

Meeting:	Executive
Meeting date:	11 March 2025
Report of:	Director of Housing and Communities
Portfolio of:	Councillor Michael Pavlovic, Executive Member for Housing, Planning and Safer Communities Councillor Jenny Kent, Executive Member for Environment and Climate Emergency

Housing Retrofit Update

Subject of Report

1. Around a third of the city's carbon emissions are produced through our homes. Reducing this energy consumption alongside the transition to low carbon heating systems is vital in enabling York to transition into a carbon neutral city.
2. Alongside the climate challenge, our residents have experienced a significant cost of living crisis which has hit lowest income families the hardest. This has resulted in less people being able to afford to adequately heat their home, which is known to have a significantly negative impact on both our mental and physical health. In order to help tackle this issue the council has been leading on a number of energy efficiency retrofit projects.
3. This report seeks decisions to deliver further retrofit works in the private and social housing sector as well as supporting future retrofit activity through advice and support.
4. In addition, an update on progress for council led residential retrofit activity is included, covering works to both improve both council housing stock and homes in the private sector. This work is motivated around three key objectives, to reduce the city's impact on climate change, to reduce fuel poverty, and to improve health outcomes for residents.

5. In 2024, central government grant funding opportunities were made available through the Warm Homes programme. The City of York Council submitted high ambition applications in order to accelerate retrofit delivery in the city. Under the Warm Homes: Local Grant (WHLG) programme the council applied for up to £7.38m of funding to deliver retrofits for low-income households in the private sector. Alongside this, the council submitted a grant application for up to £1.9m of retrofit grant (with £1.5m match funding requirement) under the Warm Homes: Social Housing Fund Wave 3 (SHF3) fund.
6. The government have confirmed that the total amount of the grant funding applications received nationally is significantly in excess of the level of funding available. In respect of the WHLG programme, applications exceed the available grant funding by more than 3.5 times. Therefore, it is likely that some authorities will receive no grant and many authorities will receive a grant offer significantly below their grant application level. The City of York Council has a strong track record in delivering retrofit works. This gives confidence that the council will receive a grant offer. The expectation is that City of York Council will find out the outcome of the bids in March. Due to the conditions of the grant funding, any offer made will need to be formally accepted through the signing of a Memorandum of Understanding before the end of March. This report therefore seeks the required delegated authorities to accept any grant funding offers which the council receives alongside delegated authorities to procure partners to enable the retrofit works to be delivered.

Benefits and Challenges

7. The key benefits of making the decisions outlined in the report are:
 - a) Noting the progress achieved so far in retrofit works and energy efficiency schemes undertaken by the council, both completed and ongoing projects, in working towards the council's ambition to be a net zero carbon city by 2030.
 - b) Noting the proposed future options and proposals to assist the able to pay market to undertake retrofit works and energy efficiency measures within the private sector.
 - c) Enabling the council to deliver the Warm Homes: Local Grant project between 1 April 2025 and 31 March 2028, to enable properties to receive energy efficiency and retrofit measures, with measures being aimed at properties with an energy

performance certificate (EPC) rating of D, E, F or G, and where households reside with Indices of Multiple Deprivation (IMD) Income Deciles (ID) 1-2 areas, or the housing can demonstrate receipts of a specified means tested benefit, or the household income is £36,000 a year or less.

- d) Enabling the council to deliver the Warm Homes: Social Housing Fund Wave 3 project to carry out energy efficiency upgrade in council homes, subject to a positive grant funding outcome. With measure being aimed at improving insulation and heating systems for warmer homes and to help tenants reduce energy bills. Measures proposed include the provision of low carbon, renewable based communal heating systems in place of existing expensive and higher carbon storage heater and immersion hot water systems. The communal areas of the schemes would also benefit from the upgrade.

Policy Basis for Decision

8. All the updates and proposals, align with several of the council's Core Commitments, including:
- **Affordability** – retrofit works including improved thermal performance and more efficient heating systems reduce costs for low income households.
 - **Climate** – the works proposed in this paper will reduce carbon emissions through better insulated homes and low or zero carbon heating systems.
 - **Health** – improving the health of residents of York through improvement to thermal efficiency to help people stay warm in their homes.

In addition, they will also support the Council Plan priorities and the council's ambition to be a net zero carbon city by 2030.

- a) **Health and wellbeing: A health generating city, for children and adults.**

Exposure of residents to excess cold exacerbates a range of health conditions and contributes to increased hospital admissions during the winter months. Older and disabled residents are particularly at risk from excess cold. Retrofitting homes will make tangible improvements to the energy

performance of dwellings thereby reducing incidents of excess cold and associated ill health. Excess cold and unaffordable utility bills are also factors which can contribute to mental ill-health. Therefore, these projects can provide a positive base for improved mental health for residents.

b) Education and skills: High quality skills and learning for all

Retrofit of existing homes requires a skilled workforce and is labour intensive by the nature of the work involved. People working in the construction industry are typically paid above the national average. Utilising central government grant funding to deliver works creates opportunities for the supply chain to engage in training and skills development.

c) Economy and good employment: A fair, thriving, green economy for all.

