
Report to: West Yorkshire Combined Authority

Date: 16 March 2023

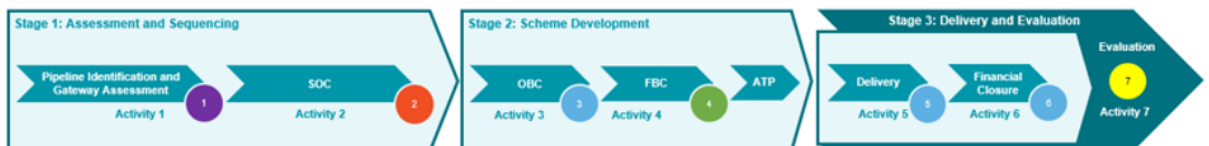
Subject: Project Approvals - Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability

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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.
- 2.2 For more detail on the Combined Authority’s Assurance Framework through which each of the schemes outlined in this report are being approved is provided in **Appendix 1**.

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

- 3.1 The West Yorkshire Investment Strategy (WYIS) sets out the Investment Priorities for the period 1 April 2021 to 31 March 2024 across six areas. In

each, a number of priority project / programme areas have been identified that are the focus for intervention.

3.2 West Yorkshire declared a climate emergency in 2019 and has a target to be net zero carbon by 2038. Investment Priority 4 will deliver a range of programmes under Wave 1 of the Climate and Environment Plan, which will contribute to the achievement of the net zero carbon target, with the following programmes:

- Better Homes Hub
- Better neighbourhoods
- Business sustainability
- Flooding and drainage
- Green skills and training
- Solar panels and battery storage.

Scheme summaries

<p>Social Housing Decarbonisation Fund – Wave 2</p> <p>West Yorkshire</p>	<p>This scheme will build on the work of Social Housing Decarbonisation Fund – Wave 1, to upgrade the energy efficiency of some of the most in need housing stock within West Yorkshire. The scheme will deliver warm, energy-efficient homes, reduce carbon emissions and fuel bills, tackle fuel poverty, and support green jobs.</p> <p>This scheme will be funded by Wave 2 of the government’s Social Housing Decarbonisation Fund (SHDF), a £3.8 billion, 10 year, England only fund, to improve the energy performance of social rented homes on the pathway to Net Zero 2050. The Combined Authority is expecting to be awarded £15,032,090 from Wave 2, and to deliver the schemes by September 2025.</p> <p>The Combined Authority is continuing its partnership with eight social housing providers and one Local Authority partner and has secured a further £16,935,123 in match funding.</p> <p><u>Impact</u></p> <p>This scheme aligns with the Mayoral Pledge to tackle the climate emergency and protect our environment, the West Yorkshire Combined Authority’s inclusive growth agenda, and the West Yorkshire Investment Strategy Priority 4: Tackling the climate emergency and Environmental Sustainability.</p> <p>Due to the differences in circumstances of each household, an accurate benefit cost ratio (BCR) is accepted to be impossible without asking tenants for personal and sensitive information.</p> <p>This scheme will provide energy efficiency improvements to 2411 homes that are below EPC band C and will target properties with the greatest needs over an 18 month period, reducing bills and going some way to relieving fuel poverty. Social benefits include improvements to comfort, health and well-being of social housing tenants.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 1 (strategic assessment) and work commences on activity 3 (outline business case).</p> <p>Total value of the scheme - £31,967,212</p> <p>Total value of Combined Authority funding - £15,032,090</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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3.3 Since the Combined Authority's meeting on 2 February 2023, no decision points or 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.

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

Project Title	Social Housing Decarbonisation Fund – Wave 2
Stage	1 (assessment and sequencing)
Decision Point	1 (strategic assessment)

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

- 4.3 This programme will be funded through the Department of Business, Energy, and Industrial Strategy's (BEIS) Social Housing Decarbonisation Fund (SHDF); a £3.8 billion (2019) government manifesto commitment over a 10-year period to improve the energy performance of social rented homes, on the pathway to Net Zero 2050. It is supplemented by match funding provided mainly by the social landlords and / or other Authorities. This programme aims to support the improvement of social housing stock that is currently below an Energy Performance Certificate Band C delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs.
- 4.4 This is the second tranche of the programme, and BEIS will award up to £800,000,000 to England only projects to support Registered Providers (RP) of social housing, including private and local authority providers, to improve the energy performance of their social housing stock. This will be achieved by installing eligible energy efficiency measure. The West Yorkshire Combined Authority is expecting to be awarded £15,032,090 from Wave 2, with a further £16,935,123 in match funding from the housing providers.
- 4.5 As with Wave 1, Wave 2 will focus on fabric first measures which maximise the performance of the components and materials that make up the fabric of the building itself to reduce energy bills for tenants, deliver carbon savings and contribute to more comfortable, warm homes that are free of damp and mould. A 'no regrets' approach has been taken, ensuring that the building fabric will not require any future works on the housing provider's journey to net zero emissions across its housing stock.
- 4.6 The Combined Authority is continuing its partnership with the eight Registered Social Housing Providers (RPs) and one local authority housing provider from

