

## SHDF WAVE 3: A GUIDE TO BIDDING FOR FUNDING

The eagerly anticipated release of SHDF Wave 3 has come a step closer this week, with draft guidance issued and the Department for Energy Security & Net Zero (DESNZ) hosting webinar sessions, including Q&As, attended by social housing landlords across the country, as well as supply chain partners like Baily Garner. As was clear in previous rounds of funding, however, simply being eligible to enter the bidding process means little without the ability to craft a successful bid.

We've worked closely with some of the largest social housing organisations in the country and identified the main frustrations when it comes to bidding for funding. As well as fully digesting the guidance released by DESNZ, our experience advising clients through the bidding process has given us unique insight into what makes for a successful application.

To help our clients put their best foot forward as they apply for SHDF Wave 3 funding, we've put together a list of the key criteria they must meet, as well as some guidance from our retrofit specialists on the support available to shape funding applications.



*Baily Garner is providing full PAS 2035 services and retrofit expertise on Raven Housing Trust's SHDF Wave 2.1 project after successfully assisting in the completion of its Wave 1 scheme*

### CAN YOU BID FOR FUNDING?

Wave 3 will be the largest SHDF funding commitment from the government so far, with £1.25bn available to upgrade properties based on the following eligibility criteria:

#### ELIGIBLE APPLICANTS:

*Local Authorities, Combined Authorities, Registered Providers of social housing and Registered Charities that own social housing are eligible. Arms-length management organisations that are not registered providers can apply as part of a consortium, led by an organisation that is eligible to lead an application.*

#### ELIGIBLE PROPERTIES:

*All existing social housing is eligible for SHDF Wave 3 funding.*

*Homes retrofitted in Wave 2.1 or Wave 2.2 of the SHDF are not eligible for inclusion in Wave 3.*

*Homes retrofitted in the SHDF Demonstrator or SHDF Wave 1 are eligible for inclusion in Wave 3, provided they are installing a low-carbon heating system.*

#### ELIGIBLE MEASURES:

*Eligible measures are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve the energy performance of homes, excluding heating systems that rely solely on fossil fuels.*

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## FUNDING ROUTES

Those that meet the above criteria can apply for SHDF Wave 3 funding through the **Challenge Fund** or **Strategic Partnership** application route.

### STRATEGIC PARTNERSHIP

- Applicants are expected to propose upgrades to multiple thousands of homes
- Must have experience delivering retrofit successfully at scale on previous Wave(s) of SHDF funding
- Competitive process whereby a small number of providers will be chosen to receive funding

### CHALLENGE FUND

- Applicable to all social landlords who meet the minimum standards as per DESNZ's definition in the guidance, similarly to previous waves
- Minimum of 100 eligible properties at EPC 'D-G' per bid
- £30m is set aside for providers with less than 1000 properties, but they're still encouraged to meet the 100-property threshold and encouraged to join a consortium to bid
- Applications that meet the minimum standards will be awarded funding. However, where the funding pool is oversubscribed the amount of funding may be reduced

The application routes are intended to be staggered. This means organisations that are not successful under the Strategic Partnership route, will have an opportunity to bid through the Challenge Fund.

## SHARED OBJECTIVES ACROSS BOTH SCHEMES

- £7.5k per property available with a matched amount in co-funding, for example:
  - £7.5k is contributed by DESNZ
  - The landlord contributes £7.5k
  - Works will cost a total of £15k
- Unlike previous phases, there is the ability to average this across homes to spread the total grant according to the requirements of each property. As an example:
  - One property could have £500 match funding
  - Another could have £14.5k of match funding
  - This is a compliant approach as this averages at £7.5k per property

This is a great opportunity to better balance the financial implications created by 'harder to treat' properties with 'quick win' properties.

- EPC 'C' rating must be achieved per property, unless providers cannot reasonably achieve this with the available grant. Each instance this does not happen will need to be justified through evidence
- Retrofit Assessments and Retrofit Coordinator costs can be included in the bid



*Baily Garner is providing retrofit and sustainability expertise to Lancaster West Neighbourhood (RBKC) alongside United Living on its innovative and ambitious Energiesprong project*

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### LOW-CARBON HEATING AND NON-SOCIAL HOMES

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Unlike previous funding opportunities, SHDF Wave 3 will include access to up to £20k for the provision of low-carbon heating for 10% of the properties included in an application, provided they are on the gas grid.

*This grant does not require a matched amount in co-funding and must be used to install a Low-Carbon Heat Source.* From initial discussions with DESNZ, it appears this can also be used to cover some supplementary improvements to enable cost savings, such as fabric-first measures and solar panels.

Additionally, a small number of non-social homes and homes above EPC 'C' can be included in bids.

#### HOME TYPE:

*Non-social homes within an application:*  
**Limit - 30%**

*Non-social homes within a block/terrace:*  
**Limit - 70%**

*Homes at or above EPC 'C' within an application:* **Limit - 10%**



*Baily Garner is providing Client Guardian services and retrofit expertise to Clarion on its SHDF Wave 2.1 project*

### CRAFTING A SUCCESSFUL BID

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Given our previous experience as PAS 2035 consultants, Guardians and Project

Managers, as well as contributing to bid formation, validation and retrofit strategy for our clients, Baily Garner is ready to assist with the bid process and the delivery SHDF Wave 3 projects.

Whether providers choose to take the Challenge Fund, or Strategic Partnership route, we can assist by providing specific detail on homes through archotyping and putting together prospective measures and costs, ultimately maximising the value of matched funding.

Baily Garner is providing retrofit expertise on some of the largest SHDF schemes in the country; in addition to working with large organisations on bids involving 1000s of homes, we have experience in delivering smaller projects with specialist needs, such as difficult to treat, non-traditional construction and conservation area projects. Our experience on SHDF Demonstrator, Wave 1, Wave 2.1 and Wave 2.2 projects means we are cognisant of the need to embed good monitoring and reporting practices, both of which are required for Challenge Fund and Strategic Partnership bid approval.

We have historically worked alongside DESNZ and Turner & Townsend to provide advice to those bidding for funding through its Social Housing Retrofit Accelerator (SHRA). For Wave 3, SHRA will be replaced by Retrofit Information Support and Expertise (RISE).

We recommend using RISE, as it is a head-to-tail assistance process on compiling a bid document, including masterclass workshops on various technical issues. For the first time, RISE will also engage the supply chain for the purpose of upskilling and SHDF Wave 3 preparation. What's more, the service is free of charge for all bidders that meet the criteria above.