovation and Climate Action, to continue

to have overall responsibility for the oversight and operationalisation of the Policy. The council's recent restructure means that oversight and operationalisation of the policy will be the responsibility of the Corporate Director, Neighbourhoods and Regeneration from 1 April 2025.

- 6.4 The continuing practice of using the Brent Carbon Offset Fund as match for external grant funding bids helps to extend the benefit of the Fund as widely as possible. This is particularly important because match funding is increasingly being required in external fund bids and the council is constrained in the amount of capital finance it can raise.
- 6.5 A decision to allocate £2.46m from the Carbon Offset Fund as Brent's match funding for our scheme as part of the WH: SHF allocation was agreed by the then Corporate Director, Partnerships, Housing and Resident Services in consultation with the then Cabinet member for Employment, Innovation and Climate Action in November 2024 prior to submission of the bid. There is currently no housing HRA capital funding to support this work, so the co-funding is to be derived entirely from the Carbon Offset Fund. The council has previously successfully utilised the Carbon Offset Fund as co-funding for the previous round of Social Housing Decarbonisation Fund (Phase 2.1) funding.
- 6.6 The current breakdown for allocation of the Carbon Offset Fund is as follows:

Total Carbon Offset collected to date (Income) £m	5.77
Allocated Carbon Reduction Projects (Expenditure) £m	
Brent CO2GO Pots 1&2	0.5
Social Housing Decarbonisation Fund Scheme (Phase 2.1)	0.9
Uxendon Manor Heat Pump	0.62
Local Area Energy Plan Phase 2	0.5
Corporate Estate Heat Decarbonisation Plan	0.09
Warm Homes: Social Housing Fund	2.46
Public Sector Decarbonisation Fund (Phase 4)	0.25
Total Allocated	4.87
Total Carbon Offset Fund Remaining	0.9

7.0 Summary of Brent's Application

- 7.1 The financial costings for Brent's scheme have been modified by London Councils post grant offer. The grant component has been reduced from £1.2m to £1.08m while the predicted match funding contribution from the Carbon Offset Fund has been reduced from £2.46m to £2.06m. The balance of £400k allocated from the Carbon Offset Fund will however be retained as contingency for the scheme given that there is no HRA capital available.

Re-profiled Data Summary (Core)	Brent
Number of Homes	80
Capital Grant	£920,000
Capital Co-funding	£1,906,205

Total Capital Costs	£2,826,205
Admin & Ancillary (A&A) Grant Funding	£162,353
Admin & Ancillary (A&A) Co-Funding	£162,353
Total Admin & Ancillary (A&A) Costs	£324,706
Total Grant Funding	£1,082,353
Total Co-Funding	£2,068,558
Co-Funding %	65.65%
A&A %	10.31%
Count of Homes On-Gas LCH (Low Carbon Heating)	4
% of Homes On-Gas LCH (Low Carbon Heating)	5%
Total Project Costs	£3,150,911

- 7.2 Brent Housing Management has played a crucial role in identifying the qualifying properties for this bid, supporting the effort to improve energy efficiency in some of the borough's worst-performing housing stock.
- 7.3 The 80 properties included in Brent's bid are located across two blocks: Pharamond and The Oaks. These blocks have been prioritised by Housing for retrofit works due to several key factors:
- They are currently among the worst-performing properties in terms of their EPC ratings
 - Retrofitting properties within concentrated blocks is more efficient than addressing scattered street properties.
 - Pharamond has an outdated, inefficient heating system which requires replacement. The proposal includes installing a more cost-effective, efficient, sustainable heating system through ground-source heat pumps
 - We are seeking to de-gas both blocks in line with our current approach to high rise council properties
 - The resident demographic at the properties are expected to benefit from warmer homes through the installation of cavity wall insulation as part of the works
 - It is anticipated that the works will ultimately result in cost-savings to residents through a reduction in their energy bills, achieved through warmer, more efficient and sustainable properties
 - The Oaks is strategically located near the Church End and Roundwood Green Neighbourhoods, enhancing the accessibility and impact of the retrofit work
- 7.4 In total, Brent's application contains 80 social homes. Table 1 gives an overview of the property locations by postcode, Table 2 the starting EPC band of selected properties and Table 3 further detail on estimated costs and carbon savings.

Table 1. Breakdown of properties by postcode

Block name	Postcode	Number of properties
The Oaks	NW10 3SA	44
Pharamond	NW2 5RD	36

Table 2. Breakdown of properties by starting EPC Band

Starting EPC Band	G	F	E	D	C
Number of properties	1	1	5	10	18

Note: Only 35 out of 80 properties have current EPC ratings, and the table reflects this limitation. Further survey work/investigation from housing is required prior to the works being undertaken and this has been factored into the proposed first year of the programme

Table 3. Further detail on estimated costs / carbon savings

Number of properties	Estimated cost of energy works £'000s	Estimated Lifecycle	Tonnes CO2e saved (lifetime)	Cost / tonne lifetime Carbon Saving £
80	3,151	30 years	6,000	615

- 7.5 The energy efficiency improvements for both blocks would involve installing a new heating system, by using ground or air source heat pumps, replacing cavity wall insulation, and adding heat recovery ventilation systems. The Pharamond block is of particular importance from an environmental sustainability perspective due to its reliance on an oil-fuelled heating system, which is scheduled for replacement to meet sustainability and efficiency targets.
- 7.6 If the grant funding is successfully awarded, contract arrangements and commissioning and delivery of the work will be led by Brent Housing Management.
- 8.0 Stakeholder and ward member consultation and engagement**
- 8.1 Plans for stakeholder and ward member consultation will be drawn up as part of project planning once the grant award has been accepted.
- 9.0 Financial Considerations**
- 9.1 The initial estimated cost of implementing the energy efficiency measures across the 80 properties was £3.7m as per the initial grant bid. The confirmed

total grant and co-funding amount is £3.15m. The reduction in anticipated funding will be mitigated by retention of £0.4m from the original £2.46m Carbon Offset Fund as set out in section 7.1. There is remaining Carbon Offset Fund of £0.9m which could be used if further cost uplifts are unavoidable.

