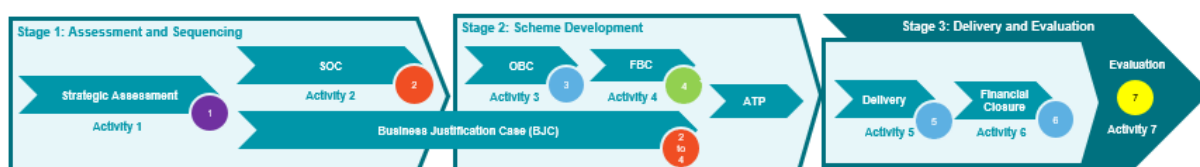


Report to:	Combined Authority
Date:	7 December 2023
Subject:	Better Homes Hub Project Approvals - Investment Priority 4 – Tackling the Climate Emergency and Environmental Sustainability
Director:	Liz Hunter, Director of Policing, Environment & Place
Author:	Craig Taylor, Head of Strategic Portfolio Office

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.

3 Better Homes Hub – Action on West Yorkshire’s Urgent Retrofitting Challenge

- 3.1 West Yorkshire declared a climate emergency in 2019 and has a target to be net zero carbon by 2038. Housing is responsible for 3.4 million tonnes (around 30%) of carbon dioxide each year in West Yorkshire, the majority of which come from using fossil fuels to heat homes¹.

¹ UK local authority and regional greenhouse gas emissions national statistics, 2005 to 2021 - Department for Energy Security and Net Zero

- 3.2 To achieve our net zero targets, we need to retrofit 680,000 homes to a good level of thermal efficiency². If we start now, this would be over 45,000 retrofits a year. As well as improving the thermal efficiency of buildings, installing low carbon heating and solar PV (solar panels) will be critical.
- 3.3 The Better Homes Hub (BHH) programme is directly drawn from one of the actions within the [Climate and Environment Plan](#). The BHH is the Combined Authority's regional programme to scale-up domestic retrofit.
- 3.4 It is a complex long-term programme that encompasses all the Combined Authority's activity on domestic retrofit, with a vision that 'Everyone in West Yorkshire can live in a warm, comfortable and low carbon home'.
- 3.5 The BHH has three overarching objectives which are to:
- Objective 1: Build consensus within West Yorkshire on priorities for retrofit and energy efficiency of homes.
 - Objective 2: Deliver retrofit projects in West Yorkshire that build momentum, strengthen the supply chains, and create new delivery models.
 - Objective 3: Establish the BHH as a trusted entity for all residents to access advice and information on retrofit and energy efficiency of homes in West Yorkshire.
- 3.6 The BHH strategic outline case was approved in June 2023 and was given an indicative allocation of £18.425 million.
- 3.7 Approvals are being sought through this report for three projects which are being delivered as part of the Better Homes Hub programme. These are:
- Calderdale area-based scheme
 - Low-interest domestic retrofit loan
 - West Yorkshire Housing Partnership solar PV and storage

Background to the Climate and Environment Plan (CEP) Wave 1

- 3.8 The Climate and Environment Plan includes partnerships and programmes that help enable carbon reduction in future years. The plan focuses on enabling actions that maximise emissions reduction, improve nature, and prepare for a changing climate in line with the 2038 target and will be delivered in waves.
- 3.9 Approvals are being sought through this report for the residential retrofit programmes and schemes outlined in the table below, which are being delivered as part of the CEP Wave 1 portfolio. These have been prioritised with other programmes at various stages of development, which will reduce

² [West Yorkshire Carbon Emission Reduction Pathways report](#)

West Yorkshire’s carbon footprint, support climate resilience and contribute towards a transition to net zero.

Scheme summaries

<p>Better Homes Hub West Yorkshire</p>	<p><u>Scheme description</u></p> <p>The Better Homes Hub (BHH) programme has been developed to promote, facilitate, and deliver retrofit of housing across West Yorkshire. The programme’s three overarching objectives are to:</p> <ul style="list-style-type: none"> • Build consensus within West Yorkshire on priorities for retrofit and energy efficiency of homes. • Deliver retrofit projects in West Yorkshire that build momentum, strengthen the supply chains, and create new delivery models. • Establish the BHH as a trusted entity for all residents to access advice and information on retrofit and energy efficiency of homes in West Yorkshire. <p>Approval is now sought via this change request, for further development costs of £2,522,458 for Combined Authority costs and staffing resources to support delivery of the objectives and to revise the total scheme costs and Combined Authority contribution.</p> <p>The scheme is to be delivered through the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation</p> <p><u>Impact</u></p> <p>The programme will lead to reductions in CO2 emissions, domestic energy use and fuel poverty across multi tenures. A value for money assessment will be completed as part of each scheme’s individual business case development.</p> <p><u>Decision sought</u></p> <p>Approval to the change request for further development costs of £2,522,458 for Combined Authority costs and staffing resources to support delivery of the objectives and to revise the total scheme cost and Combined Authority contribution to the programme from £18,425,000 to £17,587,834</p> <p>Total value of the scheme - £17,587,834</p> <p>Total value of Combined Authority funding - £17,587,834</p> <p>Funding recommendation sought - £2,522,458</p> <p>A decision by the Combined Authority is sought as part of this report</p>
---	---

**Better Homes Hub -
Area-Based Schemes
(Phase 1 – Calderdale)**

Calderdale, West
Yorkshire

Scheme description

The scheme is part of Phase 1 of the area-based retrofit schemes, being delivered as part of the Better Homes Hub Programme. Each area-based scheme will pilot a range of retrofit measures across an area / street to test interventions on multi-tenure properties.

This scheme will install hybrid wall insulation (HWI) to 'hard to treat' pre-1919 stone built properties. This scheme will also provide financial offers to private homeowners and residents as an incentive to sign up to the scheme, and test uptake from private sector landlords.

This an area-based retrofit scheme, targeting Calderdale, and is just part of Phase one of the area-based retrofit schemes that are being delivered against Objective two of the wider Better Homes Hub Programme. The other district to be targeted in Phase one will be Leeds, before Phase two will cover other district areas.

The scheme is to be delivered through the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation.

Impact

The scheme will deliver up to 120 energy efficiency measures, which are forecasted to reduce heating demand per household by 202,500kWh of energy and reduce carbon emissions per household by 42.5tCO₂.

The value for money assessment reflects a benefit cost ratio (BCR) of 0.6:1. This is categorised as low value for money, however the rationale for the project is to tackle a market failure.

Decision sought

Approval to proceed through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).

Total value of the scheme - £1,086,760

Total value of Combined Authority funding - £1,086,760

Funding recommendation sought - £1,086,760

A decision by the Combined Authority is sought as part of this report

**Better Homes Hub
Low Interest Domestic
Loans Scheme**

Location – West
Yorkshire

Scheme description

This scheme will enable more homes to be fitted with eco-investments, such as solar panels and air source heat pumps, by making low interest loans available to homeowners and private landlords. This scheme is part of the Better Homes Hub Programme and will contribute to tackling the Climate Emergency by making improvements more financially viable to those who are unable to afford or access existing finance options.

The loan fund is due to launch by 31 March 2024 and applications will close on 31 March 2026. The final loan will be repaid by March 2036 as the longest loan period is 10 years.

The scheme is to be delivered through the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation.

Impact

Approximately 93 homes will be fully or partially retrofitted, and learnings will inform how to promote retrofit of the remaining 680,000 homes that need this investment in West Yorkshire.

Homeowners and the tenants of private landlords with minimal savings, or who do not pass the credit checks of high street lenders, will benefit from warm homes and reduced energy bills.

The initial value for money assessment reflects a benefit cost ratio (BCR) of 5:1. This is categorised as very high value for money but is due to be reviewed in the light of the revised outputs.

Decision sought

Approval to proceed through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).

Total value of the scheme - £2,524,086

Total value of Combined Authority funding - £2,524,086

Funding recommendation sought - £2,524,086.

