

Report to: Place, Regeneration and Housing Committee

Date: 31 August 2023

Subject: **Monitoring Indicators**

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

State of the Region Indicators

- 2.1. This paper provides the Committee with an ongoing update of the most relevant indicators used within the Combined Authority's State of the Region report. The full report covers more than 40 indicators mapped across seven key priorities formulated by the Combined Authority and its partners.
- 2.2. Of these indicators, seven have been identified as relevant to the work of this Committee. Figure 2.1 below outlines the relevant indicators and their timetables for updates.

Figure 2.1 – Place, Regeneration and Housing Committee - Key Indicators

Indicator	Description	Update Frequency	Next Update
Net additional dwellings	Data from the Department for Levelling Up, Housing and Communities on the supply of housing by local authority.	Annually	November 2023
Private sector rents	Data from the Valuation Office Agency and the Office for National Statistics on the median monthly rental price by local authority.	Six-monthly	December 2023
Household energy efficiency	Data from the Department for Levelling Up, Housing and Communities on the Energy Performance Certificate rating of dwellings by local authority.	Three-monthly	October 2023
Households in fuel poverty	Projections from the End Fuel Poverty Coalition on the number of households spending >10% of income on household energy costs.	Periodically	TBC
Healthy life expectancy, and life expectancy	Data from the Office for National Statistics on healthy life expectancy and life expectancy by local authority.	Annually	TBC
Housing affordability	Data from the Office for National Statistics comparing median incomes with median house prices by local authority.	Annually	March 2024
Gigabit capable internet coverage	Real-time data from Thinkbroadband, showing access to gigabit-capable connectivity by local authority.	Real time	Real time
Take-up of superfast (or above) broadband services	Evidence from OfCom’s Connected Nations report, showing the number of households in each local authority connected to superfast broadband.	Annually	February 2024
Mobile coverage (4G)	Evidence from OfCom’s Connected Nations report, showing mobile data coverage by local authority.	Annually	February 2024

- 2.3. Since the last meeting of the Committee on 2 March 2023, new data has become available on private sector rents and household energy efficiency.

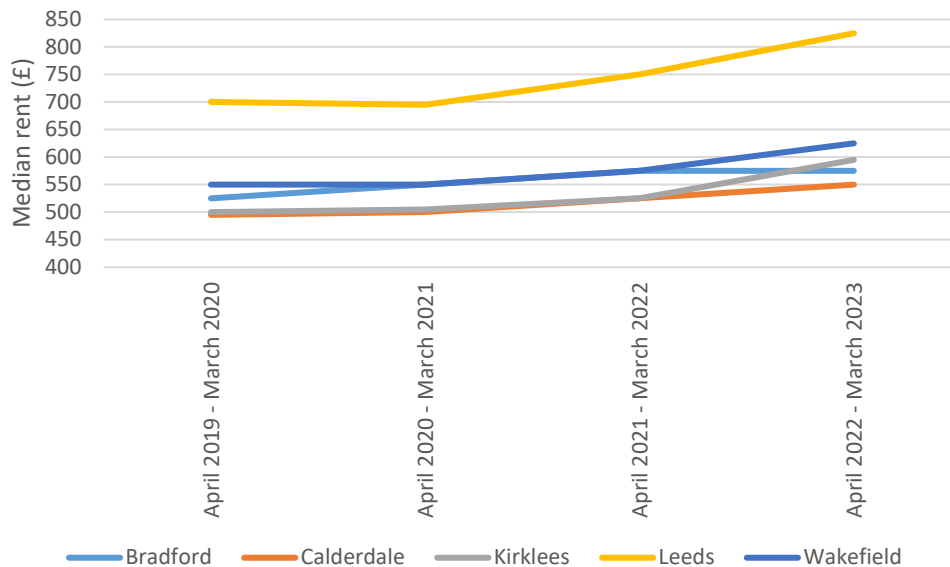
Private sector rents

- 2.4. Data on private sector rents are updated twice per year by the Office for National Statistics (ONS). One of the updates covers the period April to March, and the other from October to September. For the purpose of this update, the April to March data will be utilised. The data is available from April 2019 and is available up to March 2023.
- 2.5. This data is based on a sample of 466,090 private rental statistics in the Valuation Office Agency (VOA) lettings information database. It only includes new transactions so will not pick up rental increases during an existing tenancy. Equally, it is not possible to disaggregate between tenancies which include bills such as gas and electricity and which do not.

