
Report to: Green Economy Panel

Date: 18 November 2020

Subject: **Scaling up Better Homes Yorkshire**

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1.0 Purpose of this report

- 1.1 To summarise the Scaling up Better Homes Yorkshire Report.
- 1.2 To gain endorsement for the recommendations and next steps.

2.0 Information

- 2.1 The Combined Authority and our local authority partners have overseen delivery of energy efficiency measures in homes across the Leeds City Region through the Better Homes Yorkshire Partnership. Over 5000 homes have received measures since 2015. However, the contracts with partners come to an end in 2023, so the ambition is to build on its success and build a long-term energy efficiency retrofit market in the region.
- 2.2 To develop a long-term approach the Scaling up Better Homes Yorkshire study was commissioned (see summary report Appendix 1). This project was developed with the Better Homes Yorkshire partners to explore the evidence and options to support an ambitious 10-year programme of domestic energy retrofits.

Background

- 2.3 There are approximately 985,000 homes in West Yorkshire with 80% estimated below Energy Performance Certificate level C (EPC C)¹. Poor energy efficiency has entrenched fuel poverty, with some of the worst performing homes (EPC E-G) occupied by low income households.
- 2.4 2016 data show 12.4% of Leeds City Region and 13% of households in West Yorkshire are in fuel poverty. The worst performing housing stock (Energy

¹ Building Research Establishment, 2016

Performance Certificate F - G rated) is privately rented with 57% under this tenure (2016 data). The graph below shows over 80% of homes in the Leeds City Region are rated below EPC C.

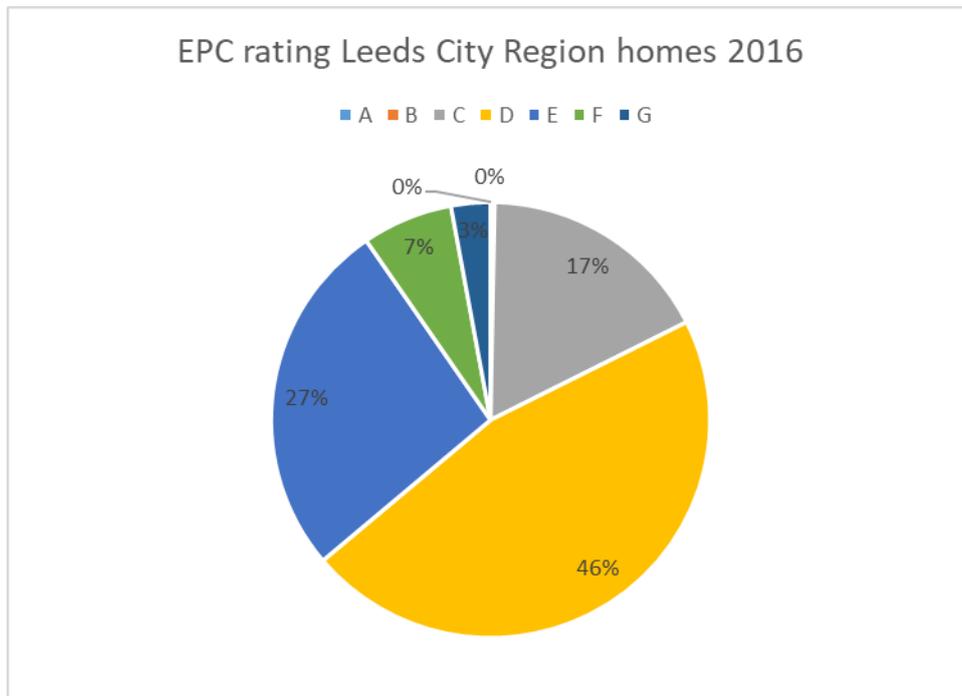


Figure 1 source: BRE report 2016 modelled using EPC records and English Housing Survey 2011

- 2.5 According to the West Yorkshire Emission Reduction Pathways study, 2.9 million tonnes of carbon dioxide came from housing in 2018. Without any additional interventions and new policies, this is expected to fall to 2.1million tonnes in 2030. This is not enough to meet the City Region’s net zero carbon target.
- 2.6 To reach the City Region’s net-zero carbon target by 2038, as a minimum it will require retrofitting 675,000 homes and installing low carbon heating technologies.
- 2.7 Tackling energy efficiency can help West Yorkshire’s economic recovery from the COVID-19 crisis. There are a range of economic benefits that can be achieved, including new job creation, skills and retraining opportunities, new markets and business opportunities. This is why the [West Yorkshire Economic Recovery Plan includes a towards net zero carbon proposition](#). This £192m proposition includes:
 - Accelerating delivery of a range of energy efficiency projects
 - Development of a tackling the Climate Emergency Pipeline of projects (including energy efficiency) and capable of creating new net zero carbon jobs, skills, markets and business opportunities
 - Establishment of a new Towards Net Zero Carbon Skills (STEM) Partnership

