
Social Housing Decarbonisation Fund (SHDF) and Home Upgrade Grant (HUG) Supplier Engagement session

25th January 2022



Aims of the session

Purpose:

- To provide an overview of the SHDF and HUG schemes
- To provide details on the upcoming competition design and the Business, Energy and Industrial Strategy (BEIS) Delivery Partner requirements

Objectives:

- To test and improve the Delivery Partner requirements with suppliers
- To allow suppliers to begin thinking about and planning for their potential bids

Housekeeping

- The session will be recorded to distribute to those invitees who could not attend.
 - The session will be made available on 27th January.
- Please keep microphones on mute unless speaking.
- Please either raise your hand or add questions to the chat, which will be monitored throughout.
- You can also email any questions to vasco.neves@beis.gov.uk (BEIS Commercial Lead for this procurement).
- We will email a Q&A document to all invitees after the session.

Agenda

Time	Agenda item	Presenter
13:05 – 13:10	Housekeeping	Vasco Neves
13:10 – 13:50	Introductions to Business, Energy, and Industrial Strategy (BEIS) and the SHDF and HUG Schemes	Matt Harrison Caroline Withey Alison Skillen
13:50 – 14:20	Overview of the Delivery Partner requirements	Sohrab Rahim
14:20 – 14:30	Review of scheme timelines	Vasco Neves
14:30 – 14:40	Advice on the procurement process	Vasco Neves
14:40 – 15:00	Q&A	All

Introductions to Business, Energy, and Industrial Strategy (BEIS) and the SHDF and HUG Schemes



Overview of BEIS

We are responsible for:

- Business and Industrial Strategy
- Science, Research and Innovation
- Energy and Clean Growth
- Climate Change

Our priorities in 2021 to 2022 are:

- Fight coronavirus by helping businesses to bounce back from the impacts of COVID-19, supporting a safe return to the workplace and accelerating the development and manufacture of a vaccine
- Tackle climate change: reduce UK greenhouse gas emissions to net zero by 2050
- Unleash innovation and accelerate science and technology throughout the country to increase productivity and UK global influence
- Back long-term growth: boost enterprise by making the UK the best place in the world to start and grow a business

Introductions to Director and Project Leaders

- Who are we?
 - Matt Harrison – Programme Director for the Social Housing Decarbonisation Fund (SHDF)
 - Shaun Garvey – Incoming Programme Director for the Home Upgrade Grant (HUG)
 - Chris Burton – Project Leader for the Social Housing Decarbonisation Fund (SHDF)
 - Caroline Withey – Project Leader for the Home Upgrade Grant (HUG)
- SHDF and HUG sit within the Energy Efficiency and Local Directorate in the Net Zero Buildings and Industry Group.
- The October Heat and Building Strategy set out our vision for a greener future and key commitments for action.



To meet Net Zero virtually all heat in homes will need to be decarbonised



Fairness and affordability are at the heart of our approach



The journey to Net Zero buildings starts with better energy performance



The buildings transition presents huge opportunities for jobs, growth and levelling up



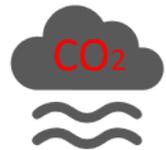
We need to act now to develop the market and bring down costs for energy efficient low-carbon heat



Ultimately, Net Zero will mean gradually, but completely, moving away from burning fossil fuels for heating

Overview of SHDF

- The 2019 Conservative Manifesto includes a proposal for a **£3.8bn Social Housing Decarbonisation Fund** over a 10-year period, to improve the energy performance of social rented homes (subject to future spending reviews).
- In 2020, there were **~13m homes below EPC Band C** in England. Of these, **1.4m are social homes** with **54% of these in fuel poverty**.
- The 2021 Spending Review has committed a further £800 million to the SHDF for the three-year period.
- SHDF aims and objectives are:



Reduce CO2 emissions from Social Housing and work towards Net Zero 2050 targets.



Develop the green economy and associated jobs.