A decision by the Combined Authority is sought as part of this report

<p>Solar PV and Battery Storage – West Yorkshire Housing Partnership West Yorkshire</p>	<p><u>Scheme description</u></p> <p>This scheme will install solar power generation and battery storage on up to 1500 social homes belonging to Housing Associations in the West Yorkshire Housing Partnership. This will supply the household's power needs with minimal carbon impact by September 2025, and tackle the climate emergency.</p> <p>The scheme is to be delivered through the Single Investment Fund (SIF), Investment Priority 4 gainshare allocation.</p> <p><u>Impact</u></p> <p>The scheme is estimated to reduce annual energy bills by £120 to £180 each year for tenants living in the homes and so will contribute to tackling fuel poverty. The tenants will benefit from improvements to health and wellbeing from warmer homes. The project will also provide demand for the solar supply chain in West Yorkshire and stimulate more sustainable jobs and work experience in this sector.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 1.5:1. This is categorised as medium value for money.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 2 (strategic outline case) and decision point 4 (full business case) and work commences on activity 5 (delivery) subject to the discharge of conditions at Approval to Proceed.</p> <p>Total value of the scheme - £15,447,642</p> <p>Total value of Combined Authority funding - £5,447,642</p> <p>Funding recommendation sought - £5,447,642</p> <p>A decision by the Combined Authority is sought as part of this report</p>
--	--

3.10 Since the Combined Authority's meeting on 12 October 2023 the following decision points and 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 at its meeting on 24 October 2023. The decisions were made by the Climate, Energy and Environment Committee following a recommendation from Combined Authority Programme Appraisal Team.

3.11 The full agenda and papers for the meeting can be found on the Combined Authority website [HERE](#).

<p>Net Zero Region Accelerator West Yorkshire</p>	<p>Approval of the change request to extend the scope of the scheme, to change the total scheme costs from £960,000 to £3,020,000, and to extend the scheme's delivery timeframe from March 2024 to March 2027.</p> <p>Funding approved: £2,060,000</p> <p>Total value of the scheme: £3,020,000</p> <p>Total value of Combined Authority funding: £3,020,000</p>
--	---

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.

Additional Approvals – Climate, Energy and Environment Committee delegation

- 4.3 Approval is sought through this report, for the delegation of authority to the Climate, Energy and Environment Committee, to approve, in accordance with the Assurance Framework, a change request to the Better Neighbourhoods programme, at its meeting on 13 February 2024.
- 4.4 The change request is seeking approval to accept and spend up to £150,000 from the National Lottery Community Fund. The funding will be used to support more communities to invest in neighbourhood-level projects which contribute to a transition to net-zero carbon.
- 4.5 This delegation is sought to maintain programme delivery and spend targets and so that the project approval can be considered by the Climate, Energy and Environment Committee, as part of a wider programme update.
- 4.6 The Combined Authority approves that:
- (i) Approval of the change request for the Better Neighbourhoods programme, to accept and spend up to £150,000 from the National Lottery Community Fund, is delegated to the Climate, Energy and Environment Committee.

Better Neighbourhoods Programme

West Yorkshire

Scheme description

Better Neighbourhoods is a grant funding programme, delivered by the five West Yorkshire local authorities. By December 2024, the programme will contribute to a transition to net-zero carbon by investing in neighbourhood-level projects which engage communities in at least one of the following:

- Local, clean, and flexible energy solutions
- Healthy, affordable, and efficient buildings
- Walking, cycling and public transport
- Green and climate-ready nature solutions.

Approval is sought for a change request for up to an additional £150,000 from the National Lottery Community Fund, to support communities to invest in more neighbourhood-level projects, taking the total programme funding from £2,060,000 to up to £2,210,000.

Impact

The additional funding will allow the programme to work with voluntary, community and social enterprise organisations to deliver more projects which evidence an ability to support net zero activity under at least one of the four themes of better buildings, energy, nature, and transport.

Additional funding will allow more projects to be evaluated to assess the effectiveness of engaging communities, encouraging behaviour change and reducing carbon emissions, so that projects can be replicated or scaled-up for to take advantage of future funding opportunities.

Projects in Stage 1: Assessment and Sequencing

Project Title	Better Homes Hub
Stage	2 (scheme development)
Decision Point	Change request (activity 2)

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

- 4.7 The Better Homes Hub programme has been developed to promote, facilitate and deliver retrofit of housing across all housing tenures in West Yorkshire. This includes households that rent their home from social or private landlords, have a mortgage / loan on their home, or own their own home outright and will be referred to as multi tenure, in this report.
- 4.8 The retrofitting of housing includes measures which improve the heat efficiency and air tightness of homes, up to a good level of thermal efficiency, for example double and triple glazing, loft, wall, and ground floor insulation and the installation of renewable technology, including solar panels, heat pumps.
- 4.9 The programme will lead to reductions in CO2 emissions, domestic energy use and fuel poverty across multi tenures, which will contribute to tackling the climate emergency.
- 4.10 Conservative estimates indicate that up to £20.4 billion is needed to retrofit homes to a good level of thermal efficiency, so any moderate capital investment is short term in its approach.
- 4.11 The long-term Better Homes Hub programme is expected to be delivered in three phases. Phase 1 is covered by the strategic outline case and will be funded from the gainshare allocation for investment priority 4 - Tackling the Climate Emergency and Environmental Sustainability. Funding to support the later phases of the programme in later years will be required beyond the current three-year gainshare funding period.

4.12 The Better Homes Hub programme gained decision point 2 (strategic outline case) approval and approval for work to commence on individual business cases, at the Combined Authority meeting on 22 June 2023. Development costs of £2,585,000 were also approved, of which £910,000 was to secure staffing resources, consultancy support, undertake research work, develop individual scheme business cases, and up to £1,675,000 was to deliver the Local Energy Advice Demonstrator element of the programme. This took the total programme approval to £3,303,293.

4.13 Approval is now sought via this change request for a further £2,522,458 of development costs for Combined Authority costs and staffing resources to support delivery of the objectives, broken down as follows:

Objective 1 and 3	£888,234
Objective 2	£1,634,224
Total	£2,522,458

4.14 Approval is also sought to revise the total scheme cost and Combined Authority contribution to the programme from £18,425,000 to £17,587,834, as the amount of funding secured from the Local Energy Advice Demonstrator programme is now known. At the time of the approval a bid had been submitted for £1,675,000, it has now been confirmed that the Combined Authority secured £837,834.

4.15 Subject to approval of the additional development costs combined with the with the adjustments for the Local Energy Advice Demonstrator funding, this takes the total programme approval to £4,988,585.

Outputs and Outcomes

4.16 The scheme outputs include:

- Provide five multi-tenure retrofits in a local area / street demonstrator by March 2026 to demonstrate the benefits of retrofit to all and understand the various challenges facing residents in domestic retrofit.
- Deliver the multiple benefits of retrofit activity to social housing by continuing the strong progress of Social Housing Decarbonisation Fund for those homes containing some of the most excluded in our region.
- Development of options for the creation of a One Stop Shop to provide a single point of advice and support for all tenure householders on retrofit measures that could be delivered.
- Ensure retrofits are completed and certified to the right quality standards, and in accordance with the British Standard for retrofits which is PAS2035.
- Provide data and learning on all housing tenure support needs and benefits to inform the scaling up and roll out of future waves across all housing.

4.17 The scheme outcomes are:

- Energy efficiency fabric improvements to housing stock in West Yorkshire.
- Increased number of domestic retrofits and renewable installations beyond current Central Government funding.
- Reduction in carbon emissions from domestic properties.
- Reduction in energy consumption in domestic properties.
- Reduction in the number of households experiencing fuel poverty and associated health inequalities.
- Energy efficiency fabric improvements to housing stock in West Yorkshire.
- Increased number of domestic retrofits and renewable installations beyond current Central Government funding.
- Reduction in carbon emissions from domestic properties.
- Reduction in energy consumption in domestic properties.
- Reduction in the number of households experiencing fuel poverty and associated health inequalities.