- 9.2 The estimated costs will be funded through a combination of the Warm Homes: Social Housing Fund Wave 3 grant (totalling £1.1m) and the Brent Carbon Offset Fund (totalling £2.1m). There is no additional funding available within the Housing Revenue Account or General Fund Housing budgets to cover overspends.
- 9.3 After this £2.07m of funding from the Capital Offset Fund, plus the £400k contingency, the remaining unallocated Carbon Offset Fund will be £0.9m.

10.0 Legal Considerations

- 10.1 The Corporate Director Residents and Housing Services has delegated authority pursuant to paragraph 9.5 of Part 3 of the Constitution and Financial Regulation 8.2.2 of Part 2 of the Constitution to enter into a grant funding arrangement. In doing so, the Corporate Director must ensure that the objectives of the grant agreement are consistent with the Council objectives and priorities in accordance with Financial Regulation 9.1.2.
- 10.2 As the Council will be an accountable body in respect of grant funding and in accordance with Financial Regulation 9.1.1, the Acting Corporate Director Residents and Housing Services must only exercise delegated powers to enter into grant funding arrangements where the Corporate Director, Finance and Resources approves entry into such arrangement. The Corporate Director, Finance and Resources has confirmed approval for this arrangement as set out in para 3.6.
- 10.3 The Council is required to enter into a grant agreement and associated agreements, Legal Services have reviewed the grant agreement and associated agreements and can confirm that it is legally permissible for the Council to enter into the grant agreement.
- 10.4 The Council's power to apply for grant funding and enter into a Grant Agreement can be found under section 111 of the Local Government Act 1972, or under the power of general competence set out in section 1 of the Localism Act 2011.
- 10.5 Section 111 of the Local Government Act 1972 allows the local authority to do anything which is "calculated to facilitate, or is conducive or incidental to, the discharge" of any of its functions. This can include entering into a grant agreement and spending money; however it is subject to the powers exercisable through other legislation, it cannot be used to authorise what is prohibited by other statutory provisions.

10.6 Any grant funding received will be subject to certain conditions. Failure to adhere to such conditions could require the Council to refund some or all of the grant received.

11.0 Equity, Diversity & Inclusion (EDI) Considerations

11.1 As a public authority, the Council is subject to the Public Sector Equality Duty (PSED) under Section 149 of the Equality Act 2010 (EqA). This duty requires the Council to actively consider the need to eliminate discrimination, advance equality of opportunity, and promote good relations between people from different backgrounds. In line with this duty, a full Equality Impact Assessment (EIA) was carried out as part of the adoption of the Brent Climate and Ecological Strategy in 2021. This EIA is publicly available on the Council's website and outlines the anticipated impacts of climate and housing interventions on different groups, particularly those who may be disproportionately affected by poor housing conditions or fuel poverty.

11.2 Key EDI considerations in the context of the housing retrofitting and energy efficiency improvements include:

11.3 **Prioritisation of At-Risk Groups:** The retrofitting of housing and improvements to energy efficiency are designed to target those who are most at risk of fuel poverty, with a specific focus on households that include vulnerable groups such as elderly residents, those with disabilities, and families with young children. Ensuring that these households benefit from warmer, more energy-efficient homes help reduce health inequalities, particularly in relation to respiratory illnesses exacerbated by cold, damp living conditions.

11.4 **Fuel Poverty:** The strategy prioritises households in areas with high levels of fuel poverty, particularly those with residents who are from lower-income backgrounds, Black, Asian, and Minority Ethnic (BAME) communities, and other groups that may face greater barriers to accessing energy-efficient housing. These groups are often more vulnerable to the negative effects of poor housing conditions, including the physical and mental health impacts of living in energy-inefficient homes.

11.5 **Health Impacts:** There is a clear link between poor housing conditions and public health outcomes. Retrofitting homes to improve energy efficiency will not only reduce energy bills but will also mitigate risks associated with respiratory and cardiovascular diseases, which are more prevalent among vulnerable groups. Reducing these health risks aligns with the Council's commitment to improving public health outcomes and advancing equality of opportunity for all residents, particularly those most in need.

11.6 By ensuring that energy efficiency interventions are delivered in a way that is inclusive and equitable, the Council aims to make a significant contribution to reducing health disparities and promoting a more sustainable, healthy living environment for all residents.

12.0 Climate Change and Environmental Considerations

- 12.1 Funding from the WH: SHF would enable Brent to make energy efficiency improvements to some of its worst performing housing stock, improving insulation and reducing carbon emissions from domestic properties. The project is fully aligned with our commitment to tackle the Climate and Ecological Emergency.
- 12.2 The development of the retrofit sector is an integral part of the funding programme. This project could also serve as a platform to support the green economy in Brent, with opportunities to collaborate with local resources, such as Brent's own Green Skills Centre at the College of Northwest London, to build local capacity and capabilities.

13.0 Human Resources/Property Considerations

- 13.1 There are no direct human resources or property considerations.

14.0 Communication Considerations

- 14.1 Engagement with residents of the affected blocks will be coordinated in collaboration with the Council's delivery partner to ensure clear and timely information about the upcoming energy efficiency improvements. This will include providing updates on the project timeline, potential disruptions, and the benefits of the work to residents.

Report sign off:

Thomas Cattermole

Corporate Director of Residents and Housing Services