Median rent - all properties

- 2.6. Between April 2019 and March 2023, median rents across all West Yorkshire districts increased, albeit at different rates. Leeds had the largest increase in pound terms (+£125), followed by Kirklees (+£95), Wakefield (+£75), Calderdale (+£55), and Bradford (+£50).
- 2.7. In percentage terms, Leeds had the second largest increase (+18%). Median rents in Kirklees increased by 19%, 14% in Wakefield, 11% in Calderdale, and 10% in Bradford. During the first year of the Pandemic (April 2020 to March 2021), median rents in Leeds actually dropped, presumably as people moved out of cities to acquire more space and/or reduce living costs. However, it bounced back strongly.
- 2.8. Median rents across West Yorkshire, and how they have changed since April 2019, can be seen in Figure 2.2. The amount spent on private rent, as a percentage of income, had reduced by March 2023 across all five districts as median incomes increased at a faster rate. Bradford experienced a decline from 33% to 30%, Calderdale 29% to 27%, Kirklees 30% to 29%, Leeds 39% to 38%, and Wakefield 32% to 29%. There are two caveats to this. Firstly, median income responds quicker than rents do, and secondly, other bills have increased dramatically, meaning the median person is still worse off overall.

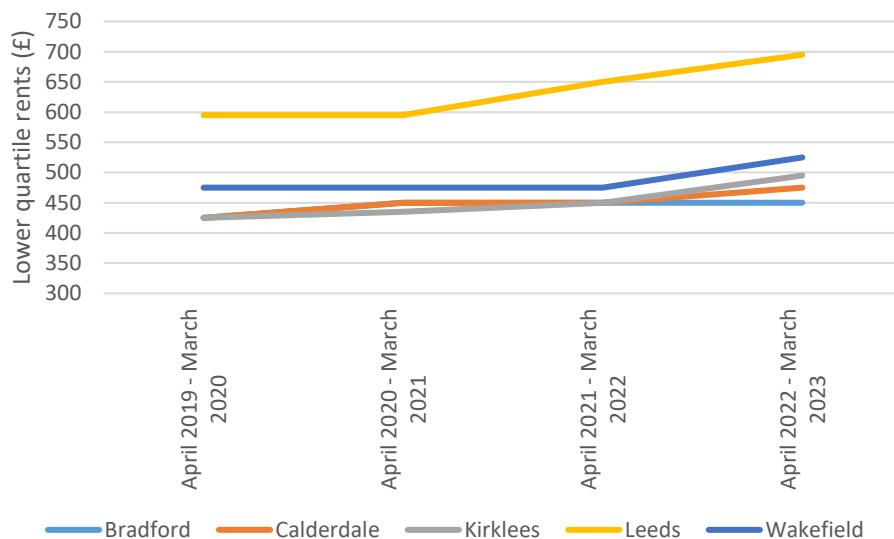
Figure 2.2 – Median rents by West Yorkshire district, April 2019 to March 2023



Lower quartile rent – all properties

- 2.9. The lower quartile is the datapoint whereby 25% of other datapoints are beneath. For private sector rents, this means that only 25% of rents are cheaper in that local authority district. Lower quartile data can be used to consider how the private sector rental market is operating for people on lower incomes. Not every household with a lower quartile rent will be low income, but there is likely to be a strong overlap.
- 2.10. Between April 2019 and March 2023, lower quartile rents increased across all five West Yorkshire districts, albeit at different rates (see Figure 2.3). They follow a similar trend to the median rents. Leeds experienced the largest increase (+£100), followed by Kirklees (+£70), Calderdale and Wakefield (+£50), and Bradford (+£25).
- 2.11. In percentage terms, lower quartile rents increased at similar rates to median rents, however, lower income households will be less likely to be able to afford these rent rises. Lower quartile rents in Leeds increased the most (+17%). This was followed by Kirklees (+16%), Calderdale (+12%), Wakefield (+11%), and Bradford (+6%). Unlike median rents, lower quartile rents in Leeds did not drop during the Pandemic, albeit they remained stationary at £595 per month. The same was true in Wakefield as rents stayed at £475 per month.
- 2.12. Unfortunately, it is not possible to compare lower quartile rents to income for 2023 due to lack of data, however, it is possible to look at how much income lower quartile earners spent on rents for 2019. For the lower quartile earners and lower quartile rents, the percentage spent on rent is higher than median earners and median rents. In Leeds 47% was spent on rent, 39% in Wakefield, 37% in Kirklees, 36% in Bradford, and 34% in Calderdale.

