

Report to: Climate, Energy and Environment Committee

Date: 10 January 2023

Subject: Better Homes Hub

Director: Liz Hunter, Director of Place, Environment & Policing

Author: Sara Brook, Programme Manager

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this Report

- 1.1 To provide an update on the Better Homes Hub Programme and learnings from elements already in delivery: the Community Renewal Fund Retrofit Hub Pilot and the Social Housing Decarbonisation Fund (SHDF).

2. Information

- 2.1 The Mayor of West Yorkshire and West Yorkshire Leaders have declared a climate emergency and set a target for the region to be net zero carbon by 2038, with significant progress by 2030.
- 2.2 Modelling estimates that 680,000 homes will need retrofitting in order to achieve our net zero targets. 11.1 Mt of CO₂ emissions are emitted in West Yorkshire each year (Carbon Emissions Reduction Pathways study, 2021). Of this, domestic buildings are responsible for over 26% (2.9 Mt of CO₂ per year). The majority of these emissions come from burning fossil fuels for heat.
- 2.3 If West Yorkshire, and indeed the country, is to reduce its reliance on fossil fuels and meet climate targets, the installation of thermal efficiency measures coupled with low carbon heating and generation sources will be crucial.

Better Homes Hub Programme

- 2.4 The Better Homes Hub (the Hub) is an umbrella programme which encompasses all our West Yorkshire activity on domestic energy efficiency

retrofit. It incorporates our overarching strategy and the projects that will deliver it (both those currently in delivery and those still in programme development phases).

- 2.5 The projects that are currently in delivery offer an opportunity for learning to be incorporated into future design of the Hub. **Appendix 1** provides an overview of the Hub.
- 2.6 The remainder of the paper provides an update on two of the retrofit programmes currently in delivery and the lessons learnt from these programmes to date.

Community Renewal Fund: Retrofit Hub Pilot

- 2.7 The UK Community Renewal Fund (UKCRF) was launched by the Government to support communities most in need across the UK, to pilot programmes and test new approaches towards increasing local economic growth. In November 2021, the Combined Authority was successful in securing funding for the Retrofit Hub pilot scheme, the objectives of the scheme were to:
 - Test a neighbourhood approach to address the social and technical challenges facing communities in Bradford retrofitting ‘hard to treat’ pre-1919 stone built terraced houses using PAS 2035 quality standards.
 - Provide adult skills training focussed on the skills, technical knowledge and experience needed to work in the growing green sector.
- 2.8 Project delivery commenced in January 2022 and completed in November 2022. The key output of the Retrofit Hub scheme was to deliver at least 100 whole house retrofit assessments to householders living in hard to treat, pre-1919s stone built terraced properties in the Manningham and Toller Ward areas in Bradford. The majority of households in these wards are of low income, and in receipt of benefits, and most likely to be in fuel poverty. Householders were also provided with energy efficiency advice on what changes could be made to properties to improve the thermal performance of their homes. 150 whole house surveys were completed within the timeframe, i.e. above target.
- 2.9 The project also delivered adult skills training, together with additional information, advice and guidance (IAG) and a clear line of sight to further progression and potential employment in the green economy and online resources to encourage West Yorkshire residents to upskill, reskill or prepare for a future career in the green economy.
- 2.10 A summary of the key successes and challenges of the pilot can be found in **Appendix 2**. Learnings from the CRF Retrofit Hub scheme will increase the Authority’s understanding of the barriers and challenges present in low-income communities such as Bradford and what support and intervention would be needed to help homes built using traditional construction methods to become more energy efficient.

Social Housing Decarbonisation Fund (SHDF)

- 2.11 The Social Housing Decarbonisation Fund is funded through the Department of Business, Energy, and Industrial Strategy's (BEIS) Social Housing Decarbonisation Fund (SHDF); a £3.8 billion commitment over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero. It is supplemented by match funding provided by the social landlords / Registered Providers.
- 2.12 This programme aims to support an improvement in social housing stock that is currently below an Energy Performance Certificate (EPC) Band C; delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.
- 2.13 To date three distinct programmes have been brought forward under the SHDF banner and further information is contained within the following sections. If all three programmes are delivered in full, the whole SHDF programme stands to improve the energy efficiency of over 4,000 properties across West Yorkshire.

SHDF Wave 1

- 2.14 Wave 1 of the SHDF was approved in January 2022 to deliver £10.38m of retrofit improvements to 1,316 social housing properties across West Yorkshire. The consortium delivering Wave 1 is a combination of nine Registered Providers of social housing from across West Yorkshire, varying in size and retrofit experience, and the consortium is led by the Combined Authority.
- 2.15 The scheme commenced delivery in March 2022 with a grant funding deadline of end March 2023. Match funding from the Registered Providers of 30% was a pre-requisite by BEIS, however the Providers successfully raised 50% match funding for Wave 1.
- 2.16 Payment of the grant by BEIS is subject to each property achieving a minimum level of energy efficiency (EPC Grade C) and the works are installed to a required quality level within the industry, known as "PAS 2035". Measures installed to date include cavity wall insulation, solid wall insulation and low carbon heating technologies such as air source heat pumps.

Progress to date

- 2.17 Since the last meeting, and in discussion with the Deputy Chair of the Committee and as advised to Committee members by email, officers have submitted change requests to BEIS in respect of programme time extensions and minor changes to the measures being undertaken by some of the providers. A time extension will be progressed through the internal Assurance Framework in due course:
- a) Minor changes have already been approved by BEIS which will allow programme extensions for two providers to complete their programme no later than 30 June 2023 and to enable two providers to deliver different measures, whilst still achieving EPC C.