Tackling the Climate Emergency Implications

4.18 The programme tackling climate emergency implications are:

- This programme will contribute towards reductions in carbon emissions through raising the profile of retrofit measures that can be introduced.

Inclusive Growth Implications

4.19 The programme inclusive growth implications include:

- The programme will apply to all households including those living in poor housing in all tenures.
- Completing retrofits will help lift people out of fuel poverty by reducing energy emissions and therefore costs.

Equality and Diversity Implications

4.20 An Equality Impact Assessment (EqIA) was undertaken for the programme and equality and diversity impacts are being taken into account of as part of the development of individual schemes and their business cases.

4.21 The programme will be delivered across West Yorkshire including the most deprived areas.

4.22 The programme will support residents with differing needs, to improve the energy efficiency of their homes. For example, for some groups, the

intervention may require information, advice, and signposting. Other groups will require more support such as translation skills and signposting to financial support.

- 4.23 Funding from the Local Energy Advice Demonstrator programme will provide local, in-person advice specifically targeting groups including older people and minority ethnic groups.

Consultation and Engagement

- 4.24 Options for the programme were developed as part of the strategic outline case submission and workshops were held with stakeholders to ensure the programme will deliver the required outputs.
- 4.25 Future consultation has taken place or is planned as part of individual scheme business case development.

Risks

- 4.26 The programme risks and mitigations are:
- Increased costs due to inflation and rising costs through the supply chain. This is mitigated by procuring a financial consultant for advice on the scheme costs and monitoring scheme costs throughout programme development and delivery.
 - Insufficient interest in the market or inability to procure an appropriate consultant to provide support in the development of the programme. This is being mitigated by engaging with the market in advance to locate multiple consultants and to build interest before the opportunity to bid is finalised.

Costs

- 4.27 The total programme costs are £17,587,834.
- 4.28 The Combined Authority's contribution is up to £17,587,834, comprising up to £16,750,000 from the Single Investment Fund (SIF), IP4 gainshare allocation and £837,834 from the Local Energy Advice Demonstrator programme.
- 4.29 The Better Homes Hub programme gained decision point 2 (strategic outline case) approval and approval for work to commence on individual business cases, at the Combined Authority meeting on 22 June 2023.
- 4.30 At the time, the total scheme value was up to £18,425,000. This total was based on the Combined Authority securing £1,675,000 from a bid submitted to the Department for Energy Security and Net Zero and Northeast & Yorkshire Net Zero Hub's Local Energy Advice Demonstrator programme, which was set up to fund innovative projects piloting new approaches to providing local in-person energy advice.

- 4.31 Since the programme approval, it has been confirmed that the Combined Authority's bid secured £837,834. The total programme costs and programme approvals to date have therefore been revised to £17,587,834.
- 4.32 Approval is now sought via this change request for further staffing costs to support the development and delivery of schemes, broken down by the programme's three objectives.

Objective 1 and 3	£888,234
Objective 2	£1,634,224
Total	£2,522,458

- 4.33 Subject to approval, this takes the total programme approval to date to £4,988,585 which is broken down as follows:

Funding source	Amount	Approval
Single Investment Fund (SIF)	£718,293	CEP Wave 1 portfolio
	£910,000	BHH Programme SOC
	£2,522,458	BHH Programme Change Request
Local Energy Advice Demonstrator	£837,834	BHH Programme Change Request (originally £1,650,000)
Programme Approval total	£4,988,585	

Future Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (Delivery Closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Policing, Environment and Place	31/03/2026

- 4.34 Assurance pathways and approval routes for schemes within the programme will be set as individual scheme business cases progress through the assurance process.

Other Key Timescales

- March 2026 - Completion of delivery of Phase 1 of the programme
- March 2027 - Programme evaluation of Phase 1 of the programme.

Assurance Tolerances

4.35 The previous approvals and assurance tolerances set are outlined below:

Control area	Baseline Tolerance approved by the CA at DP2	Baseline Approval by the CA at DP2	(Requested) Change Request Approval	Within tolerance?
Date	22/06/23		07/12/23	
Total Cost	£18,425,000		£17,587,834	
CA Funding	%	£	£	Y
Completion Date (DP5)	6 months	31/03/26	No change	Y

4.36 The revised assurance tolerances for the recommended approval in this report are:

Assurance tolerances
Combined Authority funding remain within +10% of those outlined in this report.
Completion/service delivery date remains within 6 months of those outlined in this report.

Appraisal Summary

- 4.37 The Better Homes Hub (BHH) programme has a strong strategic value for West Yorkshire. It is recognised that a quarter of the region's carbon emissions come from homes and there is a clear need for housing retrofits and energy efficient measures to be introduced.
- 4.38 A change request to the programme approval is being sought at this time, now that programme and staffing costs are known, rather than seeking approval via individual business cases, given the cross-cutting nature of the programme's three objectives, which is how the additional costs have been apportioned.
- 4.39 A full breakdown of the additional programme costs and staffing requirements has been provided, as part of the business case submissions for the BHH Area Based Schemes – Calderdale Phase 1 and BHH Low Interest Domestic Retrofit Loan schemes.
- 4.40 The funding secured for the Local Energy Advice Demonstrator programme has now been confirmed. As the amount is lower than the amount bid for, the total scheme cost and therefore the Combined Authority's contribution and programme approval to date, have been adjusted.
- 4.41 Further appraisal has been or will be undertaken as schemes progress individually through the assurance process.

Recommendations

4.42 The Combined Authority, approves:

- (i) The change request to the Better Homes Hub programme for further development costs of £2,522,458 for Combined Authority costs and staffing resources to support delivery of the objectives and to revise the total scheme cost and Combined Authority contribution to the programme from £18,425,000 to £17,587,834
- (ii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	Better Homes Hub - Area-Based Schemes (Phase 1 – Calderdale)
Stage	1 (assessment and sequencing)
Decision Point	2 to 4 (business justification)

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

- 4.43 The scheme covers Calderdale and is part of Phase 1 of the area-based retrofit schemes which are being delivered against Better Homes Hub Programme Objective 2. Objective 2 aims to deliver retrofit projects in West Yorkshire that build momentum, strengthen the supply chains, and create new delivery models.
- 4.44 The area-based schemes will pilot a range of retrofit measures across an area / street to test the level of interventions that can be made to properties, to understand the impact these measures will have on residents' living conditions and their energy / fuel bills, and how to achieve efficiencies in delivery.
- 4.45 Further business cases will be submitted later, which cover Leeds, also part of Phase 1 and other West Yorkshire districts as part of Phase 2.
- 4.46 This scheme's three key objectives are:
- To provide a comprehensive package of energy efficiency and insulation and heating improvements for up to 30 properties by December 2025, testing a whole street 'fabric first' approach to retrofit, which reduces energy demand as far as possible, and by installing energy efficiency measures to reduce heat loss and CO2 emissions from a property.
 - To test the uptake from private landlords of energy efficiency measures and whether offers of a financial loan to private homeowners and residents incentivises them to sign up to the scheme.
 - To explore potential financial packages to help homeowners and landlords finance the retrofit of their properties.

- 4.47 The scheme will see the installation of a hybrid wall insulation (HWI) to 'hard to treat' pre-1919 stone built properties that are prevalent in the district. Full retrofit measures will be included, such as underfloor heating and draught proofing. This hybrid approach combines the advantages of external wall insulation (EWI) and internal wall insulation (IWI) to create a tailored approach to insulating a building whilst balancing the needs of planning constraints.
- 4.48 Calderdale Council will lead the assessment process to identify the street / properties to be targeted. The assessment criteria for this scheme, currently being developed, will focus on areas of high fuel deprivation, as installing energy efficiency measures in properties could result in reduced energy consumption and improved thermal comfort. This will have a positive impact on resident's physical and mental health and wellbeing and fuel bill savings.
- 4.49 This scheme will also test the uptake of energy efficiency measures from private landlords and offers of a financial loan to private homeowners and residents as an incentive to sign up to the scheme. A means assessment will be carried out for each property, which will determine the level of financial contribution offered to each household.
- 4.50 Calderdale Council is also setting up financial support packages including a credit union loan and a low-equity loan and where possible, residents will be offered the BHH low interest loan, which is also seeking approval via this report, or a grant.
- 4.51 Learning from the scheme will be used to help inform future retrofit programmes as well as the development of the BHH one stop shop and Phase 2 of the BHH programme which will start delivering works to bigger / community level areas.
- 4.52 A summary of the scheme's business case is included at **Appendix 1**.