Figure 2.3 – Lower quartile rents by West Yorkshire district, April 2019 to March 2023



National comparison

- 2.13. Nationally the median rent is £825 per month, which is higher than all West Yorkshire districts barring Leeds where it is equal. The increase in pound terms since April 2019 is also the same nationally as it was in Leeds (+£125). Median rents between April 2019 and March 2023 increased quicker in Kirklees than nationally (19% vs 17.9%), with Leeds in-line with the national average. Median rents increased at a slower rate elsewhere across West Yorkshire.
- 2.14. Like West Yorkshire, lower quartile rents increased nationally. They increased from £550 to £625 per month, a larger increase in pounds than any West Yorkshire district barring Leeds. In percentage terms, Leeds and Kirklees had a larger increase for lower quartile rents compared to the national increase (17% and 16% vs 14%).

Renters (Reform) Bill and Combined Authority actions

- 2.15 Private sector rents are currently not regulated in England meaning it is at the discretion of landlords to set the rents for properties in their ownership. The Renters (Reform) Bill is currently progressing through Parliament, whilst the Bill does not propose implementing regulation of private sector rents, it proposes important changes to provide increased protection for private renters including:
- Scrapping section 21 'no fault' evictions. Currently a private landlord is able to serve an eviction notice without the need for a valid reason.
 - Legislating to prevent private landlords and agents from refusing to let properties to households with children or who are receiving benefits
 - Creating a national register for private landlords to provide renters with the information they need before entering into a tenancy agreement. It will be compulsory for landlords to register.
 - Introducing new grounds for eviction for landlords who genuinely want to sell their properties or move back in.

- Increasing the period of notice for a rent increase to two months and preventing landlords from increasing rents within the first 52 weeks of the tenancy.
- 2.16 As the Renters (Reform) Bill is currently progressing through Parliament, the Bill is subject to further amendments. A target date for its implementation has not been set as this will depend on any proposed amendments.
- 2.17 The Bill has been largely welcomed by the wider housing sector, with housing charity Shelter stating that the Bill is a 'once-in-a-generation opportunity to finally fix private renting'. However, it is recognised the Bill will not go as far as to set caps on private rents as the private rented sector is a market-led form of tenure. In West Yorkshire, the 2021 census revealed that private renting had increased from 16.4% in 2011 to 20.3% in 2021, demonstrating a growing reliance on the private rented sector to meet housing requirements.
- 2.18 During the same period, the proportion of Affordable Homes reduced from 18.8% to 17.8%. Social Housing providers are subject to rent regulations as set by the Regulator of Social Housing which currently cap rental increases at 7% per annum, therefore meaning affordable housing provides greater security of tenure in relation to affordability. The Mayor has set a headline pledge to support the delivery of 5000 affordable sustainable homes recognising the growing need for truly affordable homes in the region.
- 2.19 The Combined Authority is working closely with the West Yorkshire Housing Partnership to support the delivery of affordable homes in the region. Published data from the Department of Levelling Up, Housing and Communities showed that in 2021/22 1214 affordable homes were completed and 2043 affordable homes were started in West Yorkshire. The official data for 2022/23 is expected to be released in November 2023.
- 2.20 The Combined Authority is also developing a West Yorkshire Housing Strategy which will set out the shared ambitions for housing in the region. Strategy development is taking an evidence-led approach in identifying key regional objectives. The private rented sector data shared here will feed into the strategy development. A paper to discuss the housing strategy progress will be brought to the next Place, Regeneration and Housing Committee in October.

Household energy efficiency

- 2.21. Data on household energy efficiency is released four times per year (January, April, July, and October) by the Department for Levelling Up, Housing and Communities. The data comes from Energy Performance Certificates (EPCs), which range from A to G. A is the most efficient, with G being the least efficient. The data used within this paper compares EPCs granted in Q2 2023 with Q2 2019, it does not represent the overall stock of EPCs across West