- 2.8 Climate investments – including energy efficiency can create and secure good jobs for the long term including delivering 42,000 jobs in West Yorkshire rising to 71,291 by 2050 (LGA 2020). Securing this number of jobs will need a new partnership to drive this work forward.
- 2.9 Although progress has been made on energy efficiency in homes, delivery has stalled owing to the limitations of funding, the cost and complexity of renovating the housing stock and the willingness of home- owners to upgrade their property. It is widely recognised that achieving bill savings and making homes net-zero carbon will take a ‘whole house’ approach.
- 2.10 The Scaling up better Homes Yorkshire project was set up to address these issues and makes recommendations toward a renewed programme of delivery from 2023 or earlier. A report was commissioned. It aimed to deliver three things:
- A review of energy efficient / whole house retrofit practice and delivery elsewhere,
 - A review of funding and finance options, and
 - An assessment of the supply chain and skills to deliver a scaled-up programme.
- 2.11 The study was commissioned in March 2020 and awarded to a consortium led by Red Cooperative in April. The research, interviews and evidence were gathered over the summer, followed by consultation with the Better Homes Yorkshire officers and one-to-one meetings with local stakeholders. A summary of report is outlined in Appendix 1 and the full draft report is attached as Appendix 2.

Results and recommendations

- 2.12 The project team have carried out a review of energy efficiency schemes to examine what has worked well and what has not worked well. They also carried out interviews with expert individuals to validate the findings and offer critical perspectives. The results and recommendations from the study are summarised below.
- 2.13 A long list of schemes from the UK and overseas was analysed to identify best practice. Experience in the region points toward the Kirklees Warm Zone, a nationally leading scheme that delivered 133,000 + assessments and measures to over 51,000 homes by 2010. More recently, Cosy Homes Oxford Warmer Sussex have introduced a one stop shop service, tailoring whole house plans with able-to-pay customers. London’s Retrofit Accelerator aims to deliver 1,600 whole house retrofits in three years to mainly social rented homes and low-income residents. Elements from the latter schemes have been added to the component list within the full report (Section 6, Page 34).
- 2.14 This analysis has provided a set of ‘building blocks’ to enable progress to be made across all tenures of homes and income levels. The findings do not point toward a single scheme that can do this. Instead, the evidence from

other schemes points toward different offers and entry points for homeowners and renters in different social and economic groups.

2.15 The study proposes a ten-year programme to retrofit up to 300,000 homes in West Yorkshire by 2030, mobilising up to £2.4 billion per year and saving around 1.8 million tonnes of carbon each year. Looking to the [West Yorkshire Carbon Emission Reduction Pathways study](#), this represents between 30-39% (depending on the pathway) of the Carbon savings needed to meet net-zero in 2038.

2.16 The costs of whole house retrofit have been modelled from around £10,000 to £60,000 per home with progressive levels of carbon emissions reduction e.g. 40-80% carbon reduction and packages including insulation+ solar PV and battery storage (See full report Section 2, Page 11-12).

2.17 Delivery

Councils and registered providers require compliant methods of delivery to improve standards and performance of the housing stock. A range of methods have been identified that range from approved contractor lists and fixed frameworks to joint ventures, requiring increasing levels of public intervention.

- Recommendation - Explore the 'delivery vehicle' options with partners to ensure there is a route to scalable delivery capable of delivering high quality whole house retrofits.

2.18 Retrofit Hub

The need to oversee progress is currently hampered by access to quality data including stock condition, customer insights, and real-life performance. In addition, there are roles on promotion, signposting, advice, coordination, home assessments and funding (one stop shop model) not readily filled by the market.

- Recommendation - Create and resource a 'community of interest' made up of a variety of stakeholders, overseeing the data and intelligence and the customer journey for each property.

2.19 Finance

Creating a stable and scalable, long-term programme of retrofits will require funding of around £2.4 billion per year in West Yorkshire. This level of funding will not be forthcoming as public subsidy. The study offers a proposal to unlock private finance through affordable and accessible lending. The study makes it clear that funding is not the only barrier to retrofit, but it is very important.

The evidence shows there are pockets of low-cost, unsecured lending and equity lending from councils and third sector organisations. These loans can be repaid at cost i.e zero interest with regular repayments, or, be repaid when

the house is sold. However, local uptake has been limited to low income homeowners with support from council housing officers. The proposal is therefore to see whether a progressive lending with differential rates according to income levels, can fit the demographic of the regions' households.