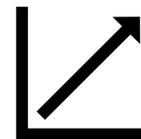
Support the Fuel Poverty Target to ensure that as many fuel poor homes as reasonably practicable achieve a min EPC C, by 2030.



Improve comfort and wellbeing of social housing tenants



Support Clean Growth Strategy Ambition to improve as many homes as possible to EPC C where practical, cost effective and affordable by 2035.



Support the **retrofit supply chain** capability and capacity.

Overview of HUG

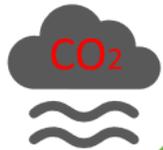
- The Home Upgrade Grant will provide **energy efficiency upgrades and low-carbon heating** to low-income households living in the worst performing (EPC D-G), **off gas grid** homes in England to tackle fuel poverty and meet net zero.
- Government has allocated **£1.1 billion to the Home Upgrade Grant**, which will be delivered from early 2022 to March 2025. The £152m first phase of HUG, packaged under the Sustainable Warmth competition, will be delivered by March 2023.
- HUG has several key aims:



To enable the delivery of the wider net zero programme to phase out high-carbon heating for homes off the gas grid



Provide bill savings for low-income families across England and improved comfort and wellbeing



Reduce CO2 emissions and work towards Net Zero 2050 targets.



Develop the green economy and associated jobs.



To deliver progress towards the statutory fuel poverty target for England, improving homes to EPC D by 2025 and C by 2030



Support the retrofit supply chain capability and capacity and levelling up opportunities

What is the estimated scope of the contract?

- This information is subject to final governance and assurance processes and may be subject to change. Final delivery phases will be confirmed and exact numbers of projects will not be known until after competitions are competed and final numbers of successful bids are confirmed. Funding beyond this Spending Review period has not been confirmed and it may impact the delivery duration.
- The contract will support the grant recipients in the delivery of £2.3bn of capital spend across approximately 200 projects.
- The contract will last for 3+1+1+1 years, with options in case there are delays in the scheme or projects on the ground.

Project	Capital available for grant recipients	Delivery duration (subject to confirmation)
SHDF W2.1	~£400m	3 years
SHDF W2.2	~£600m	3 years
SHDF W2.3	~£600m	3 years
HUG 2	c£780m	2-3 years

What capabilities can the DP bring?



Project Management excellence /
Delivery focussed



Manage a quality service



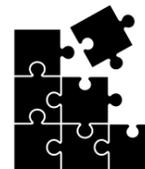
Strategic and technical expertise
(infrastructure, clean heat, and retrofit
expertise)