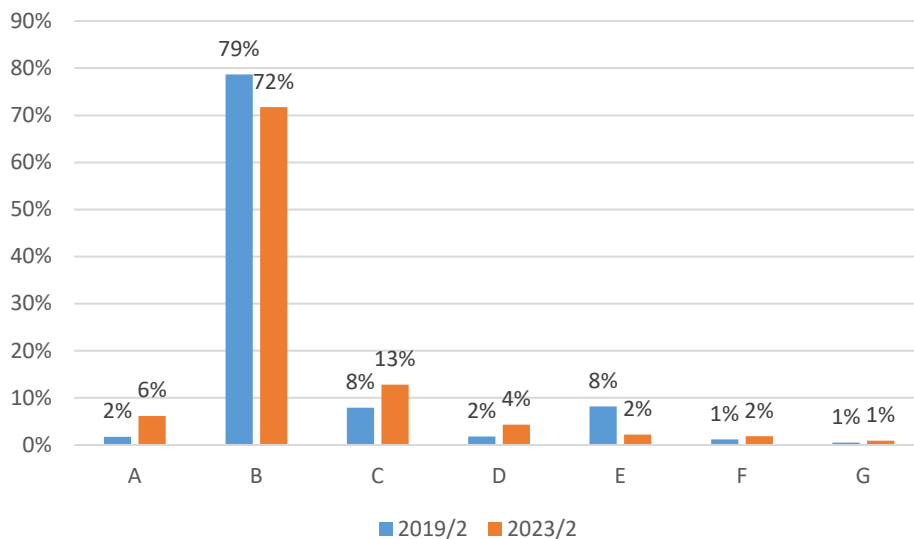
Yorkshire. The overall stock data will be in the annual State of the Region Report.

New builds

2.22. If works are carried out to create a new building, either by means of new build or by conversion of an existing building, the person responsible for the construction must obtain an EPC once construction has been completed. This will also apply if a building is converted into fewer or more units designed for separate occupation.

2.23. Across West Yorkshire, the share of new builds with a rating of C or above has increased from 88% in Q2 2019 to 91% in Q2 2023. There has been a sharp drop in the number of new builds with an E rating (8% in Q2 2019 compared with 2% in Q2 2023). However, there has been an increase in D rated new builds from 2% to 4%. Figure 2.4 shows the distribution of ratings across the West Yorkshire area, comparing Q2 2019 with Q2 2023.

Figure 2.4 – EPC ratings across West Yorkshire, new builds



2.24. Leeds has experienced the sharpest increase of A rated new builds, as well as the largest decrease in E rated new builds. In Q2 2019, 1% of new builds in Leeds were A rated, compared with 11% in Q2 2023. 24% had E ratings, compared with 5% in Q2 2023. Whilst this progress is welcome, Leeds is also the only district across West Yorkshire where new builds have had an F or G rating.

2.25. Unfortunately for West Yorkshire residents, the percentage of C+ rated new builds has declined from Q2 2019 to Q2 2023 across Bradford, Calderdale, Kirklees, and Wakefield. In Leeds, the percentage increased from 69% of new builds to 86%. The decline in C+ rated new builds across the other districts are listed below:

- Bradford -2%
- Calderdale -5%

- Kirklees -7%
- Wakefield -1%

Building Regulations and the Future Home Standard

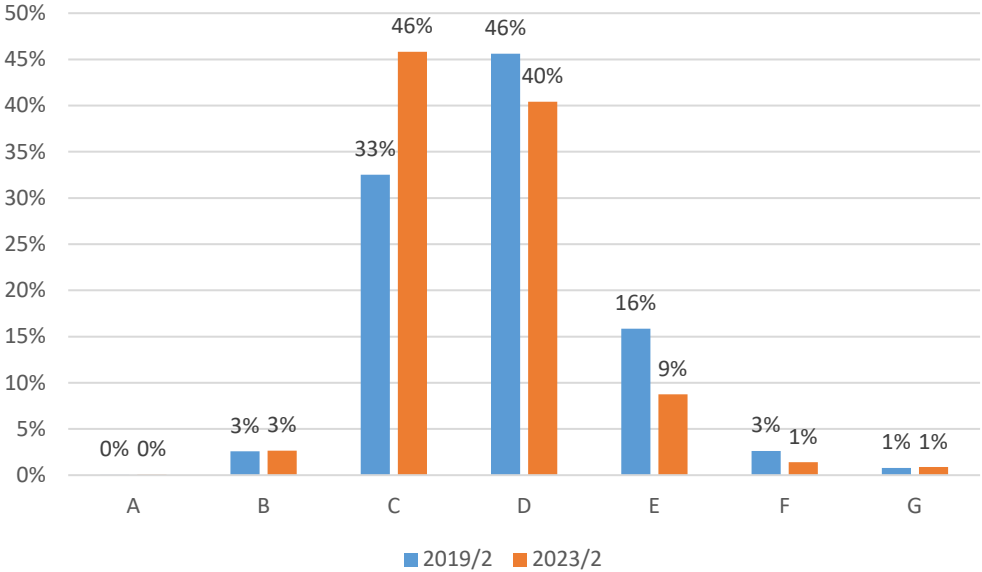
- 2.26 All new build dwellings are required to meet Building Regulation (2010, as amended) standards. Part L of the Building Regulations sets out the statutory guidance in relation to the energy efficiency requirements for new dwellings. Each new dwelling must have a SAP assessment which determines a target emission rate in kg of CO₂ per m², which must not be exceeded. Whilst this sets out the requirement to undertake an assessment of the target energy efficiency rating (at design stage) and the actual energy efficiency rating (upon completion) of all new dwellings, it does not go as far as to set out a minimum requirement of energy performance for all dwellings, only that the actual EPC rating should not exceed the target set out.
- 2.27 The private rented sector is required to meet a minimum energy efficiency standard (MEES) of an E rating or above before a property is re-let. Similarly, under the Decent Homes Standard (2006), the social housing sector is also required to ensure properties have a rating of E or above and the Government has set a target for all social homes to be an EPC C by 2030. However, for new build homes which are built for sale, there is no current absolute minimum energy efficiency requirement.
- 2.28 The Government consulted on the Future Homes Standard in 2019/20, however it's further development and implementation slowed down as a result of the Covid-19 pandemic. The Future Homes Standard proposes to uplift Part L of the Building Regulations to set out minimum energy efficiency targets for new builds, air tightness requirements and improves minimum insulation requirements. The aim of the standard is to ensure that all new build homes will produce 75-80% less carbon emissions than homes delivered under the current regulations. The Standard is currently expected to be rolled out in 2025.
- 2.29 The West Yorkshire housing market, presents viability challenges in many areas due to low land values. This often means that developers will seek to maximise savings in the build cost of homes. In many circumstances, developers state that providing new and enhanced energy efficiency measures are an added cost to development which impacts viability and the ability of housebuilders to bring sites forward to development. Until enhanced standards are enforced through tighter regulation nationally, it is likely that this will continue to be the case as the industry will struggle to reach an economy of scale that supports factoring energy efficiency measures into viability appraisals.

2.30 Through the Brownfield Housing Fund, the Combined Authority is seeking to support the development of homes which meet energy efficiency standards of C and above. Of the current approved schemes, 1880 are expected to have an EPC rating of A or B with 56 expecting a rating of a C (with the promotor reviewing if these can be brought to a higher standard). None of the homes supported by the programme have an expected EPC rating of below a C.

Existing dwellings

2.31. Across West Yorkshire, there has been improvement in the number of existing dwellings that are C+ rated. In Q2 2019, 35% of properties were rated C+. By Q2 2023, this had increased to 49%. The share of D rated properties declined from 46% to 40%, and the share of F rated properties declined from 16% to 9%. Whilst there was limited progress in getting properties up to A or B ratings, the share of C rated properties increased from 33% to 46% (see Figure 2.5).

Figure 2.5 – EPC ratings across West Yorkshire, existing dwellings



2.32. All districts experienced an increase in C+ rated properties across existing dwellings. Wakefield experienced the largest increase, and Calderdale experienced the smallest increase, leaving Calderdale with the lowest proportion of C+ rated properties across West Yorkshire (40%). The list below shows the increase in C+ rated properties by district:

- Bradford +15%
- Calderdale +8%
- Kirklees +11%
- Leeds +12%
- Wakefield +22%

National comparison

- 2.33. England has performed better than West Yorkshire at getting new builds to be rated C+. Across England, 98% of new builds in Q2 2023 were C+, compared with 95% in Q2 2019 (91% and 88% for West Yorkshire). This has predominantly been due to an increase in the proportion of A rated new builds (1% in 2019 compared with 4% in 2023).
- 2.34. Across England, the improvement in existing dwellings was slightly greater than West Yorkshire (14% vs 13%). Like West Yorkshire, most of the progress made was getting D or E rated properties up to a C rating. C rated dwellings as a proportion increased from 35% to 48% (33% to 46% in West Yorkshire). D rated dwellings declined from 44% to 37% and E rated dwellings from 15% to 8% across England.