Outputs and Outcomes

- 4.53 The scheme outputs include:
- Support up to 30 domestic multi-tenure properties with fabric first measures and, where possible, install decarbonisation measures, such as Solar PV (solar panels) and battery storage – subject to survey of properties and installation costs.
 - Deliver up to 120 energy efficiency measures to reduce heat loss and CO2 emissions from a property.
- 4.54 The scheme outcomes are:
- Test the take up from multi-tenure residents and, in particular:
 - How to effectively undertake resident engagement and how to utilise different communication methods to discuss the benefits of retrofit and understand the reticence surrounding resident/landlord sign up to retrofit projects.

- What financial offers are attractive to owner occupiers, and private landlords, to encourage take up and what level of support is needed to scale up retrofit across West Yorkshire.
- Provide market confidence to the supply chain.
- How to efficiently mass install retrofit measures across similar property archetypes.
- To explore potential financial packages to help homeowners and landlords finance the retrofit of their home.
- Reduction of domestic housing energy consumption (kWh/£), and amount of domestic housing CO2 emissions carbon reduced because of the activity.
- Reduced energy consumption may reduce the percentage of income spent on energy bills resulting a comparative financial saving, and alleviation of fuel poverty.
- Improved health and wellbeing from thermal comfort and air quality.
- Capture learnings that can be applied to the development of Phase 2 of the Better Homes Hub programme.

4.55 The value for money assessment reflects a benefit cost ratio (BCR) of 0.6:1. This is categorised as low value for money, however the rationale for the project is to tackle a market failure where economics do not offer a positive return on investment, and therefore would not be delivered by the private sector.

Tackling the Climate Emergency Implications

4.56 The scheme directly aligns with the Combined Authority's key strategies and plans around net-zero ambitions and sustainability. The scheme will support up to 30 domestic multi-tenure properties with fabric first measures and, where possible, install decarbonisation measures. Moreover, the scheme will aim to deliver up to 120 energy efficiency measures.

4.57 This has the potential to lead to a reduction in levels of heating demand per household, up to 202,500kWh of energy demand will be reduced by the scheme per annum. Levels of carbon emissions being produced per household will also reduce. Potentially 42.5tCO2 of carbon emissions will be saved per annum.

Inclusive Growth Implications

4.58 The scheme inclusive growth implications include:

- A reduction in fuel poverty, with approximately £540 annual domestic energy bill savings delivered per household. Fuel poverty is a problem faced by households living on a low income in a home which cannot be kept warm at reasonable cost and has become an increased issue

following the cost-of-living crisis, where increased energy costs have caused the number of households in fuel poverty to increase.

- The prevention of winter deaths by improving energy efficiency and reducing heating demands. There were an estimated 28,300 'excess winter deaths' in 2019-20 in the UK, of which a third were considered attributable to living in a cold home.
- Targeting properties in areas of high deprivation - Households with children, over 60s, low-income, people from minority ethnic backgrounds, and those with pre-existing illnesses are more likely to be disproportionately affected by cold and damp and have limited resources to pay for fuel.
- A cost-benefit analysis published by the Building Research Establishment revealed that remedial work to England's poorest housing could provide £135.5 billion in societal benefits over the next 30 years, resulting in savings to the NHS, lower energy bills and carbon emissions, higher asset value, and improved economic opportunities due to better health. Using the Calderdale scheme as a 'demonstrator' will hopefully lead to the development of a whole-community retrofit blueprint that can be scaled up quickly.
- Improving the region's resilience to adverse impacts of climate on the environment, improving energy efficiency to keep homes cooler in summer and to support the most vulnerable in times of extreme heat and cold weather.

Equality and Diversity Implications

- 4.59 An Equality Impact Assessment (EqIA) has been undertaken for the wider Better Homes Hub Programme, and equality and diversity impacts taken account of as part of the development of this scheme.
- 4.60 The scheme equality and diversity implications support the Climate and Environment Plan Wave 1 to "ensure that no one is disadvantaged as a result of the transition to net zero carbon, particularly those most vulnerable in society, and appropriate support is provided to enable everyone to participate in a fair, equal, and inclusive net-zero carbon economy".
- 4.61 The scheme will support this agenda by targeting areas of high deprivation to install retrofit / energy efficiency measures. Increasing energy efficiency in these homes will produce fuel bill savings and decrease levels of fuel deprivation.
- 4.62 The scheme will pilot innovative ways of engaging with residents, including those hard-to-reach and vulnerable groups of people, with learning applied to future schemes.

Consultation and Engagement

- 4.63 Calderdale Council has started discussions with its planning authority.

- 4.64 Calderdale Council requires its cabinet's approval to start scheme delivery and the time needed for this has been factored in the programme timescales.
- 4.65 The lead supplier, once appointed, will be responsible for undertaking consultation and engagement with homeowners and landlords. Quality liaison/support will mean the benefits of the scheme are clearly and positively communicated to residents (including multi-lingual households), high quality installations are delivered, and customer care is backed by enhanced support and guarantees.
- 4.66 Calderdale Council, supported by the lead supplier, will be required to undertake and secure resident agreements, provide privacy notices to residents, and ensure that all residents are supported before, during and after works have been completed on their properties.
- 4.67 As works will be delivered to residents' homes, The Combined Authority will procure an independent retrofit co-ordinator whose role will involve checking that all elements of retrofit delivered to each property meet Publicly Available Specification (PAS) standards, including resident engagement before, during and after works have been delivered.
- 4.68 The project team have engaged with Combined Authority's legal team and procurement team regarding the resources needed to deliver the scheme.
- 4.69 The EqIA will be reviewed by the project team to assess potential needs of groups with protected characteristics. This document will be updated once the geography and local implications of the scheme are fully understood.

Risks

- 4.70 The scheme risks and mitigations are:
- There is little appetite for investments from able-to-pay homeowners and landlords, due to a lack of trust, negative past experiences, and the complex nature of retrofitting projects, meaning the scheme is unable to deliver additional outputs and maximise benefits. The amount of funding requested presumes that homeowners and landlords would not contribute any funding, however, there will be a means assessment carried out for each property which will determine the level of financial contribution offered to each household. This will be further mitigated by the development of a resident engagement plan which will include a long lead in time, specifically focussed on engaging with multi-tenure residents and private landlords.
 - The Council becomes responsible for maintenance and quality issues post-installation. This will be mitigated by the risk transferring to the contractors, and installers, with a good reputation to ensure robust aftercare and who will be required to upload whole house plans and warranties onto TrustMark, and that works are delivered to a PAS2035 quality standard.

- The supply chain is unable to meet delivery timescales and quality standards. This will be mitigated by procuring a lead supplier from the Energy Efficiency & Carbon Reduction (EECR) procurement framework which has been developed to support domestic retrofit across all housing tenures. The Combined Authority will also procure a Retrofit Coordinator to ensure that contractors are delivering the retrofit measures to PAS2035 quality standards and in a considerate manner to the residents. This resource will also help support partner councils and provide technical project management support.
- Due to area-based demonstrators being supported across all districts, there is a risk of a perceived lack of fairness across the region, and in the level of objectives and outputs supported. This will be mitigated by using learning from the 'assessment criteria' that is being developed, which will help Calderdale choose properties / an area for the scheme to inform the future area-based schemes and using programme level Critical Success Factors to ensure that each proposed area-based scheme aligns with the BHH programme objectives.

