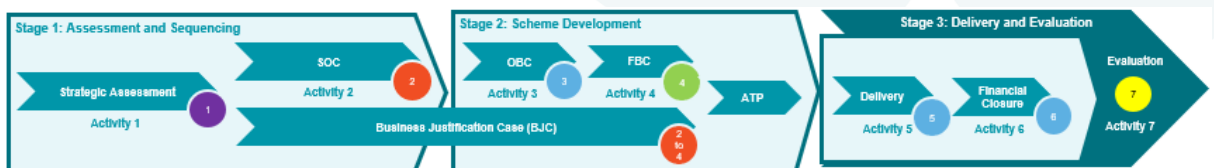




Report to:	Combined Authority
Date:	14 March 2024
Subject:	Better Homes Hub Project Approvals - Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability
Director:	Liz Hunter, Director of Policing, Environment & Place
Author:	Craig Taylor, Head of Strategic Portfolio Office

1 Purpose of this report

- 1.1 To report on proposals for the progression of, and funding for projects under Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability Investment, within the West Yorkshire Investment Strategy (WYIS), that have been considered at stages 1, 2 and 3 of the Combined Authority’s assurance process.



- 1.2 The recommendations can be found in Section 12 of this report.

2 Report

- 2.1 This report presents proposals for the progression of schemes through the Combined Authority’s assurance process in line with the Combined Authority’s Assurance Framework. Further details on the schemes summarised below can be found as part of this report.

3 Investment Priority 4 (IP4) - Tackling the Climate Emergency and Environmental Sustainability

- 3.1 Housing is responsible for 3.4 million tonnes (around 30%) of carbon dioxide each year in West Yorkshire, the majority of which comes from using fossil fuels to heat homes.¹
- 3.2 The Better Homes Hub (BHH) programme is being developed to promote, facilitate and deliver retrofit of housing across all housing tenures in West Yorkshire with a vision that “Everyone in West Yorkshire can live in a warm,

¹ UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2021 - Department for Energy Security and Net Zero

comfortable and low carbon home”. This includes households that rent their home from social or private landlords, have a mortgage/loan on their home, or that own their home outright, and collectively will be referred to as “multi-tenure” in this report.

- 3.3 The retrofitting of housing includes measures which improve the heat efficiency and air tightness of homes, up to a good level of thermal efficiency, for example double and triple glazing, loft, wall, and ground floor insulation and the installation of renewable technology, including solar panels, heat pumps.
- 3.4 Objective 2 of the BHH programme focusses on “Delivering retrofit projects in West Yorkshire that build momentum, strengthen the supply chains, and create new delivery models”. This has resulted in close partnership working with social housing providers across the region on the government funded Social Housing Decarbonisation Fund (SHDF) programmes, and between the Combined Authority and partner Councils on the development of Area-based Schemes (ABS).
- 3.5 Through the SHDF programmes, over £40,000,000 has been committed for investment in social housing retrofit throughout West Yorkshire. Over £15,000,000 of this is co-funding from the social housing providers themselves who have determined the scale and location of the properties to be retrofitted.
- 3.6 To date through the SHDF programme, over 1400 social homes in Wakefield have benefitted from wall and floor insulation, whilst Kirklees Council have invested in a wide range of energy saving and decarbonisation measures, including insulation, Solar Photo Voltaic and heat pump installations in over 400 homes. In Leeds, 500 social homes will receive insulation by March 2025 raising their energy efficiency to Energy Performance Certificate (EPC) rating of C and in Bradford over 700 households, many suffering from fuel poverty, have benefitted from insulation. A further 700 homes in Calderdale, including old stone terraced properties, have also benefitted from insulation.
- 3.7 Learnings from the delivery of the SHDF programmes are providing key insights for the emerging Area Based Scheme programme (which supports multi-tenure areas) and development of delivery blueprints and efficiencies which will enable retrofit to be scaled up and across the region. Each Area Based Scheme will focus on a different element of innovation.
- 3.8 Since February 2023, the Combined Authority’s BHH programme team have been meeting regularly with officers of each partner Council to scope and investigate potential technological innovations for each Area Based Scheme. To date, a business case for a scheme based in Calderdale scheme was approved at Combined Authority on 7 December 2023 and will begin delivery in March 2024. This scheme is focussed on hybrid wall insulation.
- 3.9 A Leeds based scheme being considered as part of this approvals paper.
- 2.6. Development of the remaining schemes in Wakefield, Bradford and Kirklees is ongoing, and these are expected to be launched in 2025 subject to future Committee approvals.