Combined Authority energy efficiency actions

- 2.35. Energy Performance Certificates (EPCs) are currently the only means of measuring the sustainability and carbon credentials of property. However, it should be noted that there are significant flaws in using EPCs to measure carbon impact as this is primarily a measure of how much a home's energy costs are, rather than how low carbon a home is. This is a nationally set standard and an area the industry is lobbying Government to change if the UK is to meet its net-zero climate goals.
- 2.36. Despite the flaws of EPC data, research has shown that housing is responsible for 2.9 million tonnes (around 26%) of carbon dioxide each year in West Yorkshire, the majority of which arise from using fossil fuels for heating. In order to achieve our net zero targets, we need to retrofit 680,000 homes to a good level of thermal efficiency.
- 2.37. While good progress has been made with over 145,000 homes in the region receiving some form of energy efficiency measure, meeting the net zero target will require a significant scaling up of activity over the next 15 years.
- 2.38. The Better Homes Hub (BHH) is the Combined Authority's regional programme to scale-up domestic retrofit, with a vision that 'Everyone in West Yorkshire can live in a warm, comfortable and low carbon home'. This programme is being overseen by the Climate Energy and Environment Committee.
- 2.39. Proposed activity for the BHH includes:
- Delivering area-based schemes across different tenures and socio-economic situations, that test approaches and delivery models.
 - Establishing a One Stop Shop to provide high quality retrofit advice and support.

- Developing the supply chain and skills infrastructure to tackle retrofit shortages.
- Mobilising sufficient resource to secure funding for delivery of retrofit projects.
- Developing innovative funding models to support delivery of retrofit projects.
- Developing and implementing a communications and engagement strategy that mainstreams retrofit.
- Creating a plan for scale up and roll out across the region.

- 2.40. The Strategic Outline Case for the Better Homes Hub programme was approved by the Combined Authority in June 2023. An indicative approval to the Combined Authority's contribution of up to £18.4million was given. Development costs of up to £2.5 million were approved to secure staffing resources, consultancy support, undertake research work, develop individual scheme business cases, and deliver the Local Energy Advice Demonstrator element of the programme.
- 2.41. Next steps are for the programme team to continue work on the business cases for the individual workstreams including area-based schemes, One Stop Shop, financial packages and supply chain engagement.
- 2.42. An open-tender procurement exercise has been completed to secure a supplier, or consortium of suppliers, to support the development of the Better Homes Hub. This will include acting as a strategic advisor to the Combined Authority on the programme, developing a 10-year delivery plan (including how the region will deliver the scale of home upgrades required to meet the net zero target), completing an options assessment and designing a regional One Stop Shop.
- 2.45. The Combined Authority submitted a regional bid to the North East and Yorkshire Net Zero Hub's Local Energy Advice Demonstrator to test approaches to delivering in-person energy advice targeting hard to reach and digitally excluded groups. Previous programmes, such as the UKCRF Retrofit Hub, have demonstrated the need for a tailored approach to different groups of residents, considering the range of challenges they may face. This proposal seeks to build on this learning to understand appropriate and effective methods of engagement with some of those most hard to reach residents. A decision is expected imminently. If successful, the regional Local Energy Advice project will run from August 2023 to March 2025 and the learnings will be used to enhance the reach of the One Stop Shop.
- 2.46. In June, a Bloomberg Harvard Summer Fellow joined the Combined Authority for a 10-week research project exploring retrofit of the private rented sector and how the Combined Authority could accelerate activity. It is a particularly tricky tenure to retrofit as the cost is generally incurred by the landlord and the

benefits are experienced by the tenant. Meetings have been held with our Local Authority's, other Combined Authority's and other key stakeholders including the National Association of Landlords. Upon completion of the project in August, a report will inform the Better Homes Hub programme development.

3. Tackling the Climate Emergency Implications

- 3.1. Research has shown that housing is responsible for 2.9 million tonnes (around 26%) of carbon dioxide each year in West Yorkshire, the majority of which arise from using fossil fuels for heating. In order to achieve net zero, reducing the carbon intensity of housing is necessary.

4. Inclusive Growth Implications

- 4.1. With rents rising at a quick rate, it makes it more challenging to move to areas where there may be better economic opportunities. Combine this with poor transport links and it can create a situation where existing inequalities become more entrenched. This is exacerbated by the fact that it is not only housing costs that have increased considerably, utilities have gone up significantly as have other essentials such as food prices.

5. Equality and Diversity Implications

- 5.1. 61% of people that identify as an ethnic minority within West Yorkshire live in the poorest 20% of neighbours across the region. From the available data, we know that people living in the areas with the cheapest 25% of rents are paying far more of their income out to housing than the median. This suggests that people that identify as an ethnic minority are at a particular risk of having little to no disposable income after housing costs and other essential spending.

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 committee notes the evidence, as well as the actions that the Combined Authority are undertaking to try and resolve the challenges we are dealing with in housing and energy efficiency.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None.