Costs

- 4.71 The total scheme cost is £1,086,760.
- 4.72 The Combined Authority's contribution is £1,086,760 from the Single Investment Fund, Investment Priority 4 gainshare allocation.
- 4.73 The Combined Authority will need to enter into a funding agreement with Calderdale Council for expenditure of up to £1,086,760 from the Single Investment Fund.

Future Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (Delivery Closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Policing, Environment and Place	31/12/2025

Other Key Timescales

- January 2024 - Calderdale Council cabinet approval in place.
- 29 Feb 2024 - Signing of Funding Agreement and Calderdale Council to start lead supplier procurement.
- 31 March 2024 - Start of resident engagement.
- 31 December 2025 – Completion date.
- 31 December 2026 - Project evaluation completion.

Assurance Tolerances

- 4.74 This approval is the first decision point for the scheme at committee. The assurance tolerances for the recommended approval in this report are:

Assurance tolerances
Combined Authority funding remain within +10% of those outlined in this report.
Completion/service delivery date remains within +6 months of those outlined in this report.
Outputs remain within -10% of the 30 multi-tenure properties receiving domestic retrofit.

Appraisal Summary

- 4.75 The scheme demonstrates a strong strategic alignment to the Combined Authority's strategies, policies, and priorities.
- 4.76 Three options have been considered as part of the scheme's economic appraisal. The 'preferred option' was justified based on a lower level of delivery/project risk, a lower financial ask from the Combined Authority, and a higher net present value.
- 4.77 A 50% overlay on forecasted construction costs has been applied to the scheme to account for the volatility of the market, and a 9% construction contingency budget included.
- 4.78 The lead supplier will be chosen using the Energy Efficiency Carbon Reduction Framework developed by the Combined Authority, with a list of chosen, suitable providers.
- 4.79 The 'assessment criteria' is required to understand how Calderdale will select properties / the area, and how the level of financial support given to each household will be determined. The criteria will be developed in the scheme's delivery phase and will include the prioritisation of areas of high deprivation. A project-level evaluation plan is also required to detail how key outputs these will be measured which will also be developed during the scheme's delivery phase.
- 4.80 Once a lead supplier and the target properties / area have been identified, a resident engagement plan also needs to be developed.
- 4.81 Calderdale Council needs approval from its cabinet, prior to signing the Funding Agreement. This is expected to happen in January 2024 before the procurement of a lead supplier.

Recommendations

4.82 The Combined Authority approves that:

- (i) The Better Homes Hub Area-Based Schemes (Phase 1 – Calderdale) proceeds through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £1,086,760. The total scheme value is £1,086,760.
- (iii) The Combined Authority enters into a Funding Agreement with Calderdale Council for expenditure of up to £1,086,760.
- (iv) That delegated authority be granted to the Combined Authority's Senior Responsible Officer (Head of Economic Implementation), without the need to submit a formal change request for approval, if the partner council is unable to use its funding allocation, but another is.
 - To reallocate funding within the programme (and across area-based schemes)
 - To be able to approve changes to measures that are being installed to properties.
 - To be able to approve any changes to the location of where works will be delivered (within the agreed District)
 - To close the project if required, and / or amend outputs.
- (v) That delegated authority be granted to the Head of Economic Implementation and the Deputy Director, Legal, Governance and Compliance Services respectively in consultation with each other to finalise the Grant Funding Agreement and Funding Agreement Addendums such as Deed of Variations, Data Sharing Agreements between the Combined Authority and the partner councils, and any suppliers directly procured by the Combined Authority to support delivery of the area-based schemes, and all other related legal documents that may be required.
- (vi) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

Project Title	Better Homes Hub - Low Interest Domestic Loans Scheme
Stage	2 (scheme development)
Decision Point	2 to 4 (business justification)

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

- 4.83 Domestic homes account for 26% of total carbon emissions to atmosphere in West Yorkshire according to the Carbon Emission Reduction Pathways (CERP) and work of the Combined Authority. It is relatively easy to act on the fifth of housing that is publicly owned and work with the West Yorkshire Housing Partnership is underway to do this. However, much of the housing that needs to be tackled is in private ownership and action is urgently needed to begin to engage the sector. There are 680,000 all-tenure homes in West Yorkshire that need a retrofit and the region's housing tends to be older and more carbon emitting than the typical housing in many other parts of the country as 23% of homes in the City Region were built before 1919. The cost of retrofits in West Yorkshire is estimated be £2.4 billion per year.
- 4.84 This project aims to test a loan product with private homeowners, to find out what demand there is and what financial or other barriers exist to taking loans. The loan will be affordable and aimed at the segments of the homeowner market that don't meet the eligibility criteria of a grant but also only have modest means, with neither the savings nor ability to pay standard interest rates. This is a product aimed at a specific segment of the retrofit loan market to meet homeowner and private landowners' financial needs in the lower to mid-income bracket. Further aims of the project are to stimulate the finance marketplace to begin to gear up with financial products to fund this work, and to learn more about how to educate and motivate homeowners, including private landlords, to act.
- 4.85 There is currently a failure in the marketplace to provide affordable loans to private landlords and householders for environmental retrofit purposes including the fitting of solar photovoltaics panels (solar PV) with batteries for energy storage, and ground source heat pump heating. Whilst high street banks offer Home Improvement Loans, they have high interest rates and are

typically aimed at investments such as installing a new kitchen or bathroom or having an extension or loft conversion.

- 4.86 The focus of this loan project differs from existing options in the market as it is about being environmentally responsible whilst immediately reducing outlay on energy bills. It is also about offering an interest rate that is much more affordable and accessible than high street banking alternatives. In another section of the market Credit Unions who have an established presence in our communities are not fulfilling the need for this kind of loan as typically their loans are shorter term and on a higher interest rate than this project proposes.
- 4.87 The project forms an integral and important part of the Better Homes Hub which has three interdependent objectives. The One Stop Shop for information and advice on retrofit, the demonstrator homes to be developed in each Council Partner's area to show the benefits and inform people on how retrofit works in practice and this loan product which will support those people who don't have the savings to do it or meet the eligibility criteria/credit check for a mainstream home improvement loan.
- 4.88 The project will determine a procurement process to select and appoint a financial lending partner to process applications and make up to 93 loans available to homeowners and landlords who can't self-fund retrofit works. There are two main routes to procure a lending partner that are being explored. One option, and the current preference, is to use the Crown Commercial Services framework (the biggest public procurement organisation in the UK). Alternatively, an open market exercise could be completed. Commercial team resource has been allocated and is now available to work on this procurement choice.
- 4.89 The loan fund is due to launch by the middle of March 2024 and applications will close by 31 March 2026. The final loan is expected to be repaid by March 2026 as the longest loan period permissible is 10 years. The lending partner is expected to have a funding and partnership agreement in place with the Combined Authority before March 2024 that will last for the duration of the initial 12-year period over which loans will be made and administered. The lending partner will assess loan applicants, make loans, and manage them until they are fully repaid.
- 4.90 A key part of this project is an interim evaluation which is scheduled to be completed by March 2025 when a decision will be made on whether the loan fund should be expanded, or confirmation given that loans will not be offered beyond March 2026. The interim evaluation will review loan uptake, the appropriateness of the interest rate, how the costs are building relative to estimates, what the loans are being spent on and whether the project represents good value for money. If the outcome of the interim review supports an expansion of the scheme, a change to the interest rate or something that takes it outside the current tolerances a change request will be made. If the evaluation concludes the loan has limited benefits, or poor value for money, the project will conclude on 31 March 2026 in accordance with the recommendations set out in this report.

4.91 If the project does become a long-term loan fund, it will become a recycling loan fund which means repaid capital will be used to fund the next round of loans. This project is predicated on a 'no recycling of funds' in this way until a decision is made at the interim review about the fund's future. As such only 93 loans are expected as outputs are based on an assumed average loan of £16,000. An external analysis by Waterman Consultants has suggested as many as 220 loans may be possible if the loan ultimately becomes a recycling loan fund.