Scheme summaries

<p>Better Homes Hub (BHH) Area-Based Scheme (Leeds – Part 1) Armley, Leeds</p>	<p><u>Scheme description</u></p> <p>This scheme is Part 1 of the Leeds area-based scheme within the wider Better Homes Hub (BHH) Programme. The scheme looks to implement whole house insulation on up to 100 back-to-back Victorian terraces in Armley, Leeds.</p> <p>This scheme will also bring together different Government funding sources into one delivery package and seek a solution to providing low carbon heating to these properties, to help achieve a near net-zero retrofit standard.</p> <p>The scheme is funded by the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation.</p> <p><u>Impact</u></p> <p>Part 1 will deliver whole house insulation to 100 properties resulting in energy savings and reduction in costs related to energy, supporting the Combined Authority's aim of a net zero carbon economy.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 0.89:1.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 2 to 4 (business justification) and work to commence on activity 5 (delivery).</p> <p>Total value of the scheme - £4,372,241</p> <p>Total value of Combined Authority funding - £1,734,906</p> <p>Overall funding recommendation sought - £1,734,906</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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<p>Better Homes Hub West Yorkshire</p>	<p><u>Scheme description</u></p> <p>The Better Homes Hub (BHH) programme has been developed to promote, facilitate, and deliver retrofit of housing across West Yorkshire.</p> <p>The scheme is funded by the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation</p> <p><u>Impact</u></p> <p>The programme will lead to reductions in CO2 emissions, domestic energy use and fuel poverty across multi tenures. A value for money assessment will be completed as part of each scheme's individual business case development.</p> <p><u>Decision sought</u></p> <p>Approval of the change request to release development costs of £240,000 of Combined Authority funding to enable programme evaluation and to undertake a feasibility study for the Better Homes Hub Area-Based Scheme (Leeds – Part 2).</p> <p>Total value of the scheme - £17,587,834</p> <p>Total value of Combined Authority funding - £17,587,834</p> <p>Overall funding recommendation sought – £240,000</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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- 3.10 Since the Combined Authority's meeting on 1 February 2024, the following decision points and change requests have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Climate, Energy and Environment Committee at its meeting on 13 February 2024. The decisions were made by the Climate, Energy and Environment Committee following a recommendation from Combined Authority Director of Policing, Environment & Place.
- 3.11 The full agenda and papers for the meeting can be found on the Combined Authority website [here](#).

<p>Sheepscar Beck Refurbishment</p>	<p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Funding approved: £620,104</p> <p>Total value of the scheme: £1,563,401</p> <p>Total value of Combined Authority funding: £620,104</p>
<p>Brighouse Flood Alleviation Scheme Phase 1</p>	<p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Funding approved: £4,499,000</p> <p>Total value of the scheme: £30,809,000</p> <p>Total indicative value of Combined Authority funding: £4,499,000</p>

Albert Street Flood Alleviation Scheme	<p>Approval to proceed through decision point 2 to 4 (business justification case) and work commences on activity 5 (delivery).</p> <p>Funding approved: £526,176</p> <p>Total value of the scheme: £526,176</p> <p>Total value of Combined Authority funding: £526,176</p>
Better Neighbourhoods	<p>Approval to the change request for additional funding of up to £150,000, taking the scheme costs and Combined Authority contribution from £2,060,000 to £2,210,000.</p> <p>Funding approved: £150,000</p> <p>Total value of the scheme: £2,210,000</p> <p>Total value of Combined Authority funding: £2,210,000</p>

4 Information

4.1 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.
- The scheme's approval tolerances.

4.2 This report provides information required to enable the Combined Authority to approve each of the above elements.

Projects in Stage 1: Assessment and Sequencing

4.3 There are no schemes to review at this stage.

Projects in Stage 2: Scheme development

Project Title	Better Homes Hub (BHH) Area-Based Scheme (Leeds – Part 1)
Stage	2 (scheme development)
Decision Point	2 to 4 (business justification)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Background