the West Yorkshire Housing Partnership that are currently engaged in delivering Wave 1. Through these partnerships the Combined Authority has secured a further £16,935,123 in match funding. The overall programme of £31,967,212 will regenerate local areas, tackle the climate emergency and reduce fuel poverty through the improvement of over 2400 properties. However, the scale of investment required to enhance energy efficiency in housing in West Yorkshire is immense. Lessons have been learned from the first wave of investment to support the Wave 2 bid; these include completing sample surveys on proposed housing types, the collating of potential reserve properties if access is denied and the inclusion of minor extras such as LED lighting to ensure EPC C is achieved.

- 4.7 The Combined Authority declared a climate emergency in July 2019; a key sector where emission reductions are required is buildings, which are the second highest carbon emitter (41%) in West Yorkshire. The West Yorkshire Carbon Emissions Pathways study also demonstrates nearly 700,000 homes will need to be retrofitted and 665,000 low carbon heating systems installed to meet net-zero by 2038. In addition homes in West Yorkshire are also typically less energy efficient than the national average and at present fuel poverty affects 17% of homes. Fuel poverty is also a contributing factor of excess winter deaths and affects the ability of people to participate in meaningful and well-paid work.

Tackling the Climate Emergency Implications

- 4.8 This scheme will continue and build on the work of Wave 1 to reduce the carbon emissions of social housing in West Yorkshire, contribution to the region's target of net-zero carbon by 2038. The Programme will improve the energy efficiency and reduce carbon emissions of 2,428 homes taking 2,411 properties to EPC band C. There is also an approximate annual energy saving close to 10 GWh.
- 4.9 The West Yorkshire Emission Reduction Pathways evidence base recognises the need for urgent, early action targeting improvements to social housing and the properties selected for this project are amongst the worst performing stock in West Yorkshire and the plan is to tackle our 'worst first'.

Outputs and Benefits

- 4.10 The scheme outputs and benefits include:
- 2,411 homes retrofitted to EPC band C
 - 100 jobs enabled including 11 apprenticeships
 - Energy savings/bill savings for tenants
 - Carbon savings
 - Improved comfort for tenants
 - Improved health outcomes for tenants
 - Reducing homes in fuel poverty
 - Supporting green jobs

- Reducing strain on the NHS
- Developing the retrofit supply chain
- Improving building standards/building safety

Inclusive Growth Implications

- 4.11 As a sector, social housing supports tenants and communities with greater diversity than other tenures. A larger proportion of tenants have diverse cultural ancestry, more social tenant households are headed by women and half of social rented households have a member with a long-term illness.
- 4.12 In addition, fuel poverty affects around 17% of homes in West Yorkshire which is higher than the national average. In deprived areas where a lot of the SHDF work is targeted, the picture is more acute owing to income deprivation and poor quality, older housing. Such poverty is a contributing factor to excess winter deaths and affects the ability of people to participate in meaningful and well-paid work as evidenced by NICE.

Equality and Diversity Implications

- 4.13 At programme level the Equality Impact Assessment (EqIA) scored low risk. As a sector, social housing supports tenants and communities with greater diversity than other tenures. A larger proportion of tenants have diverse cultural ancestry, more social tenant households are headed by women and half of social rented households have a member with a long-term illness.

Risks

- 4.14 Key risks to the scheme are:
- The Combined Authority are hoping an award of funding when the results are announced at the end of February. Whilst there is no certainty that the bid will be successful, the Combined Authority was noted as the 2nd highest local authority in terms of output performance in BEIS mid-term review of Wave 1.
 - Properties do not achieve EPC band C rating when work is completed, and therefore do not qualify for the BEIS funding. Mitigated by early discussions with the RP's, engaging in sample surveys and investigating additional low cost measures to contribute to obtaining the required EPC rating.