4.92 A summary of the scheme's business case included in **Appendix 2**.

Outputs and Outcomes

4.93 The scheme outputs include:

- Launch an affordable retrofit Homeowners loan at a 3.26% interest rate by mid-March 2024, to enable delivery of retrofitted homes for those who cannot afford all or part of the upfront cost.
- Deliver approximately 93 retrofit loans (based on an average loan value of £16,000) by 31 March 2026, for repayment by 31 March 2036 at the latest.
- Lend out the full £1,500,000 loan fund by March 2026.
- Achieve a 90% level of capital repayment on loans paid out.

4.94 The scheme outcomes are:

- Address the cost and financial barriers preventing residents from making energy efficiency improvements to their homes by offering 93 loans.
- Test interest from homeowners/private landlords and the viability of offering specific loans to fund home retrofits towards net zero.
- Test approaches of marketing and engagement of the 'able to pay' market and generate data to inform future success in scaling up loan offers in this space.
- Capture learnings from borrowers to inform the future Better Homes Hub programme, for example scaling up of the One Stop Shop to provide the right advice and customer experience.
- Offering a fixed repayment for the duration of the loan, giving certainty and peace of mind to overcome a common barrier in finance.

Tackling the Climate Emergency Implications

4.95 This scheme will reduce carbon emissions to approximately 93 homes. It is difficult to reliably estimate or standardise the carbon saving impact of this project, as homeowners will decide which retrofit measures to implement.

4.96 This piloting of a new loan for the purpose of housing retrofit will stimulate the market to gear up for the huge investment needed to modernise 680,000

homes in this way, leading to further savings in a significant area or carbon emissions in the region. Lessons learned will inform the scaling up of loans and advice in this area to get many more homes retrofitted.

Inclusive Growth Implications

4.97 The scheme inclusive growth implications include:

- This project aligns with the inclusive growth agenda as it is providing loan products for homeowners who do not have the means to invest upfront to cut the carbon emissions and energy costs of their home. The loans will be at low interest rates and the installations will immediately reduce heating bills and improve the thermal comfort of homes. This will contribute to improved health and mental wellbeing whilst overcoming financial exclusion from the retrofit marketplace. Tenants of private landlords may benefit from warmer homes that may be slightly cheaper to heat, but neither of these benefits can be quantified.
- Lessons learned from the Local Energy Advice Demonstrator will be incorporated into marketing and methods of engagement to ensure that the needs of seldom heard groups, including the elderly and those with low proficiency in English are met.
- This scheme is ultimately about levelling up and helping people who do not have the ability to make this investment by removing barriers that stop them enjoying an affordably warm and eco-friendly house.

Equality and Diversity Implications

4.98 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.

4.99 It is often older homeowners, those with disabilities or only one income that spend more time at home and stand to gain most from warmer homes, lower heating bills and a way to fund a retrofit.

4.100 This project pilots an accessible loan product for all private homeowners who don't have enough savings and can't afford mainstream loan interest rates so they can have a retrofit and its benefits now. The marketing will be wide and made as inclusive as possible based on the learnings from other projects.

Consultation and Engagement

4.101 Senior climate officers from the Local Authorities have been kept informed on this project via the Climate, Energy and Environment Lead Officer group. An initial overview of the low-interest loan was provided on 16 August and further detail was provided at the 11 October 2023 meeting. This project will be promoted and launched through marketing at first in the pilot, but if it is scaled up further consultation will be planned with Council Partners, at the housing demonstrators and in the set-up of the One Stop Shop.

Risks

4.102 The scheme risks and mitigations are:

- Due to inflation and the cost-of-living crisis and the accompanying increases in the costs of retrofit works, there is a risk of lower uptake of loans by borrowers than planned. The main mitigations for this are utilising the 'brands' of the Combined Authority and the Local Authorities to build trust and, where possible, synchronising with other planned retrofit projects including area-based schemes and Leeds Retrofit Accelerator. The marketing will also emphasise the cost savings and health benefits a retrofit will achieve.
- The rate at which loans will be taken up is unknown. There is risk if take up is too rapid or too slow. If it is too fast, there will not be the capacity to respond to the demand or time to identify and implement learnings. If uptake very low, this will substantially reduce the benefits. The main mitigation will be the Combined Authority's ability to control the interest rate as a way to accelerate or decelerate the amount of loans sought and made.
- If the financial product does not meet customer expectations the loan could be a reputational risk for the Combined Authority. The mitigations for this are the use of commercial procurement and specialist legal advice in the selection of the loan product and the choice of lending partner. The project will draw on the lessons of the local authorities that have completed similar projects, for example Bath & Northeast Somerset Council and Bristol City Council.
- The financial risk of homeowners or landlords defaulting on their loan. The mitigations for this are the bespoke financial assessment for each loan applicant filtering out those unlikely to repay successfully and ensuring the repayments are affordable. Where residents experience financial difficulty and struggle with re-payments adjustment to the terms of the loan will be considered and a title restriction will be placed on the property to give some security and promote repayment.

Costs

4.103 The total scheme costs are £2,524,086 which will be fully funded by the Combined Authority from the Gainshare Fund, Investment Priority 4 gainshare allocation.

4.104 The Combined Authority will need to enter into a funding agreement with the lending partner that is procured for expenditure of up to £1,996,175 for a loan fund from the Single Investment Fund.

Future Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (Delivery Closure)	<p>Recommendation: Combined Authority's Programme Appraisal Team</p> <p>Decision: Combined Authority's Director of Policing, Environment and Place</p>	26/06/2026

Other Key Timescales

- Start of delivery - 15 March 2024
- Interim evaluation – 31 May 2025
- BHH Programme Delivery Closure – 31 June 2026
- Final Loan Repayment Date – 31 March 2036

Assurance Tolerances

4.105 This approval is the first decision point for the scheme at committee. The assurance tolerances for the recommended approval in this report are:

Assurance tolerances
<p>Combined Authority funding remain within +10% of those outlined in this report.</p> <p>Completion/service delivery date remains within +6 months of those outlined in this report.</p> <p>Outputs remain within -10% of those outlined in this report.</p>

Appraisal Summary

- 4.106 The strategic case for this project is very clear as part of the trial and delivery phase of the Better Homes Hub Programme. The project demonstrates a strong response to the Climate Emergency and the Mayor's pledge to tackle it. The Climate Emission Pathways that have identified 680,000 homes require retrofit to work towards our Net Zero goals as domestic homes contribute 26% of the carbon emissions made annually in West Yorkshire. The project also offers the benefit of financially levelling up people who own a home, or own a home to rent, but have limited savings and resources to pass the usual credit tests for loans on the high street. Both homeowners and tenants of private landlords will benefit from lower heating bills and the health boost of a warmer home.
- 4.107 The economic gains reflected in the initial very high benefit to cost ratio of 5:1 indicate this is a project well worth implementing. This ratio will be revised however as the outputs for the duration of the trial phase of the project have been reduced from when this assessment was made. The economic gains remain significant and the project demonstrates necessary and positive leadership in the finance marketplace that needs to gear up for retrofits. The commercial case is currently the least developed part of this project but a

detailed specification for procurement has been produced and the commercial team resource is now finalising which of the two procurement options is best suited to appointing the lending partner. The financial case is developed and Combined Authority costs are final with an appropriate contingency allowance.

- 4.108 Launching the loan early in the implementation of the Better Homes Hub Programme will make it immediately available to support retrofits for people receiving advice from the One Stop Shop and seeing the benefits at Housing Demonstrators when they go live. Early implementation will also deliver quick wins by supporting residents who are already convinced of the need to act and are keen to be early adopters of the interventions to make their home low carbon. Robust project governance plans are in place.