- 4.1 The scheme covers the Leeds district area and is part of Phase 1 of the wider area-based retrofit schemes which are being delivered against the Better Homes Hub Programme Objective 2. Objective 2 aims to deliver retrofit projects in West Yorkshire that build momentum, strengthen supply chains, and create new delivery models. Where possible, one area-based scheme will be delivered in each of the West Yorkshire district areas.
- 4.2 The area-based schemes will pilot a range of retrofit measures across an area or/and street to test the level of interventions that can be made to properties, to understand the impact these measures will have on residents' living conditions and their energy/fuel bills, and how to achieve efficiencies in delivery. This will act as a blueprint to future schemes with substantial learning derived from the development and delivery of these.
- 4.3 This scheme seeks funding to deliver Part 1 of the Leeds area-based scheme, in Armley, Leeds, and aims to deliver 100 whole house insulation retrofits.
- 4.4 The scheme will involve a disrepair package to ensure that all homes are weathertight prior to insulation works starting. This will vary by property but is likely to include repointing walls and chimneys, new roof or roof repairs, new rainwater goods, and a damp-proof course if absent to avoid damp issues. An insulation package will then be delivered to significantly improve heat retention, comprising a property-specific mix of measures with the expectation that all will receive external wall insulation and room in roof insulation, but some properties will receive underfloor insulation if suitable.
- 4.5 Leeds City Council will bring together a package of different government funding sources to make the scheme affordable for residents. Each household

will be assessed to understand which sources of other government funding schemes can be best utilised to fund works installed onto their property and to determine the level of homeowner contributions. The scheme will test the best methods of maximising various funding sources to inform future schemes.

- 4.6 Delivery will first commence with council owned homes to demonstrate the final finish of whole house insulations and to encourage privately owned and rented properties to engage with the scheme through this initial work.
- 4.7 The scheme level objectives are:
- To deliver a whole house insulation to up to 100 back-to-back Victorian terraces in the Cedar area in Armley, Leeds, by September 2025.
 - To bring together a package of different funding sources to make this scheme affordable, by September 2025. This will help develop an understanding of how different funding sources can be best sequenced and maximised during the delivery of complex retrofit schemes.
- 4.8 Part 2 of the scheme will seek to install a low carbon technology such as a Ground Source Heat Pump, however a feasibility study will be commissioned first to investigate the viability and legal, planning, and commercial implications of installing a Ground Source Heat Pump, to inform Part 2 of the scheme. Together, Part 1 and Part 2 would reduce carbon emissions arising from properties and deliver a near net-zero carbon retrofit standard.
- 4.9 Development funds are being requested in a separate Change Request to the Better Homes Hub Programme at this meeting to progress with the feasibility study to undertake Part 2 of the Leeds area-based scheme. The funding will enable a detailed feasibility study to be commissioned on the potential installation of a low carbon technology such as a Ground Source Heat Pump. Part 1 and Part 2 collectively will aim to deliver a near net-zero carbon retrofit standard to properties.
- 4.10 Separate business cases will be submitted for Part 2 of the Leeds area-based scheme and also for the wider area-based retrofit schemes in the other West Yorkshire districts.
- 4.11 A summary of the scheme's business case is included at Appendix 1.

Outputs and Outcomes

- 4.12 The scheme outputs are:
- To deliver energy retrofit measures in the form of whole home insulation to 100 back-to-back Victorian terrace houses in the Cedar area in Armley, Leeds, by September 2025.
 - To deliver an estimate of 832,381 kWh of forecasted energy savings by improving energy efficiency of the 100 homes that receive retrofits.
 - To deliver repairs and preparatory works, insulations, and new window and door installations at the properties.

- To bring together a package of different public funding sources to make the scheme affordable.

4.13 The scheme outcomes are:

- To bring together a package of different public funding sources to maximise affordability of the scheme for residents and improve the level of outputs able to be delivered by the scheme.
- To reduce Kw/h in space heating demand by an estimate of 832,381 kWh per year, increasing the energy efficiency of homes.
- To reduce the proportion of households in fuel poverty by delivering energy efficiency measures that create a forecast of savings of £66,590 per year to total household bills.
- To reduce the percentage of income spent on energy bills, resulting in a comparative financial saving of up to £665 in gross disposable household incomes each year.
- To deliver a reduction in carbon emissions of a forecast of 174.80 tCO₂ per year.
- To improve thermal comfort for residents, and their health and wellbeing, thus leading to an estimate of £1,836,341 of income saved in relation to health needs each year.
- To improve understanding of the approaches and activities that can support whole scale retrofitting for future schemes.