Data driven



Forge relationships

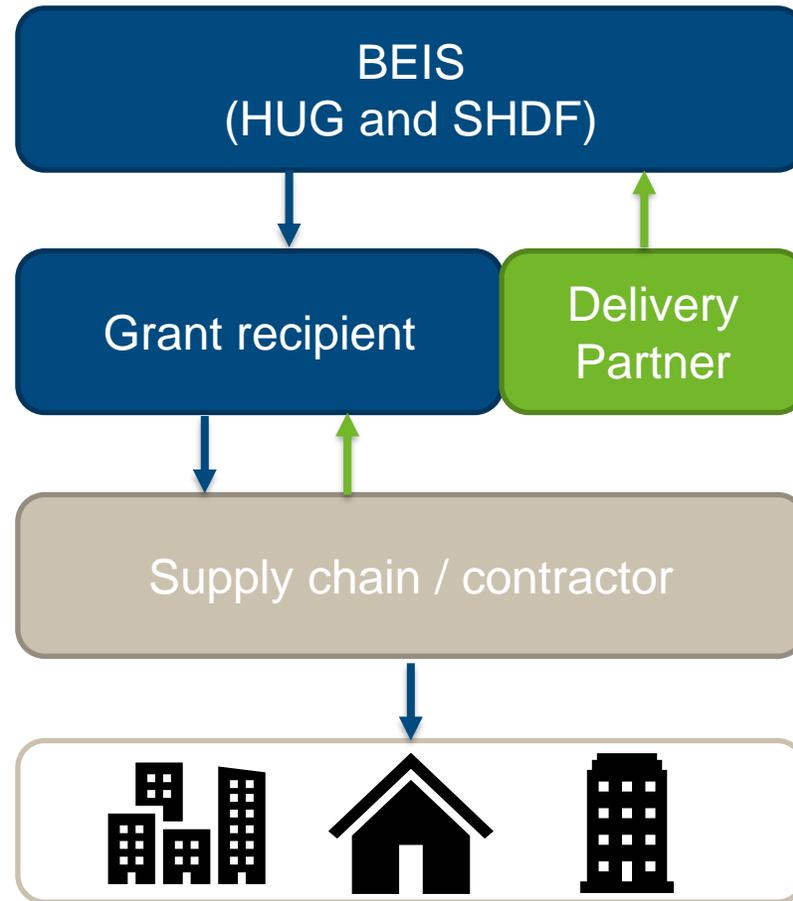


See the bigger picture



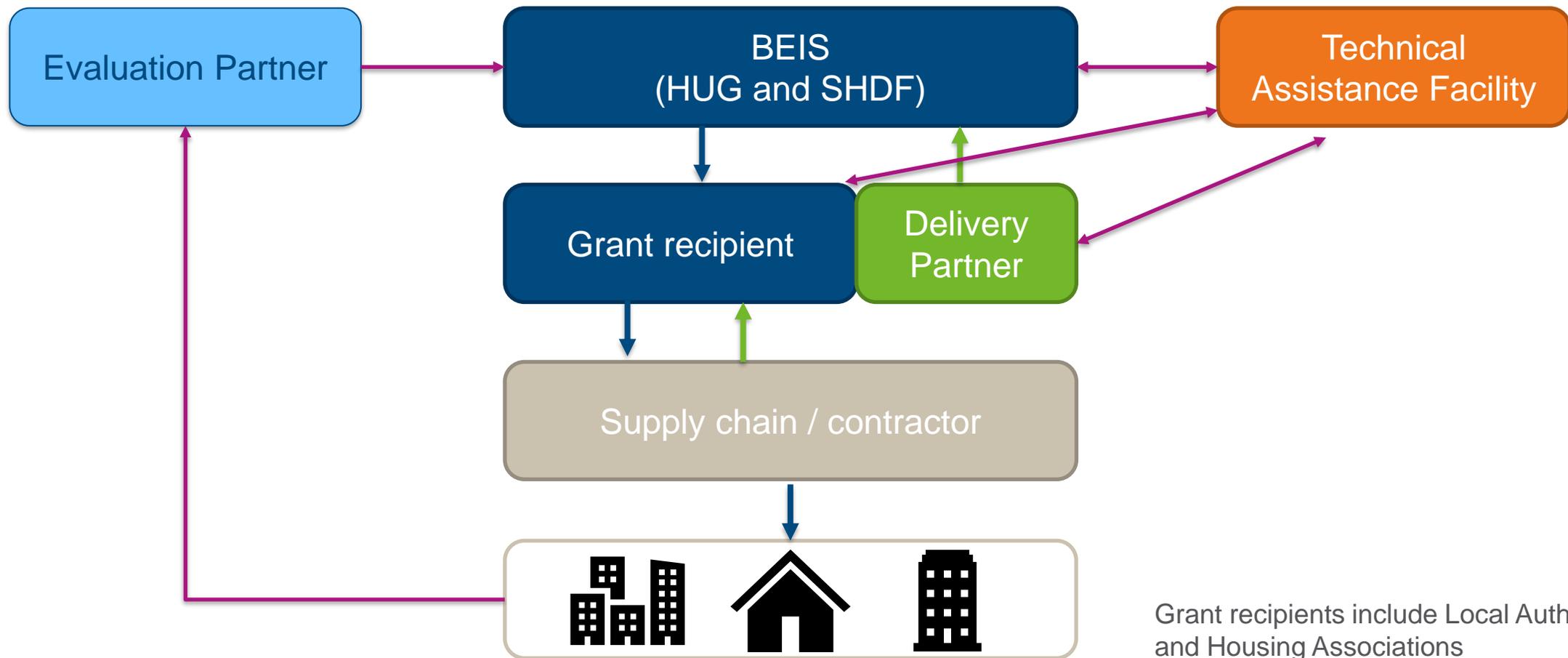
Innovation

HUG-SHDF – Scheme Operating Model



Grant recipients include Local Authorities and Housing Associations

HUG-SHDF – Scheme Operating Model



Who else will the DP need to work with?