- Recommendation - Explore with partners the development of a financial vehicle able to offer lending to different socio-economic groups

2.20 PV and Storage

The need to include solar PV and storage is twofold 1) to supply clean energy and 2) to provide revenues that cover the cost of retrofit for either the homeowner or landlord. In view of the latter, without subsidy or consideration of other factors such as health, it is unlikely that the costs will stack up for many. The revenues that could be attracted through aggregation of domestic systems at scale could be attractive. For example, though supplying electricity to the grid in periods of high demand.

- Recommendation - Explore with partners the accessibility and reliability of these revenues and the steps necessary to realise them.

2.21 Whole house retrofit competitions

We have already identified a pipeline for energy efficiency with circa 7,000 homes requiring specific works e.g. central heating, hard to treat cavity walls and solid wall insulation. However, whole house retrofits at the level required will need a new approach and a greater level of planning and coordination. Capacity needs to be grown. A pipeline that is large enough and long-lasting enough (>10 years) should attract more SME market entrants who see the merit in taking part.

- Recommendation - Deliver 300 whole house retrofit demonstrators in year 1, identify loan streams and develop whole house retrofit competition briefs and the resource structure to deliver them

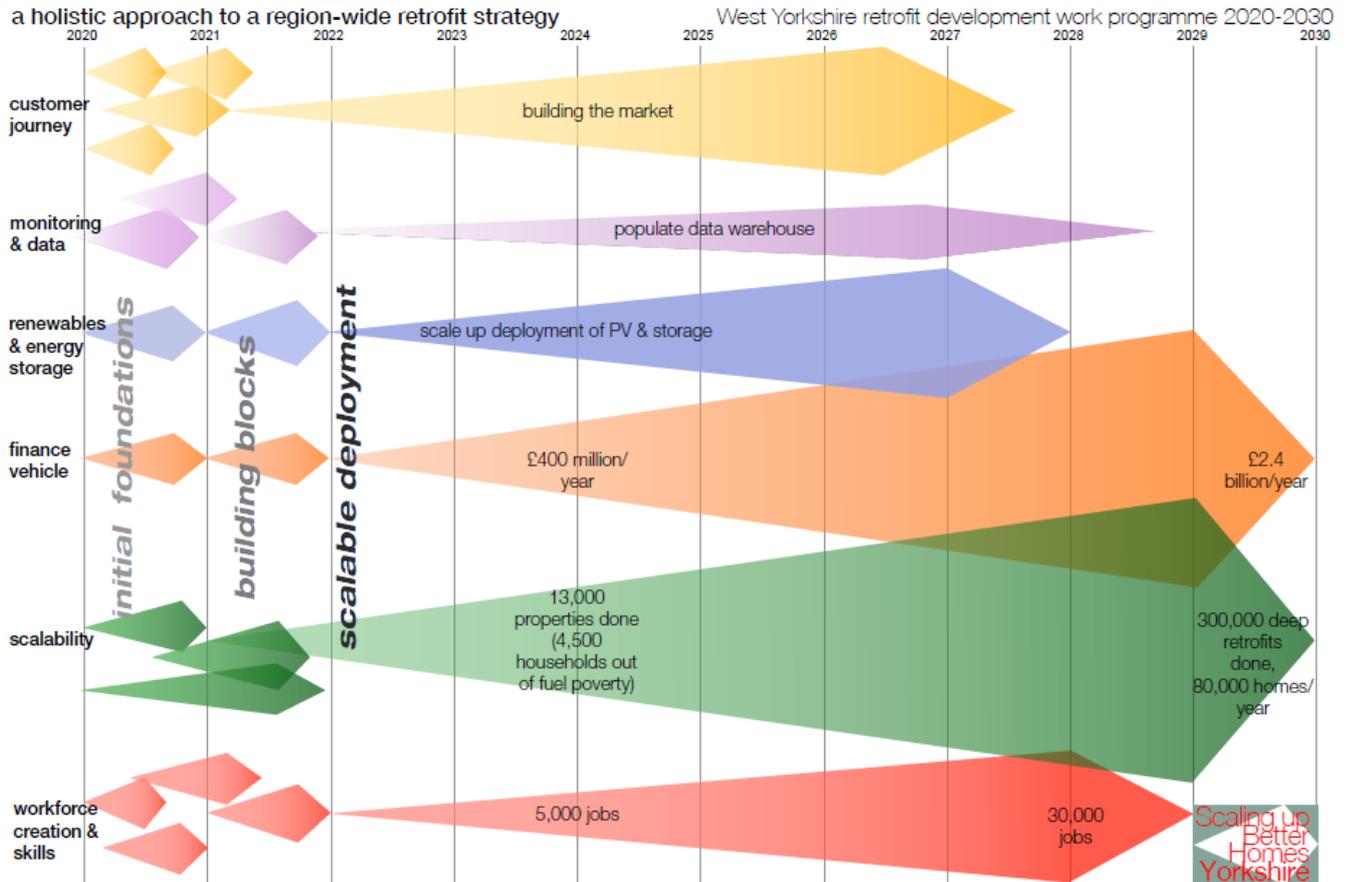
2.22 Workforce and skills development

Alongside the pipeline, development of local training courses will need to be developed with skills providers. There are also some regulatory standards that will influence contractors and workers to invest in training, such as the PAS2035 retrofit quality management systems and coordinator roles. Current government funding (see below) for energy efficiency requires accreditations and standards to attract funding.