Recommendations

- 4.109 The Combined Authority, subject to the conditions set by the Programme Appraisal Team approves that:
- (i) The Better Homes Hub Low Interest Domestic Loans scheme proceeds through decision point 2 – 4 (business justification) and work commences on activity 5 (delivery).
 - (ii) Approval to the Combined Authority's contribution of £2,524,086 is given. The total scheme value is £2,524,086
 - (iii) The Combined Authority enters into a Funding Agreement with the with the lending partner that is procured for expenditure of up to £1,996,175.
 - (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

Project Title	Solar PV and Battery Storage – West Yorkshire Housing Partnership
Stage	2 (scheme development)
Decision Point	2 to 4 (business justification)

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

- 4.110 The Combined Authority's solar programme aims to increase the deployment of Solar PV and Battery storage across the region and is part of the Climate Emergency Pathway for Investment Priority 4 that will be funded from the Gainshare Fund. This project sits within the solar programme and will enable the installation of Solar PV and Battery storage systems on up to 1500 homes and provide a proof-of-concept demonstration of an innovative investment and operational model for Solar PV in social housing.
- 4.111 The scheme objectives are to install solar power generation on the 1500 homes by September 2025 to supply their power needs with less carbon impact. The scheme benefits will include reducing the energy bills of the tenants living in the homes by an estimated £120 to £180 per year. This will assist in tackling fuel poverty. A further objective is to grow demand for the solar supply chain in West Yorkshire to sustain and stimulate more green jobs and work experience in the relevant skills. All of these objectives deliver on tackling the climate emergency and encouraging jobs, especially green jobs and so are directly related to the Mayor's pledges.
- 4.112 This project is founded on Together Housing Group (THG)'s experience and learnings from the installation of Solar PV and battery storage to 250 houses and bungalows in Colne, Lancashire in 2019 in a project funded by European Regional Development funds that collected data to demonstrate the performance of the systems on different types of properties. In addition, it measured how much occupants reacted to and benefitted from the subsidised power and explore what commercial operating model could be used to scale up this type of investment.
- 4.113 The Colne project's data gathered over the last 3-4 years and detailed information on the financial model has informed extensive discussions with

alternative energy suppliers and to consider alternative operating models. The types of operators in the marketplace here include 'aggregators' who pool energy from microgeneration, peer to peer platforms and regulators.

- 4.114 This project proposes to introduce other housing associations to the potential of this solar investment through the already established West Yorkshire Housing Group. Together Housing Group (THG) will act as the lead partner providing procurement routes, project management expertise and tenant engagement resources to these housing sector partners as required and as agreed with them.
- 4.115 The project intends to scale up to 1500 homes through a single provider that will both install and subsequently operate the metering of power and supply/sale of energy to and from tenants and the wholesale energy marketplace. The single provider identified through market engagement offers a relatively unique and economically advantageous proposition that has been encouraged by OFGEM.
- 4.116 Tenants will have the choice to opt into the scheme for electricity at a reduced price before the solar kit is fitted to their home. The tenant will be introduced to the scheme through communication and support from their housing association. The scheme does not rely on an entire street, block or estate opting in to be effective as the same economies can be achieved in individual dispersed homes as a row of homes as each solar installation operates independently.
- 4.117 The Combined Authority is providing grant for an investment in solar infrastructure to homes. There is no expectation or condition of repayment of this grant which is being paid to social housing providers. Separately there is potential for significant revenue income annually to be received by the Combined Authority as an investor. This will be from any surplus made on solar energy sales to the wholesale power marketplace. This income will be received as general revenue income by the Combined Authority to spend on other projects and revenue outgoings. If all the assumptions in the business model are met the revenue income anticipated in the first year is estimated to be of £282,179. This could rise in future years. Arrangements for receipt of income this will be covered in the Funding Agreements.
- 4.118 A summary of the scheme's business case is included in **Appendix 3**.

Outputs and Outcomes

- 4.119 The scheme outputs include:
- Deliver 1500 homes with solar PV and battery energy storage by September 2025.
 - Enable up to 915 tonnes of carbon emission savings per year by March 2026.
 - Achieve combined bill savings for all participating residents of between £180,000 - £270,000 by March 2026.

- Create a self-sustaining operational model of solar supply and reduced tariffs for tenants by March 2026 with potential to scale up.

4.120 The scheme outcomes are:

- Reduce energy demand on the grid by 4413MWh per year by March 2026
- Mainstreaming solar installation in the West Yorkshire social housing sector and embedding the knowledge, skills and readiness to implement future solar installation and retrofit programmes.
- Strengthening the supply chain and securing existing green jobs (not new jobs, as the supply chain was in existence) ready for future market expansion in the City Region economy beyond March 2026.
- Contributing to the continuing growth and consolidation of the supplier business model so it can further challenge the established wholesale energy market to adapt towards net zero.

Tackling the Climate Emergency Implications

4.121 The scheme tackling climate emergency implications are:

- Reduction in carbon emissions from the 1,500 homes fitted with solar power equipment.
- The Carbon Impact Assessment completed has confirmed that 29,215 tonnes of carbon emission (tCO₂e) will be prevented from reaching the atmosphere over the 60-year assessment period.

Inclusive Growth Implications

4.122 The scheme inclusive growth implications include:

- The long-term nature of the investment means that current and future tenants will benefit from the reduced cost of heating bills estimated to be up to £120 - £180 per household per annum. This contributes to tackling fuel poverty and levelling up people in social housing with homeowners who typically have more means to meet their heating bills.
- The installation process will create work experience and opportunities for employment and training and support apprenticeships that will be aimed at residents from the target communities via the delivery contract.
- As part of monitoring and evaluation the West Yorkshire Housing Partnership has a work stream to assess how this investment meets inclusive growth ambitions.

Equality and Diversity Implications

4.123 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.

4.124 The scheme equality and diversity implications are:

- The scheme will provide social housing tenants who tend to have more protected characteristics than people in other housing tenures, e.g. a disability, with the option of a cheaper electric tariffs to assist in increasing disposable income for other spending.
- Fuel poverty will be reduced for tenants and the health and wellbeing benefits of a warmer and more comfortable home will apply to those who have disabilities are older or stay at home more than average.

Consultation and Engagement

4.125 Together Housing Group brings a tried and tested approach to consultation, engagement, and communication with residents to the delivery of this scheme, based on its learnings in fitting solar to 250 homes in Lancashire. A suite of documentation is in place to assist residents in understanding what is on offer including a discounted tariff for electricity consumed at their home. Tenants have a choice about whether to opt into the solar scheme and will be supported in making the choice and arrangements for having the solar kit installed by resident liaison officers at their housing association.

Risks

4.126 The scheme risks and mitigations are:

- Residents not opting into the discounted tariff on the energy generated could undermine the financial model underpinning the project as it relies on residents of the homes hosting the solar systems 'opting in' to generate the highest revenues. Whilst power can be exported to the grid it would be for less income. The mitigation for this is to get residents to confirm their 'opt-in' by signing up to the systems, best in market tariff and standing charge before the solar is put on their home. It should be noted too that tenants keep their consumer right to switch provider after the installation.
- Supplier viability is a risk as the operating model is very reliant upon the unique service and pricing of the energy supplier. The risk will be mitigated through the due diligence element of the procurement process that will assure the financial resilience of all the small company partners appointed. It will also confirm their capacity to scale up with the resources to support this project to be a success. After that close partnership working with the energy supplier will pick up early warning signs.

Costs

4.127 The total scheme costs are £15,447,642, of which £5,447,642 is funded by the Combined Authority's Gainshare Fund.

4.128 The remaining £10,000,000 will be funded by the five registered social landlords participating in the scheme as follows:

- £4,000,000 from Together Housing Group
- £2,000,000 from Connect Housing
- £1,000,000 from Leeds Federated Housing
- £2,000,000 from Wakefield and District Housing
- £1,000,000 from Yorkshire Housing

4.129 On 22 July 2022 the Combined Authority approved development costs of £141,646 as part of West Yorkshire Climate and Environment Plan – Wave 1

4.130 There is a potential revenue income of £282,179 per annum to the Combined Authority from this project is anticipated based on the economic appraisal of the preferred option. This general revenue income will help the Combined Authority fund future projects.