TAF Partner is often the first point of contact for LA's/HA's



Pre-competition stage
TAF Partner support

Stakeholder engagement

Online and group technical support

Tailored bespoke bid support per LA's/HA's

Works to develop the project pipeline



Competition stage
TAF handover to BEIS and DP

Bid Assessment

Bid Moderation

Clear demarcation and handover from the TAF Partner but without loss of continuity in support



Delivery stage
Delivery partner and grant recipient

Project Launch

Project Support

Monitoring and Reporting

The user journey and agreed points of contact are still to be fully finalised

The TAF programme of support model

The current TAF provision is being delivered under the name Social Housing Retrofit Accelerator (SHRA). It was established to provide technical support for all social housing landlords interested in accessing funding from Wave 1 of the SHDF at any stage of their project.



Knowledge Hub

Online resource on retrofits and bidding process



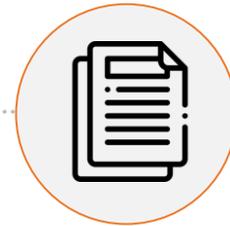
Regional Clinics

Informal Q&A sessions



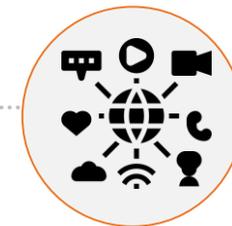
Masterclasses

Webinars to increase knowledge about retrofits and the bidding process



Briefings

Overview and Introduction to Fund



Engagement

Podcasts, Online Videos and Social Media



1:1 Support

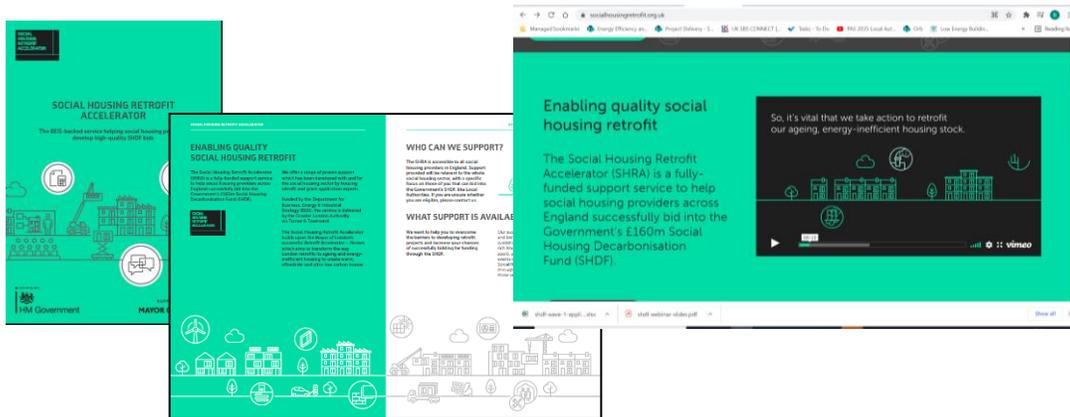
Bespoke 1:1 Bid Support for bidders

Tenant Engagement
Application Development
Data Collection & Stock Analysis
Scoping and Specification of Project

Procurement, team working and consortiums
Delivery Model Development
Business Case Development
Internal Governance