Tackling the Climate Emergency Implications

- 4.14 The scheme will support resilience against the climate emergency by creating a reduction in domestic housing energy consumption by an estimated 832,381 kWh per year, delivering savings of approximately £66,590 a year across the 100 houses, and a reduction in domestic housing CO₂ emissions by up to 174.80 tCO₂ per year. By enabling improvements in the energy efficiency of homes, the scheme will directly reduce carbon emissions from housing.
- 4.15 27% of carbon emissions in Leeds come from its building stocks, with 63% of homes having an EPC energy rating of Band D or worse. The scheme will improve these figures.
- 4.16 Housing is responsible for 3.4 million tonnes (around 30%) of carbon dioxide each year in West Yorkshire, the majority of which come from using fossil fuels to heat homes. This scheme will deliver whole house retrofits to 100 terraces in Leeds and provide important learning for scaling up opportunities in future projects.
- 4.17 At 18%, West Yorkshire has the second highest level of fuel poverty in England (compared with 13% nationally). By improving the energy efficiency of homes, the scheme will produce household income savings, and reduce the impacts of fuel poverty in West Yorkshire.
- 4.18 A Stage 2 Carbon Impact Assessment has been submitted with the Business Case for this scheme.

Inclusive Growth Implications

4.19 The scheme inclusive growth implications include:

- A reduction in fuel poverty, a problem faced by households living on a low income in a home which cannot be kept warm at reasonable cost; the issue has become more pressing following the cost-of-living crisis where increases in energy costs have caused the number of households in fuel poverty to increase, and is prominent in the North of England with around 18% of households in West Yorkshire living in fuel poverty, compared with 13% nationally.
- The poor quality of people's homes also has a knock-on negative impact on physical and mental health. In Winter 2019-20 there was an estimated 28,300 excess Winter deaths in the UK, of which approximately a third were considered attributable to living in a cold home. Households with children, the over-60s, low-income households, with people from minority ethnic backgrounds, and those with pre-existing illnesses, are all more likely to be disproportionately affected by cold and damp and are more likely to live in these conditions with limited resources to pay for fuel. By improving energy efficiency of homes, the scheme will improve the quality of people's living situations, particularly for those who are more vulnerable.

Equality and Diversity Implications

4.20 A Stage 2 Equality Impact Assessment (EqIA) has been undertaken for the wider Better Homes Hub Programme and equality and diversity impacts taken account of as part of the development of this scheme. The EqIA will be regularly reviewed and updated and impacts taken account of as other schemes continue to progress through the Programme and learnings are captured.

4.21 The Leeds area-based scheme will support equality and diversity, ensuring that no one is disadvantaged as a result of the transition to net zero, particularly those most vulnerable in society, and that appropriate support is provided to enable everyone to participate in a fair, equal, and inclusive net-zero carbon economy. By offering a mixture of financial support packages to residents, dependent upon the outcome of the 'household income assessment', the scheme is inclusive to everyone.

4.22 Households with children, the over-60s, low-income households, with people from minority ethnic backgrounds, and those with pre-existing illnesses, are all more likely to be disproportionately affected by cold and damp and are more likely to live in these conditions with limited resources to pay for fuel. By improving energy efficiency of homes, the scheme will improve the quality of people's living situations, particularly for those who are more vulnerable.

Consultation and Engagement

- 4.23 The Chief Officer of the Climate, Energy and Green Spaces department at Leeds City Council has been informally briefed on the scheme and is fully supportive. Leeds City Council will seek Executive board approval, on 13 March 2024, to request authority to accept and invest funding from the Combined Authority, on 14 March 2024.
- 4.24 This approval will also confirm that match funding such as Housing Revenue Account budget funding is in place, and that commitment from Housing Leeds (Leeds City Council's housing provider), is in place to include their properties in this scheme.
- 4.25 Engagement with residents and landlords will be the responsibility of the Principal Contractor chosen to deliver the scheme, who will use trained members of staff to provide quality customer liaison and support, to communicate the benefits of the scheme effectively to residents, and to work closely with Leeds City Council to achieve residents' agreements, privacy notices, and pre- and post- installation surveys/satisfaction questionnaires. Customer service care calls during and following the completion of works and responses to customer enquiries and concerns during and after installation will be part of this package of support delivered by the contractor.
- 4.26 The scheme will be promoted through the Council's internet and social media channels, direct mailings, resident engagement events, and additional promotion materials.

Risks

- 4.27 The scheme risks and mitigations are:
- The cost-of-living crisis, inflation, and rising costs of retrofits result in financial challenges, and little appetite for investment by able-to-pay landlords and therefore funding is not realised to deliver the full potential of the scheme. To mitigate this risk, pre-supplier engagement has taken place to inform budget estimates, and stakeholder engagement/customer research has been undertaken. Learnings from previously delivered schemes are also informing the development of this scheme, and the emphasis on marketing correctly to customers; also, a contingency budget has been included in the programme cost estimates.
 - The Combined Authority has a direct link to the delivery of measures in people's homes and therefore aftercare becomes the responsibility and high-risk role of the Combined Authority. This risk is being mitigated by transferring risk to contractors and installers of a good reputation; clauses in the tender contract will make direct reference to quality aftercare.
 - The supply chain is unable to meet delivery timeframes and quality levels, so customers do not receive the retrofit measures as planned. A supplier strategy and engagement plan have mitigated this risk. All three contractors of the chosen procurement framework have been financially

vetted, and the chosen contractor will be responsible for engagement and sub-contracting.