Costs

- 4.15 The current total scheme costs are:
- for Social Housing Decarbonisation Fund wave 2 scheme are £31,967,212, of which £15,032,090 is the Combined Authority's contribution and will be funded by the Social Housing Decarbonisation Fund.

- The Combined Authority has partnered with nine Registered Housing Providers (RP) from the West Yorkshire Housing Partnership and secured a further £16,935,123 in match funding.

Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
1 (strategic assessment)	Recommendation: Strategic Assessment Priority (SAP) Group Decision: Combined Authority	16/03/2023
Joint 3 (outline business case) and 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Executive	28/04/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer / Chair of Programme Appraisal Team	30/09/2025

Other Key Timescales

- 4.16 This scheme will start delivery in April 2023 and will be completed by September 2025.

Assurance Tolerances

Assurance tolerances
Combined Authority costs remain within those outlined in this report. Delivery timeframes remain within 6 months of those outlined in this report. The number of businesses supported remains within -10% of those outlined in this report.

Appraisal Summary

- 4.17 This scheme has been submitted as a Strategic Assessment and recommended for approval due to its strategic importance and benefits. This proposal will continue to reduce the region's carbon emissions in addition to contributing to inclusive growth by reducing the fuel costs, and therefore fuel poverty, of more social housing residents. In addition, warmer homes have health benefits for residents, which will contribute to enabling more residents to live fuller lives including the ability to engage in better quality work. This will support both the residents and the wider regional economy.

Recommendations

- 4.18 The Combined Authority approves that:

- (i) The Social Housing Decarbonisation Fund programme proceeds through decision point 1 (strategic assessment) and work commences on activity 3 (outline business case).
- (ii) Indicative approval to the Combined Authority's contribution of £15,032,090 is given. The total scheme cost is £31,967,212.
- (iii) That the Combined Authority enter into the Memorandum of Understanding and Data Sharing Agreement with BEIS.
- (iv) That delegated authority be granted:
 - To the Head of Economic Implementation to accept receipt of the funding from BEIS for the SHDF.
 - To the Head of Economic Implementation and the Head of Legal and Governance Services in consultation with each other to finalise the Memorandum of Understanding and Data Sharing Agreement with BEIS and the Funding Agreements / letter between the Combined Authority and the Housing Providers (Accent Housing Limited, Chartford Housing Limited, Manningham Housing Association Limited, Wakefield District Housing Limited, Leeds and Yorkshire Housing Association Limited, Leeds Federated Housing Association Limited, Yorkshire Housing Limited, Kirklees Council, Incommunities Limited) and all other related legal documents that may be required.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report, any change requests are delegated to the Climate, Energy and Environment Committee. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in Stage 2: Scheme development

- 4.19 There are no schemes to review at this stage or enter scheme details.

Projects in Stage 3: Delivery and Evaluation

- 4.20 There are no schemes to review at this stage or enter scheme details.

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.

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)

Social Housing Decarbonisation Fund – Wave 2

- 12.1 The Combined Authority approves that:

- (i) The Social Housing Decarbonisation Fund programme proceeds through decision point 1 (strategic assessment) and work commences on activity 3 (outline business case).
- (ii) Indicative approval to the Combined Authority's contribution of £15,032,090 is given. The total scheme cost is £31,967,212.
- (iii) That the Combined Authority enter into the Memorandum of Understanding and Data Sharing Agreement with BEIS.
- (iv) That delegated authority be granted:
 - To the Head of Economic Implementation to accept receipt of the funding from BEIS for the SHDF.
 - To the Head of Economic Implementation and the Head of Legal and Governance Services in consultation with each other to finalise the Memorandum of Understanding and Data Sharing Agreement with BEIS and the Funding Agreements / letter between to Combined Authority and the Housing Providers (Accent Housing Limited, Chartford Housing Limited, Manningham Housing Association Limited, Wakefield District Housing Limited, Leeds and Yorkshire Housing Association Limited, Leeds Federated Housing Association Limited, Yorkshire Housing Limited, Kirklees Council, Incommunities Limited) and all other related legal documents that may be required.

- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report, any change requests are delegated to the Climate, Energy and Environment Committee. This will be subject to the scheme remaining within the tolerances outlined in this report.

13 Background Documents

13.1 None as part of this report.

14 Appendices

Appendix 1 - Background to the Combined Authority's Assurance Framework.