- b) A second change request is awaiting approval from BEIS for a reduction in total properties achieved by two providers; this is a risk to the programme of 440 properties out of the original 1316. This is predominantly due to inaccurate surveying identifying Cavity Wall Insulation appropriate properties and challenges in applying Cavity Wall Insulation to blocks of flats. This change request seeks approval to amend the measures, extend the programme and reduce the overall outputs.

2.18 By the end December 2022, 615 properties will have had measures installed. This leaves a further 701 properties to have measures implemented by the end of November 2023 (subject to BEIS approval of the second change request).

Key Challenges

2.19 Several key challenges have been experienced in the delivery of Wave 1, including:

- The BEIS grant is only payable on properties that have achieved EPC C even though the works have been completed.
- The focus on achieving EPC C has prioritised properties with certain technical attributes rather than worse case properties or those with residents in most need.
- Distribution network operator ((DNO) the company that owns and operates the power lines and infrastructure that connect the utility network to properties) works required for external wall insulation and installation of air source heat pumps has delayed delivery for some properties.
- Supply chain is at near capacity resulting in delayed procurement and programme extensions.

Key Learnings

2.20 Wave 1 has presented a steep learning curve for all stakeholders, and this has been reiterated by other participating Local Authorities throughout the country through the UK Green Building Council. The learning has been incorporated into the design of Wave 2.1 and includes:

- Undertaking property surveys pre-submission to verify modelling and reduce risk of grant not being paid.
- Establish a reserve list of properties in the event of initial properties being removed from the programme due to unforeseen reasons e.g. resident refusal.
- Incorporate additional minor measures such as LED lighting to ensure EPC C is achieved.

- Early engagement with local authority Planning Department even for permitted development.
- Inclusion of a contingency budget and schedule flexibility to account for unforeseen issues with measures being installed e.g. additional roofing works, render removal activity.
- Meeting the PAS specification requires additional time and cost and suppliers' understanding of PAS has been variable.

SHDF Wave 2.1

2.21 A bid for SHDF Wave 2.1 was successfully co-ordinated and submitted by the Combined Authority on 18 November 2022 on behalf of a social housing consortium of nine providers. Six of the providers are original members from Wave 1 with 3 new additional members.

2.22 Despite the challenges of Wave 1, the bid is more ambitious and consists of the following:

- 2,428 properties;
- Measures are predominantly focussed on fabric first – underfloor, loft, in roof and external wall insulation;
- Total Funding Requirement of £31.6m (53% co-funded by the housing providers);
- An additional, innovative Digitalisation submission in partnership with the University of Huddersfield. The aim is to develop software solutions to enhance retrofit design, resident engagement and facilitate technical solutions in the planning process for standard and heritage properties.

2.23 The results of the bid are due to be announced in February 2023 with works to be complete by 30 September 2025.

SHDF Booster

2.24 The SHDF Booster programme is a response to the Cost-of-Living Crisis, caused by rising inflation and significant increases to energy prices and incorporates a reflection of the delivery constraints in SHDF Wave 1.

2.25 This additional investment of £5.195m Mayoral Gainshare and £2m match funding will focus on measures such as loft, cavity and underfloor insulation, and while the works will impact on the EPC grade for properties, the programme is not constrained to deliver specific EPC outputs but focuses on enhancing the warmth and comfort of residents in social housing. These works will be delivered through the Wave 1 consortium of Social Housing Providers and focus on the lower income households that will be impacted by the Cost-of-Living Crisis.

- 2.26 Energy efficiency measures will be installed in approximately 1,786 properties in areas of high deprivation, with works commencing December 2022 through to Winter 2023/24.

3. Tackling the Climate Emergency Implications

- 3.1 The projects and programmes within the Better Homes Hub respond to the Combined Authority's ambition for West Yorkshire to be a net-zero region by 2038. The scheme fits with the Strategic Economic Framework Priority 3: Tackling the climate emergency: Growing our economy while cutting emissions and caring for our environment and, Mayoral Pledge: to tackle the climate emergency and protect our environment.

4. Inclusive Growth Implications

- 4.1 The various schemes within the Better Homes Hub will contribute to the Combined Authority's inclusive growth agenda. Fuel poverty affects around 18% of homes in West Yorkshire, higher than the national average, and is a contributing factor of excess winter deaths and affects the ability of people to participate in meaningful and well-paid work. In deprived areas the picture is more acute, owing to income deprivation and poor quality, often older housing.

5. Equality and Diversity Implications

- 5.1 The current SHDF schemes work with the social housing sector to support tenants and communities which tend to have a greater diversity than other tenures. A larger proportion of tenants are from a BME background, more social tenant households are headed by women and half of social rented households have a member with a long-term illness. A key focus of the scheme is to tackle fuel poverty by increasing a low-income homes' energy efficiency rating, reducing energy bills and enabling healthier more comfortable homes. Meeting this essential need then supports people to engage in work and the benefits of economic growth.

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 The Committee notes progress to date on the Better Homes Hub including the specific programmes in delivery and discusses the overall scope of the Hub programme and the opportunities for demonstrator projects and One Stop Shop.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

- 12.1 Appendix 1 – Better Homes Hub Overview
- 12.2 Appendix 2 – Retrofit Hub Key Learnings