- Trust issues from residents stemming from information overload and negative experiences with trades people. The complex nature of retrofitting may add to this issue. To mitigate, clear communications and engagement strategies and plans will be implemented.
- The area may be deemed unsuitable for Part 2 of the Leeds area-based scheme, putting funding for this element at risk. To mitigate, £50,000 development costs are being requested in a separate, programme-level change request to enable a feasibility study to be undertaken. This is also why the scheme and funding request has been split into two parts.
- Residents signing up to Part 1 of the scheme may not sign up to Part 2. If there is a long gap between the delivery of Part 1 and Part 2 of works, residents may become disengaged on the scheme, and the project could lose an opportunity to fully decarbonise these properties. It is preferable to avoid residents being required to provide access to their house on 2 separate occasions for works to be delivered, which may cause frustration. Therefore, the scheme is seeking delegated authority of approval to Part 2 of the scheme to help ensure that momentum generated during resident engagement of Part 1 will be maintained for Part 2 of the scheme.

Costs

- 4.28 The total cost of the Leeds area-based scheme (Part 1 and Part 2) is £6,930,041 with £3,888,381 of this amount being Combined Authority funding.
- 4.29 This scheme is Part 1 of the Leeds area-based scheme. The total scheme costs are £4,372,241.
- 4.30 The Combined Authority's contribution being requested to deliver Part 1 is £1,734,906 from the Single Investment Fund, Investment Priority 4.
- 4.31 The remaining funding for Part 1 is £2,637,335 from a mixture of match funding, including homeowner/landlord contributions, Energy Company Obligation (ECO) funding, Home Upgrade Grant (HUG) funding, and Housing Revenue Account funding. The amount of each contribution is yet to be confirmed. The level of Housing Revenue Account funding from Leeds City Council will be confirmed in March 2024. Eligibility of homeowners to access ECO and HUG funding will be identified in a 'means assessment' which will then also determine the level of homeowner contributions.
- 4.32 The current forecasted contribution from the Combined Authority for Part 2 of the scheme is £2,153,475 with indicative total scheme costs for Part 2 being £2,557,800, however costs will be further developed through the submission of a separate Business Case later this year.

Future Assurance Pathway and Approval Route (Part 1)

Assurance pathway	Approval route	Forecast approval date
5 (completion/service delivery)	Recommendation: Combined Authority's Portfolio Investment Panel Decision Combined Authority's Director of Policing, Environment & Place (PEP)	30/12/2025

Future Assurance Pathway and Approval Route (Part 2)

Assurance pathway	Approval route	Forecast approval date
2 to 4 (Business Justification)	Recommendation: Combined Authority's Portfolio Investment Panel Decision Combined Authority's Chief Executive (CE)	28/02/2025
5 (completion/service delivery)	Recommendation: Combined Authority's Portfolio Investment Panel Decision Combined Authority's Director of Policing, Environment & Place (PEP)	01/06/2026

Other Key Timescales

- Resident engagement will commence first with social housing for Part 1 of the area-based scheme in Leeds. This will commence on 30 April 2024.
- The contract will be awarded to the Principal Contractor to deliver the scheme in May 2024.
- Installation of Part 1 scheme measures will commence first on social housing in September 2024.
- Part 1 of the scheme is expected to be completed by 30th September 2025.
- Evaluation of Part 1 measures will commence in September 2025.
- A Final Evaluation Report, covering both Part 1 and Part 2 of the scheme, will be delivered in March 2027.

Assurance Tolerances

4.33 This approval is the first decision point for the scheme at committee. The assurance tolerances for the recommended approval in this report are:

Assurance tolerances

Combined Authority funding remain within +10% of those outlined in this report.
Completion/service delivery date remains within +6 months of those outlined in this report.
Outputs remain within -10% of those outlined in this report.