- Recommendation - Access funding to support training for new roles and accreditations and carry out an audit of existing skills and providers

2.23 The diagram below outlines the building blocks and suggested timescales to delivering a long-term approach to energy efficiency retrofit in the City Region. Delivering on all these elements is important because of the

interdependencies between each. For example, access to finance is increasingly seen as being contingent to quality standards, logging retrofit designs and the requirement of a building passport. Investment in training and skills will not be forthcoming without the pipeline and scalability for whole house retrofits.



2.24 Encouragingly, the analysis does show that homes can support net zero carbon by 2038, and achieve year on year carbon reductions, but it would require renewables and energy storage systems to ensure that zero carbon energy is fully utilised. This would also provide additional revenues to pay for retrofits, provided that further access to energy markets is accessible. The scale suggested in this report will also need to continue beyond 2030 for the housing sector in our region to fully deliver the required net zero carbon savings by 2038. The report proposes to build the market and capacity to deliver net zero homes across the region.

Green Homes Grant

2.25 The Government's Plan for Jobs in July outlined a stimulus package to aid economic recovery. As part of this, the Green Homes Grant is expected to support 140,000 green jobs while upgrading homes and reducing emissions. A voucher scheme for homeowners was open for applications in September to upgrade insulation and install low carbon heating systems. Secondary measures will also be available to upgrade windows, doors and heating

controls. £500 million of this fund is available to local authorities to upgrade homes in fuel poverty (see Appendix 3) in 2021.

Stakeholder Workshop

- 2.26 To validate the draft recommendations, a regional workshop was organised with stakeholders from industry, local government, businesses, and academia. Breakout sessions allowed participants to discuss four major themes within the report and the key recommendations.

Next Steps

- 2.27 The proposed next steps are:
- Stakeholder mapping and establishing the community of interest (Section 2.10)
 - Disseminate report findings to local and regional buildings and sustainability groups
 - Convene the Better Homes Yorkshire Officer group and agree the initial next steps
 - Work with the NEYH Energy Hub to coordinate pipeline activity for the next 12 months for the Green Homes Grant Local Authority Delivery scheme across West Yorkshire
 - With the LEPs Employment and Skills Partnership, hold 'green skills' roundtable discussions to build partnerships (November 2020 – January 2021)
 - Bring a detailed project plan with resource implications by early 2021 for endorsement by the Green Economy Panel

3.0 Financial Implications

- 3.1 Several of the report recommendations will need to be paid for if they are to proceed. Specifications will need to be written, for example a skills audit (Section 2.15) alongside colleagues and partners. The recommendations and how they will be resourced will be part of those discussions, for example green skills roundtable (above) and data requirements through the community interest (Section 2.10).

- 3.2 There is a significant role for the finance community outlined in the draft report as per above. Further guidance and support will be needed before any further work is commissioned.

4.0 Legal Implications

- 4.1 There are no implications associated with this paper.

5.0 Staffing Implications

- 5.1 Capacity and capability to deliver these recommendations is constrained. The Combined Authority and Local Authority partners are unlikely to have the resources to deliver the recommendations and scale up delivery to the levels

required by the Climate Emergency. A detailed project plan with resource implications will be written for endorsement by the Green Economy Panel.

6.0 External Consultees

6.1 The Scaling up Better Homes Yorkshire project has used extensive contacts in industry, public sector, business and academia to build the evidence, while consultation with our partners has provided opportunity for early feedback.

6.2 The recommendations covered in this paper were developed in consultation with local authority officers and a summary paper was taken to Directors of Development in October. The approach fits with local ambitions to tackle the climate emergency and address fuel poverty. Early feedback from local authorities suggests that engaging with the 'community of interest' (Section 2.13) and exploring the 'delivery vehicle' (Section 2.12) are likely to be early actions.

7.0 Recommendations

7.1 The Panel to note the recommended approach and the proposed building blocks for the development of a long-term plan

7.2 Panel to endorse the establishment of a new community of interest group (or similar) to drive development of this long-term plan.

7.3 A detailed project plan with resource implications for delivering the long-term approach to be drafted and return to the Panel in 2021.

8.0 Background Documents

8.1 None.

9.0 Appendices

- Appendix 1 Summary report
- Appendix 2 Scaling up Better Homes Yorkshire draft report
- Appendix 3 Recent Funding Update.