
Report to: Green Economy Panel

Date: 24 July 2018

Subject: Warm Homes Round 2a

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1. Purpose of this report

- 1.1 To provide an outline of the City Region's Warm Homes Round 2a funding application.

2 Information

Background

- 2.1 National Grid announced a £150 million Warm Homes Fund in 2017 to be managed through the National Grid's partner organisation; Affordable Warmth Solutions.
- 2.2 Local authorities and housing associations (social landlords) are eligible to apply for the fund, which is aimed at affordable heating solutions in fuel poor households, who do not use mains gas as their primary heating fuel.
- 2.3 The Leeds City Region has 156,000 fuel poor households, which represents an average fuel poverty rate of 11.5%, compared to 11.4% for England. However, there is considerable variation across the Leeds City Region with rates of 7% in Selby to over 18% within some areas in other local authorities.¹ This represents some of the worst in the country. Fuel poverty rates vary by tenure, such that the rate of fuel poverty in privately rented homes is twice that of owner-occupied homes.²
- 2.4 At national level, the Government has stated the intention to ensure that all fuel-poor homes achieve an Energy Performance Certificate level C by 2030. The main policy aimed at achieving this is the Energy Company Obligation (the ECO), which is now aimed exclusively at tackling fuel poverty. However,

¹ Department for Business, Energy & Industrial Strategy. Sub-regional fuel poverty, 2018.

² Building Research Establishment. BRE Client report: Dwelling level Stock Modelling and Database for Leeds City Region, 2017.

despite some moderate progress in achieving its interim objectives, recent reports³ find that ECO isn't working. The Committee on Fuel Poverty estimates that only 11 per cent of fuel-poor homes will have reached band C by 2017. Indeed as the estimates indicate, current levels of investment would not achieve the national target until 2091.

- 2.5 The Combined Authority has taken a prominent role in driving investment in energy efficiency and an active role in tackling fuel poverty through the Better Homes Yorkshire partnership. It has, since 2015 delivered measures in around 3,500 homes across both private and social sector housing. The partnership has sought to lever in local and national funding, and targeted households experiencing fuel poverty through locally set priorities.
- 2.6 The bid for funding will deliver against Priority 3 of the Strategic Economic Plan and tackle fuel poverty. The proposed scheme would build on the current Warm Homes Fund delivery to install 1700 first-time central heating systems. As mentioned above, there are an estimated 156,000 households in the City Region experiencing fuel poverty, therefore the programme has potential to improve 1% of the affected households over the next two years.
- 2.7 The bid aims to deliver heating systems across differing property tenure, including social housing, owner-occupied and privately rented properties. It will be delivered through local authorities and housing teams, providing referrals in conjunction with local stakeholders to target eligible households. One of the key local partnerships and route for referral is with local health partnerships. Public health teams and local GPs have been a source of individual referrals for householders experiencing poor health.
- 2.8 The Warm Homes Fund has entered the second year of a three year programme with approximately £63 million already allocated. The funding rounds are set out below:
 - Round 1 – September 2017
 - Round 2 – February 2018
 - Round 2a -September 2018
 - Round 3 – December 2018
- 2.9 The fund is split into three categories:
 - Category 1. Urban homes and communities: primarily aimed at new gas heating systems, it could also include heat network solutions.
 - Category 2. Rural homes and communities: primarily focused on non-gas solutions e.g. heat pumps, oil and LPG.
 - Category 3. Energy efficient/health related solutions – can involve national or regional programmes which bring together relevant organisations and charities to promote energy efficiency and health related programmes in relation to fuel poverty.
- 2.10 The Combined Authority secured £1.6 million of funding under Category 1 in November 2017. This will deliver over 700 new gas central heating systems. The Better Homes Yorkshire Partnership has led delivery of this current

³ Institute for Public Policy Research. Beyond Eco: The Future of Fuel Poverty Support, 2018.

Round 1 Warm Homes tranche of funding. To date 102 homes have qualified for the scheme and demand is higher than expected in some areas. Installation of measures under this funding tranche will be completed by March 2019.

Round 2a proposed bid

- 2.11 Led by the Combined Authority, all Leeds City Region local authority partners have begun to develop a bid for Round 2a of the Warm Homes Fund. Currently the bid aims to deliver:
- over 1000 new gas heating systems in fuel poor homes,
 - approximately 447 new gas mains connections, and
 - run over two winters (up to February 2021).
- 2.12 Subject to a successful application to Warm Homes, the Combined Authority would be the accountable body and would manage the fund. The programme will continue to be delivered through the Better Homes Yorkshire contract and its delivery partner Engie. The associated programme management would continue to be resourced through the Combined Authority's Delivery Directorate. Dedicated resources will be funded to support delivery of the programme (see Section 5).
- 2.13 Local authority owned and housing association properties (social housing) are within the scope of the bid and, subject to their own internal approvals, will provide match funding from local budgets.

Next Steps

- 2.14 The next steps are to continue to develop the bid with partners.
- 2.15 A finalised bid will be submitted prior to Round 2a's submission deadline of 28 September 2018.
- 2.16 Subject to securing the funding, it is anticipated that this new programme could commence from February 2019.

3 Financial Implications

- 3.1 There are no implications associated with this paper.

4 Legal Implications

- 4.1 There are no implications associated with this paper.

5 Staffing Implications

- 5.1 The Warm Homes Fund allows for up to 10 percent of administration and marketing costs to be claimed.

5.2 Project administration and programme support costs will be outlined in the final bid submission. These will include costs for a project manager (2 day/week) and programme manager (1 day/week) based in the Delivery Directorate.

6 External Consultees

6.1 The Better Homes Officer Group.

7 Recommendations

7.1 That the Panel note the new funding available and endorse a City Region Round 2a funding bid.

8 Background Documents

8.1 None.

9 Appendices

9.1 None.