Appraisal Summary

- 4.34 The scheme demonstrates strong strategic alignment to the Objectives of the wider Better Homes Hub programme and the Climate and Environment Plan developed by the Combined Authority using learnings from the Carbon Emissions Reduction Pathways study, all of which emphasise the need to prioritise domestic energy retrofits to ensure the region is able to meet net zero carbon targets declared by the Combined Authority and the region's Local Authorities.
- 4.35 The scheme is Part 1 of the Leeds area-based scheme that sits within Phase 1 of the Better Homes Hub programme and will aim to achieve 100 whole house insulation retrofits on back-to-back Victorian properties in Armley, Leeds to improve energy efficiency and reduce carbon emissions. The scheme will support the development of key learnings to enable domestic retrofit schemes to be delivered at scale in the future and will help to identify the best blend of funding sources to make schemes affordable for homeowners. The area has been chosen for the Leeds area-based scheme due to the low energy ratings of properties in the area, the levels of high deprivation, and the promise to implement a similar scheme previously which failed to complete.
- 4.36 Development funds are currently going through the Assurance Framework via a separate Change Request to support the development of a Business Case to implement Part 2 of the Leeds area-based scheme. Together, Part 1 and Part 2 will achieve near net zero domestic retrofits; Part 1 with a focus on repairs and preparatory works, insulation works, and new window and door installations, and Part 2 with a focus on achieving a low carbon heating solution by installing ground source heat pumps.
- 4.37 During the Delivery Phase of the scheme, a clear governance structure and Board will need to be established internally by Leeds City Council for reporting and managing the scheme.
- 4.38 The Monitoring Plan will also need to be further developed for the scheme once property surveys have been completed by the chosen contractor and more accurate figures are known in terms of savings that will be produced by the scheme.
- 4.39 The preferred contractor will also be responsible for developing a Resident Engagement Plan, Gantt Chart, and financial 'needs assessment' for homeowners as part of the scheme, to determine the level of homeowner contributions to each property installation; this will be developed in collaboration with Leeds City Council.

Recommendations

4.40 The Combined Authority approves that:

- (i) The Better Homes Hub (BHH) Area-Based Scheme (Leeds – Part 1) scheme proceeds through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority’s contribution of £1,734,906 is given. The total scheme value is £4,372,241.
- (iii) The Combined Authority enters into a funding agreement with Leeds City Council for expenditure of up to £1,734,906.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate, Energy and Environment Committee.

Project Title	Better Homes Hub
Stage	2 (scheme development)
Decision Point	Change request (activity 2)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Background

- 4.41 The Better Homes Hub programme has been developed to promote, facilitate and deliver retrofit of housing across all housing tenures in West Yorkshire. This includes households that rent their home from social or private landlords, have a mortgage / loan on their home, or own their own home outright and will be referred to as multi tenure, in this report.
- 4.42 The retrofitting of housing includes measures which improve the heat efficiency and air tightness of homes, up to a good level of thermal efficiency, for example double and triple glazing, loft, wall, and ground floor insulation and the installation of renewable technology, including solar panels, heat pumps.

- 4.43 The programme will lead to reductions in CO2 emissions, domestic energy use and fuel poverty across multi tenures, which will contribute to tackling the climate emergency.
- 4.44 Conservative estimates indicate that up to £20.4 billion is needed to retrofit homes to a good level of thermal efficiency, so any moderate capital investment is short term in its approach.
- 4.45 The long-term Better Homes Hub programme is expected to be delivered in three phases. Phase 1 is covered by the strategic outline case and will be funded from the gainshare allocation for investment priority 4 - Tackling the Climate Emergency and Environmental Sustainability. Funding to support the later phases of the programme in later years will be required beyond the current three-year gainshare funding period.
- 4.46 The Better Homes Hub programme gained decision point 2 (strategic outline case) approval and approval for work to commence on individual business cases at the Combined Authority meeting on 22 June 2023. Development costs were also approved to secure staffing resources, consultancy support, undertake research work, develop individual scheme business cases, and funds to deliver the Local Energy Advice Demonstrator element of the programme.
- 4.47 A change request was approved in December 2023 for further development costs from the Combined Authority to acquire staffing resources to support delivery of the objectives.
- 4.48 Approval is now sought via this change request for further development costs to enable the Better Homes Hub programme to be evaluated as part of the Domestic Net Zero evaluation framework. This evaluation framework will bring together the Better Homes Hub and domestic solar schemes to ensure that the methods of data collection and metrics provide for whole programme comparability, whilst also ensuring learning from individual projects can be applied across the full Domestic Net Zero package.
- 4.49 Development costs will also be used to commission a feasibility study to investigate the risks, costs and delivery arrangements that need to be considered before a shared low carbon technology is introduced in Part 2 of the Leeds Area based scheme (subject to separate approvals).