Supplier engagement

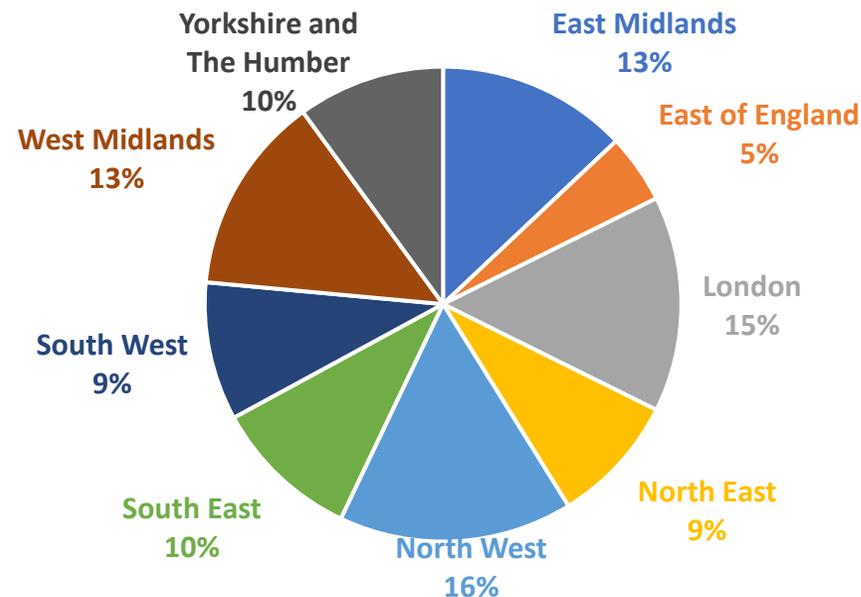
Snapshot of TAF Support for SHDF W1



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

Key Bid Stats	
Average	£2.5m
Largest bid	£14.9m
Smallest bid	£321k

Regional Overview



517

Organisations engaged with SHRA in Total

195

Bidders progressed to 1:1 Support for Wave One

118

Self-Assessments Submitted

Overview of the Delivery Partner requirements

What are the anticipated responsibilities?

- The Delivery Partner will play an **active and strategic role** in **ensuring** LAs and HAs **deliver to time, cost and quality**.
- The Delivery Partner will **lead all regular engagement** with LA/HAs during the delivery phase, and thus will be responsible for **identifying underperformance**, providing inputs into and **assurance** of critical project decisions, and **building action plans** where things are going wrong.
- The Delivery Partner will build **close relationships** with LA/HAs and maintain a strategic overview of the schemes, and thus support base in driving comms and engagement activities, as well as giving perspectives on **future scheme design and needs of the sector**.



Project support and Assurance

The role of the delivery partner could include, but is not limited to:

- Project tiering and tailored support to Grant recipients:
 - **Engage with partners, challenge delivery schedules** and create **remediation plans** for 'red' projects
 - Work to assure and ensure that **delivery outcomes are achieved**
 - Deliver a **system for tiering projects** to ensure that projects receive the appropriate level of support – reviewed monthly
- Regular meetings and senior engagement with Grant recipients:
 - Hold **targeted engagement** sessions with grant recipients to understand delivery progress. **Engage, advise** and **challenge** projects at **senior and board level to drive progress.**
 - **Conduct site visits** within the parameters and frequency as agreed with BEIS
- Milestone review and payment*:
 - **Review and verify** each milestone claim including fraud checks. **Engage with the payment system** to the Grant recipients on behalf of BEIS at the completion of each milestone
- Manage change requests:
 - **Analyse change requests**, provide well thought through recommendations and present, and escalate requests to BEIS for decision

Data and Performance management

BEIS will collect data from the Grant recipient into a centralised data base owned by BEIS (the data management system). Data will be made available to the delivery partner by BEIS through a program, PowerBI, and ad hoc reporting.

