Report to:	Place, Regeneration and Housing Committee
Date:	5 January 2023
Subject:	**Evidence Report**
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Is this a key decision?	☐ Yes ☒ No
Is the decision eligible for call-in by Scrutiny?	☐ Yes ☒ No
Does the report contain confidential or exempt information or appendices?	☐ Yes ☒ No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	☒ Yes ☐ No

1. Purpose of this Report

1.1 To provide an update on the relevant monitoring indicators and report on their performance to support the work of the Committee.

2. Information

<u>Indicators</u>

2.1 At the Place, Regeneration and Housing Committee meeting on 20 April 2022, it was agreed that the Research and Intelligence team would provide ongoing updates to the Committee on the relevant indicators from the State of the Region report. State of the Region 2022 will assess performance against around 40 indicators linked to the Combined Authority's key strategic priorities. The indicators most relevant to this Committee that have been updated are detailed within this report.

2.2 Given the current economic landscape, the Economic Analysis team are also currently providing the Committee with evidence on the wider macroeconomic conditions faced by the UK, and what the Combined Authority are doing to support households and businesses through the current inflationary period.

State of the Region

2.3 The number of net additional dwellings have rebounded in every single district in West Yorkshire, except Kirklees. 2020/21 saw the lowest level of net additional dwellings since 2014/15, but the most recent data shows that there were 7,207 net additional dwellings across West Yorkshire in 2021/22, compared with 5,983 in 2020/21. This was most prominent in Bradford, where the number of net additional dwellings almost trebled between 2020/21 and 2021/22.

2.4 Private sector rents have risen sharply over the past year, and evidence suggests that this is likely to continue into 2023. The current macroeconomic outlook is for interest rates to rise in order to bring inflation under control, and landlords could look to pass these increasing costs on directly to tenants. Analysis shows that, if buy-to-let landlords want to pass on all of their increasing costs to tenants, rents could rise by as much as 20% in 2023.

2.5 Dwellings across West Yorkshire are less energy efficient than the England average for the last 12 months. Across the districts of West Yorkshire, only Leeds (53%) has a rate of households with an EPC rating of C or above that is comparable with the national average (54%). This is an increasingly pressing issue in the current climate of high and rising energy bills, and places West Yorkshire at an enhanced risk of the impacts of fuel poverty.

2.6 The End Fuel Poverty Coalition have provided updated estimates of the numbers of households in fuel poverty, in both November 2022 and April 2023, when both the Energy Price Guarantee will rise to £3,000, and the £400 Energy Bill Relief Scheme will be withdrawn. This will essentially mean an overnight annual increase of £900 per year for average household energy bills. The End Fuel Poverty Coalition data suggests that 7 million households in England are currently in fuel poverty, and that will rise to 8.6 million households in April. For West Yorkshire, this means that 39% of households are currently in fuel poverty (compared with 29% nationally), and this will rise to 48% - or almost one in two (compared with 36% nationally).

2.7 A number of relevant indicators have not been updated since they were last reported on to this Committee, and as such, have been omitted from this report. These indicators are:

- Healthy life expectancy;
- Housing affordability;
- Gigabit capable internet coverage;
- Take-up of superfast (or above) broadband services;
- Mobile coverage (4G and 5G).

Macroeconomy

2.8 Data from the ONS published in December 2022 showed that CPI inflation has risen by 10.7% in the year to November 2022, a slight reduction from 11.1% in October 2021. Whilst the rate of inflation has fallen, it is important to note that this means that prices are still rising, but at a slower rate than before. The key dampening factor on inflation to November 2022 was transport costs, which have fallen for a fifth consecutive month, now at 7.6% compared with a peak of 15.2% in June 2022. This fall is driven by two key factors: fuel prices increasing at a slower rate than they were previously over the past 12 months, and the price of second-hand cars falling sharply in the last month.

2.9 However, there are still a number of significant cost pressures, causing a considerable threat for households. Food and non-alcoholic beverage prices have risen by 16.5% in the last 12 months, which is the highest level since September 1977. In addition to this, further notable rises are on the horizon for households, such as the Energy Price Guarantee increasing average household energy bills by 16.7% in April.

2.10 As a result, and in order to bring inflation back down to its 2% target, the Monetary Policy Committee (MPC) voted by a margin of 6-3 in favour of increasing the Bank Rate by 50 base points to 3.5%. Two members preferred to maintain Bank Rate at 3%, and one member preferred to increase Bank Rate by 0.75 percentage points, to 3.75%. The Bank of England have also published their Financial Stability Report, which shows UK households and business finances are under growing pressure. Fixed rate mortgage rates are rising sharply, and with the loan to value ratio making little to no difference to rates offered. This is likely to persist in the medium to long term. By the end of 2025, 70% of mortgages will have experienced an increase in monthly payments, with over half of these increases being by more than £100.

Combined Authority Actions

2.11 The Combined Authority are taking proactive steps to support households and businesses through the current cost of living and doing business crisis. The Mayor’s Fares schemes that cap single bus journeys at £2, and day saver tickets at £4.50, are providing people in West Yorkshire with more affordable means of transport, supporting people to access services and employment. For businesses, a new £1 million fund has been set up in order to support businesses with energy bills, offering firms up to £5,000 to fund practical solutions to reduce costs, including help to buy a more efficient boiler or install low-energy lighting.

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are currently a myriad of issues within the economy that disproportionately affect those towards the bottom end of the income distribution, and as a result, have a greater impact on West Yorkshire than the national average. Many of these are interlinked, for instance, West Yorkshire households are relatively less energy efficient, which in turn requires people in West Yorkshire to use more energy. There is currently an energy crisis, with very high unit costs on both gas and electricity, meaning that many people cannot afford to adequately heat their homes. As West Yorkshire has gone into this crisis in a worse position than the national average, this crisis is having a greater impact at the regional level, especially amongst those already worse off in the region.

4.2 Evidence shows that over 1 million UK households on prepayment meters have not claimed their Energy Bill Relief Scheme vouchers for December, leaving them to shoulder the costs of rising energy bills themselves. Every household in the UK is eligible for this support, but those who pay for energy via direct debit have the vouchers automatically applied, whilst those on prepayment meters have to actively obtain the vouchers. This has the potential to further entrench fuel poverty among those on prepayment meters.

5. Equality and Diversity Implications

5.1 There are no equality and diversity implications directly arising from this report.

6. Financial Implications

6.1 There are no financial implications directly arising from this report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Place, Regeneration and Housing Committee notes the evidence presented within this report and considers it as part of the decision making process.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Evidence Report