4.131 The Combined Authority will enter into five funding agreements for expenditure of up to £5,000,000 from the Gainshare Fund with the five Registered Providers or social landlords in the partnership as follows:

- Together Housing Group: up to £2,000,000
- Connect Housing: up to £1,000,000
- Leeds Federated Housing: up to £500,000
- Wakefield and District Housing: up to £1,000,000
- Yorkshire Housing: up to £500,000

Future Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (Delivery Closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Policing, Environment and Place	31/09/2025

Other Key Timescales

- Signature of funding agreements with the five housing associations - 31 December 2023
- Start of delivery and installing Solar and Battery PV kit - 31 March 2024
- Completion of delivery of solar PV installations - 31 September 2025
- Financial Closure - 31 December 2025
- Project Evaluation complete - 30 June 2026

Assurance Tolerances

- 4.132 This approval is the first decision point for the scheme at committee. The assurance tolerances for the recommended approval in this report are:

Assurance tolerances
Combined Authority funding remain within +10% of those outlined in this report.
Completion/service delivery date remains within +6 months of those outlined in this report.
Outputs remain within -10% of those outlined in this report.

Appraisal Summary

- 4.133 The Combined Authority's solar programme aims to increase the deployment of Solar PV and battery storage across the region, and to establish trusted delivery and finance mechanisms for delivering Solar PV installations. This project sits within that programme and will enable the delivery of up to 1500 Solar PV and battery storage systems and provide proof-of-concept for an innovative scalable investment model of Solar PV delivery for multiple social housing providers. An adequate options appraisal been undertaken and the financial appraisal for each option completed. The critical success factors support the spending objectives of the investment proposal, are clearly described and comprehensive. The preferred way forward has a benefit cost ratio of 1.5:1 which is medium value for money.
- 4.134 The opportunity will be advertised via THG's procurement portal and this will comply with all public procurement rules and statutory requirements of RPs. The partner installing and operating the energy trading model are not being selected through a tender process, because they are the best and only sustainable partner the project can proceed with mainly because of the higher price per unit of electricity going into the National Grid that is substantially higher than the competition.
- 4.135 Once the IP4 funding review confirms full funding is allocated to deliver this scheme several conditions for approval to proceed will resolve some concerns highlighted by the appraisal. These include that the Combined Authority Commercial Team support the intended procurement route for all the elements of the project and have set out the due diligence required for all private sector delivery partners to assure their financial resilience and their capacity to deliver this project. Turning to the funding agreements with each Housing Association, including with THG as the lead housing delivery partner, the Combined Authority Legal Team should be satisfied the agreements are correctly structured to accurately reflect the distribution of responsibilities between the participating associations and contain the correct conditions for release of funding.
- 4.136 The evaluation for the project will be confirmed as part of the Domestic Net Zero Evaluation Plan and letters of funding commitment for the 2024/25 financial will be provided by the five housing associations prior to the project going into delivery.

4.137 The management case sets out the internal arrangements at the Combined Authority for the effective contract management of this project if the funding is approved.

Recommendations

4.138 The Combined Authority, subject to the conditions set by the Programme Appraisal Team approves that:

- (i) The Solar PV and Battery Storage – West Yorkshire Housing Partnership scheme proceeds through decision point 2 (strategic outline case) and decision point 4 (full business case) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £5,447,642 is given. The total scheme cost is £15,447,642.
- (iii) The Combined Authority enters into Grant Funding Agreements with the five Housing Associations for expenditure of up to £5,000,000 as follows:
 - Up to £2,000,000 with Together Housing Group
 - Up to £1,000,000 with Connect Housing
 - Up to £500,000 with Leeds Federated Housing
 - Up to £1,000,000 with Wakefield and District Housing
 - Up to £500,000 with Yorkshire Housing
- (iv) That approval to amend the funding levels to the five Housing Associations is delegated to the Director of Policing, Environment and Place.
- (v) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

Projects in Stage 2: Scheme development

4.139 There are no schemes to review at this stage.

Projects in Stage 3: Delivery and Evaluation

4.140 There are no schemes to review at this stage.

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)

Additional Approvals – Climate, Energy and Environment Committee delegation

12.1 The Combined Authority approves that:

- (i) Approval of the change request for the Better Neighbourhoods programme, to accept and spend up to £150,000 from the National Lottery Community Fund, is delegated to the Climate, Energy and Environment Committee.

Better Homes Hub

12.2 The Combined Authority, approves:

- (i) The change request to the Better Homes Hub programme for further development costs of £2,522,458 for Combined Authority costs and staffing resources to support delivery of the objectives and to revise the total scheme cost and Combined Authority contribution to the programme from £18,425,000 to £17,587,834
- (ii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Better Homes Hub Area-Based Schemes (Phase 1 – Calderdale)

12.3 The Combined Authority approves that:

- (i) The Better Homes Hub Area-Based Schemes (Phase 1 – Calderdale) proceeds through decision point 2 to 4 (business justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £1,086,760. The total scheme value is £1,086,760.
- (iii) The Combined Authority enters into a Funding Agreement with Calderdale Council for expenditure of up to £1,086,760.
- (iv) That delegated authority be granted to the Combined Authority's Senior Responsible Officer (Head of Economic Implementation), without the need to submit a formal change request for approval, if the partner council is unable to use its funding allocation, but another is.
 - To reallocate funding within the programme (and across area-based schemes)
 - To be able to approve changes to measures that are being installed to properties.
 - To be able to approve any changes to the location of where works will be delivered (within the agreed District)
 - To close the project if required, and / or amend outputs.
- (v) That delegated authority be granted to the Head of Economic Implementation and the Deputy Director, Legal, Governance and Compliance Services respectively in consultation with each other to finalise the Grant Funding Agreement and Funding Agreement Addendums such as Deed of Variations, Data Sharing Agreements between the Combined Authority and the partner councils, and any suppliers directly procured by the Combined Authority to support delivery of the area-based schemes, and all other related legal documents that may be required.
- (vi) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

The Better Homes Hub Low Interest Domestic Loans

12.4 The Combined Authority, subject to the conditions set by the Programme Appraisal Team approves that:

- (i) The Better Homes Hub Low Interest Domestic Loans scheme proceeds through decision point 2 – 4 (business justification) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £2,524,086 is given. The total scheme value is £2,524,086
- (iii) The Combined Authority enters into a Funding Agreement with the with the lending partner that is procured for expenditure of up to £1,996,175.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

Solar PV and Battery Storage – West Yorkshire Housing Partnership

12.5 The Combined Authority, subject to the conditions set by the Programme Appraisal Team approves that:

- (i) The Solar PV and Battery Storage – West Yorkshire Housing Partnership scheme proceeds through decision point 2 (strategic outline case) and decision point 4 (full business case) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £5,447,642 is given. The total scheme cost is £15,447,642.
- (iii) The Combined Authority enters into Grant Funding Agreements with the five Housing Associations for expenditure of up to £5,000,000 as follows:
 - Up to £2,000,000 with Together Housing Group
 - Up to £1,000,000 with Connect Housing
 - Up to £500,000 with Leeds Federated Housing
 - Up to £1,000,000 with Wakefield and District Housing
 - Up to £500,000 with Yorkshire Housing
- (iv) That approval to amend the funding levels to the five Housing Associations is delegated to the Director of Policing, Environment and Place.
- (v) Future approvals are made in accordance with the assurance pathway and approval route and tolerances outlined in this report.

13 Background Documents

13.1 None as part of this report.

14 Appendices

14.1 [Appendix 1 – Better Homes Hub - Area-Based Schemes \(Phase 1 – Calderdale\) Business Case Summary](#)

14.2 [Appendix 2 - Better Homes Hub - Low Interest Domestic Loans Scheme Business Case Summary](#)

14.3 [Appendix 3 - Solar PV and Battery Storage – West Yorkshire Housing Partnership Business Case Summary](#)