Outputs and Outcomes

- 4.50 The scheme outputs are:
- To deliver energy retrofit measures in the form of whole home insulation. Provide five multi-tenure retrofits in a local area / street demonstrator by March 2026 to demonstrate the benefits of retrofit to all and understand the various challenges facing residents in domestic retrofit.
 - Deliver the multiple benefits of retrofit activity to social housing by continuing the strong progress of Social Housing Decarbonisation Fund for those homes containing some of the most excluded in our region.

- Development of options for the creation of a One Stop Shop to provide a single point of advice and support for all tenure householders on retrofit measures that could be delivered.
- Ensure retrofits are completed and certified to the right quality standards, and in accordance with the British Standard for retrofits which is PAS2035.
- Provide data and learning on all housing tenure support needs and benefits to inform the scaling up and roll out of future waves across all housing.

4.51 The scheme outcomes are:

- Energy efficiency fabric improvements to housing stock in West Yorkshire.
- Increased number of domestic retrofits and renewable installations beyond current Central Government funding.
- Reduction in carbon emissions from domestic properties.
- Reduction in energy consumption in domestic properties.
- Reduction in the number of households experiencing fuel poverty and associated health inequalities.
- Energy efficiency fabric improvements to housing stock in West Yorkshire.
- Increased number of domestic retrofits and renewable installations beyond current Central Government funding.
- Reduction in carbon emissions from domestic properties.
- Reduction in energy consumption in domestic properties.
- Reduction in the number of households experiencing fuel poverty and associated health inequalities.

Tackling the Climate Emergency Implications

4.52 This programme will contribute towards reductions in carbon emissions through raising the profile of retrofit measures that can be introduced.

Inclusive Growth Implications

4.53 The scheme inclusive growth implications include:

- The programme will apply to all households including those living in poor housing in all tenures.
- Completing retrofits will help lift people out of fuel poverty by reducing energy emissions and therefore costs.

Equality and Diversity Implications

- 4.54 An Equality Impact Assessment (EqIA) was undertaken for the programme and equality and diversity impacts are being taken into account of as part of the development of individual schemes and their business cases.
- 4.55 The programme will be delivered across West Yorkshire including the most deprived areas.
- 4.56 The programme will support residents with differing needs, to improve the energy efficiency of their homes. For example, for some groups, the intervention may require information, advice, and signposting. Other groups will require more support such as translation skills and signposting to financial support.

Consultation and Engagement

- 4.57 Options for the programme were developed as part of the strategic outline case submission and workshops were held with stakeholders to ensure the programme will deliver the required outputs.
- 4.58 Future consultation is planned as part of individual scheme business case development.

Risks

- 4.59 The programme risks and mitigations are:
- Increased costs due to inflation and rising costs through the supply chain. This is mitigated by procuring a financial consultant for advice on the scheme costs and monitoring scheme costs throughout programme development and delivery.
 - Insufficient interest in the market or inability to procure an appropriate consultant to provide support in the development of the programme. This is being mitigated by engaging with the market in advance to locate multiple consultants and to build interest before the opportunity to bid is finalised.

Costs

- 4.60 The total programme costs are £17,587,834.
- 4.61 The Combined Authority's contribution is up to £17,587,834, comprising up to £16,750,000 from the Single Investment Fund (SIF), IP4 gainshare allocation and £837,834 from the Local Energy Advice Demonstrator programme.
- 4.62 The Better Homes Hub programme gained decision point 2 (strategic outline case) approval and approval for work to commence on individual business cases, at the Combined Authority meeting on 22 June 2023.
- 4.63 Approval is now sought via this change request for further development costs of £240,000, to support the development and delivery of schemes:

- Programme Evaluation: £190,000
- Feasibility Study for Part 2 of the Leeds Area based scheme: £50,000

4.64 Subject to approval, this takes the total programme approval to date to £5,228,585 which is broken down as follows:

Funding Source	Amount	Approval
Single Investment Fund	£718,293	CEP Wave 1 Portfolio
	£910,000	BHH Programme SOC
	£2,522,458	BHH Change Request (December 2023)
	£240,000	BHH Change Request (March 2024)
Local Energy Advice Demonstrator	£837,834	BHH Programme Change Request (Originally £1,650,000)
Programme Approval Total	£5,228,585	

Future Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (completion/service delivery)	Recommendation: Combined Authority's Portfolio Investment Panel Decision Combined Authority's Director of Policing, Environment & Place	31/03/2026

Other Key Timescales

- March 2026 - Completion of delivery of Phase 1 of the programme
- March 2027 - Programme evaluation of Phase 1 of the programme.
Assurance Tolerances