The role of the delivery partner could include, but is not limited to:

- Data quality checks:
 - **Perform data assurance** checks to confirm validity and reliability of reported data
- Reporting:
 - Provide **reports to BEIS** on the status of projects and the **delivery against milestones**
 - Request tailored, additional reports from projects classed as 'red' and 'amber', and analyse to provide direction and steers to projects
- Managing fraud risk:
 - Compile **fraud detection** strategies and mitigations and perform site visits

Communication and Engagement

The role of the delivery partner could include, but is not limited to:

- Learning community:
 - **Create and manage a forum** (an online platform) for Grant recipients (Local Authorities and Housing Associations) to **share lessons learned** and best practice on retrofit, as well as celebrate project successes
- Produce case studies based on Grant recipient projects:
 - Work with Local Authorities, Housing Associations and Local Net Zero Hubs to **produce and disseminate project case studies** according to the overall BEIS communication plan
- Drive the agenda and content of scheme-wide events:
 - These will be in-person, hybrid and virtual **events**

Advice on Policy and Strategy

The role of the delivery partner could include, but is not limited to:

- Policy development:
 - **Identify lessons learned** across the competition process, scheme design, delivery phase and overall policy, sharing these promptly with BEIS
 - Attend strategic meeting with BEIS seniors, presenting insights from delivery and recommendations for future scheme design
- Identify risks and issues:
 - **Identify and communicate to BEIS** risks and issues faced across delivery, providing data on programme-wide risks
- In summary, we are seeking to leverage the Delivery Partner's insight and sector expertise in refining and improving future waves of investment and in-flight delivery.

Grant award competition management

The role of the delivery partner could include, but is not limited to:

- Creating an application form for Grant applicants (e.g. Local Authorities and Housing Associations) to submit bids for funding:
 - The delivery partner **will be required to provide an online solution for Grant applicants to submit applications** for funding. This must allow organisations to log in, submit and track applications
 - The system **must be Government Digital Service (GDS) and GDPR compliant**
- Customer service:
 - Provide **support relating to the application process** and **refer organisations to TAF** to receive tailored or specialist support
 - **Provide first line of support to customers and escalate to BEIS** in a timely manner as necessary

Bid assessment

The role of the delivery partner could include, but is not limited to:

- Bid screening:
 - Ensure all applications submitted are **eligible and complete**
- Bid assessment and analysis:
 - **Provide qualified assessors, develop an assessment process, scoring matrix and timeline** for assessing applications
 - Provide training to assessors include BEIS assessors
- Recommendation of award:
 - **Recommend to BEIS** whether an application should receive funding
- Drafting of notice of award/rejection:
 - **Draft communication** to applicant with final sign-off from BEIS

Review of scheme timelines



Estimated timelines (subject to change)

Date	Event
March 2022	2nd and last Pre-Market engagement
April 2022	Intention to Tender (ITT) for Delivery Partner competition is published
May 2022	BEIS evaluates bids
June 2022	Intention to award
July 2022	BEIS awards and signs contract
August 2022	Contract is live
September 2022	Bids submitted for SHDF competition likely to be assessed

Scheme duration

Based on calendar, not financial year

2022				2023				2024				2025				2026							
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Delivery Partner mobilised			Delivery of Social Housing Decarbonisation Fund																				
			Delivery of Home Upgrade Grant																				

Advice on the procurement process



Advice on the tendering process

What tender process is being followed?

Current planning is for a Mini Competition using the CCS Grant Administration DPS. UKSBS will be managing the Mini competition on behalf BEIS.

Mini Competition

The released document contains full details of the specification. Suppliers will need to demonstrate their capability in meeting the requirements.

Tender Evaluation

Returned tenders will be evaluated against pre-determined criteria by an evaluation panel to ensure a fair and objective decision is reached.

Contract Award

An award notification will be issued to the successful supplier. Successful and unsuccessful suppliers will be notified on the same day. We will be adopting a standstill period for this project.

Q&A



Further information

- We will be providing the Q&A with the PowerPoint and recording of the session to you.
- A question form will be shared with Framework suppliers. Can you please respond to these questions by the 4th February.
- For any additional questions and suggestions please email these to Vasco Neves (vasco.neves@beis.gov.uk), the BEIS Commercial Lead for this procurement.