Assurance Tolerances

4.65 The previous approvals and assurance tolerances set are outlined below:

Control area	Baseline Tolerance approved by the CA at DP2 SOC	Baseline Approval by the CA at DP2 - SOC	Changed Request Approved	Requested Change Request Approval	Within tolerance?
Date	22/06/23		07/12/23	14/03/24	

Total Cost	£18,425,000		£17,587,834	£17,587,834	
Combined Authority Funding	+10%	£18,425,000	£17,587,834	£17,587,834	Y
Completion Date (DP5)	6 months	31/03/26	31/03/26	31/02/26	Y
Outputs and Benefits	-10%	As per report	As per report	No change	Y

4.66 The revised assurance tolerances for the recommended approval in this report are:

Assurance tolerances
Combined Authority funding remain within +10% of those outlined in this report.
Completion/service delivery date remains within +6 months of those outlined in this report.
Outputs remain within -10% of those outlined in this report.

Appraisal Summary

- 4.67 The Better Homes Hub (BHH) programme has a strong strategic value for West Yorkshire. It is recognised that a quarter of the region's carbon emissions come from homes and there is a clear need for housing retrofits and energy efficient measures to be introduced.
- 4.68 A change request to the programme approval is being sought at this time, to procure a consultant to evaluate the Better Homes Hub programme as part of the Domestic Net Zero evaluation framework. Funding is also being requested to commission a detailed feasibility study, to help inform delivery of Part 2 of the Leeds Area based scheme.
- 4.69 Further appraisal has been or will be undertaken as schemes progress individually through the assurance process.

Recommendations

- 4.70 The Combined Authority approves that:
- (i) The change request to release development costs of £240,000 of Combined Authority funding to enable programme evaluation and to undertake a feasibility study for the Better Homes Hub Area-Based Scheme (Leeds – Part 2). This takes the total approval to £5,288,585. The total programme cost is £17,587,834.
 - (ii) The Combined Authority enters into a funding agreement with Leeds City Council for expenditure of up to £50,000.
 - (iii) That delegated authority be granted to the Director of Policing, Environment & Place, to approve the reallocation of spend within the

wider Better Homes Hub Programme and to enter into Grant Funding Agreements / letters between the Combined Authority and the local authority partners and suppliers.

- (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate, Energy and Environment Committee

Projects in Stage 3: Delivery and Evaluation

4.71 There are no schemes to review at this stage.

5 Tackling the Climate Emergency implications

5.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

6 Inclusive Growth implications

6.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

7 Equality and Diversity implications

7.1 Equality Impact Assessments (EqIA) have been undertaken on all projects included in this report as part of their business case development.

8 Financial implications

8.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

9 Legal implications

9.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

9.2 In accordance with the voting arrangements of the Combined Authority, all Combined Authority members may vote on this item with the exception of the Non-Constituent Council Combined Authority Member.

10 Staffing implications

10.1 A combination of Combined Authority and local partner council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

11 External consultees

11.1 Where applicable scheme promoters have been consulted on the content of this report.

12 Recommendations (Summary)

Better Homes Hub (BHH) Area-Based Scheme (Leeds – Part 1)

12.1 The Combined Authority approves that:

- (i) The Better Homes Hub (BHH) Area-Based Scheme (Leeds – Part 1) scheme proceeds through decision point 2 to 4 (Business Justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £1,734,906 is given. The total scheme value is £4,372,241.
- (iii) The Combined Authority enters into a funding agreement with Leeds City Council for expenditure of up to £1,734,906.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate, Energy and Environment Committee.

Better Homes Hub

12.2 The Combined Authority approves that:

- (i) The change request to release development costs of £240,000 of Combined Authority funding to enable programme evaluation and to undertake a feasibility study for the Better Homes Hub Area-Based Scheme (Leeds – Part 2). This takes the total approval to £5,288,585. The total programme cost is £17,587,834.
- (ii) The Combined Authority enters into a funding agreement with Leeds City Council for expenditure of up to £50,000.
- (iii) That delegated authority be granted to the Director of Policing, Environment & Place, to approve the reallocation of spend within the wider Better Homes Hub Programme and to enter into Grant Funding Agreements / letters between the Combined Authority and the local authority partners and suppliers.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report. Where required, any future committee level approvals are delegated to the Climate, Energy and Environment Committee

13 Background Documents

13.1 None as part of this report.

14 Appendices

[Appendix 1 – Better Homes Hub - Area-Based Schemes \(Phase 1 – Leeds\) Business Case Summary](#)