The projects will invest millions of pounds into the local green economy.

d) Sustainability: Cutting carbon, enhancing the environment for our future.

Carbon emissions from the residential sector accounts for a third of all carbon emissions in York. Retrofit improves the thermal performance of existing dwellings, reduces heating demand, transitions homes to low carbon solutions, and thus reduces reliance on fossil fuels.

Financial Strategy Implications

9. At the time of writing this report, it is not known what level of grant funding the council will receive. The WHLG programme funding is designed to cover 100% of the costs of the works. Therefore, the council is not required to make any financial contribution. The grant covers the costs of retrofit works in homes but also related design and internal staffing costs to run the programme. The government have confirmed that all offers made will be of sufficient scale to enable the employment of staff to support the works.
10. The SHF3 programme requires match funding. Should the council receive the entirety of the grant application of £1.9m, the Housing Revenue Account (HRA) is required to match fund this with £1.5m. The programme will run for three years and £500k per year has been notionally set aside in the capital programme budget to enable the delivery of this work. A grant offer of less than £1.9m would

require less match funding from the HRA. However, in this scenario, any amount not required for match funding would be utilised to deliver standalone retrofit works in council homes.

Recommendation and Reasons

11. Recommendations

Executive are asked to:

- a) Delegate authority to the Director of Housing and Communities in consultation with the Director of Finance, and Director of Governance, to accept funding offered by the Department of Energy Security and Net Zero for the Warm Homes: Local Grant programme and to sign the memorandum of understanding to enable delivery of the works.
- b) Delegate authority to the Director of Housing and Communities in consultation with the Director of Finance, and the Director of Governance, to procure a partner to the deliver the Warm Home: Local Grant programme, including entering into the delivery contract with the successfully procured new partner for April 2025 to March 2028 or March 2030 if funding is provided beyond 31 March 2028.
- c) Delegate authority to the Director of Housing and Communities in consultation with the Director of Finance, and the Director of Governance, to accept funding offered by the Department of Energy Security and Net Zero for the Warm Homes: Social Housing Fund programme and to sign the memorandum of understanding to enable delivery of the works.
- d) Delegate authority to the Director of Housing and Communities in consultation with the Director of Finance, and the Director of Governance, to procure a partner to the deliver the Warm Home: Social Housing Fund project, including entering into the delivery contract with the successfully procured new partner for April 2025 to March 2028.

Reason: To deliver the council's ambitions for minimising the energy bills of those residents facing financial challenges, supporting health and wellbeing, building the local green economy, and retrofit supply chains, and reducing carbon emissions in the

city and to ensure the provisions of the Subsidy Control Act 2022 are complied with.

Background

12. In 2019, City of York declared a climate emergency and set an ambition for York to be carbon neutral by 2030. Whilst the council is taking a leading role in achieving this ambition, the council itself is directly responsible for less than 4% of the total emissions in York, and so enabling others in the city to act is essential if we are to achieve this net zero carbon ambition for the city by 2030.
13. This vision is something which is shared with residents of York, with 80% of respondents agreeing with York's net zero carbon city ambition by 2030, and with 70% of residents having already taken action to reduce their carbon footprint. With these results coming from the Big Conversation discussion in the city.
14. To achieve this target reductions in carbon from the current emission level of 936 ktCO₂E (kilo tonnes of carbon dioxide equivalent) per year to zero by 2030 will be needed. This is a significant and challenging task, particularly as buildings account for 61.9% of emissions (York Climate Change Strategy 2022-2032).
15. Domestic buildings account for 31.8% of the total emissions in York, or approximately 297.6 ktCO₂E per year, and so are a significant source of carbon in the city. This is further supported by the York Climate Change Strategy which identified that emissions from domestic buildings (homes) would need to reduce by 56% by 2030, with this to be achieved through:
 - **Improving energy efficiency in existing buildings**
Insulating and investing in fabric improvements to reduce energy demand.
 - **Reducing emissions from new buildings**
Design and build new developments that minimise energy use and emissions.
 - **Moving away from gas heating systems**
Increase the uptake of renewable heating systems and improve the efficiency of remaining gas boilers.
 - **Switching to energy efficient appliances and green energy tariffs**

Upgrade appliances at home and work to use less energy and save money; and purchase energy from renewable sources.

- **Making our buildings climate resilient**

Protect our built environment from potential flooding and overheating.

16. Improving energy efficiency in existing buildings, through insulation and investing in fabric improvements to reduce energy demands, as well as increasing the uptake of renewable heating systems, represents a significant challenge. But one which must be met to deliver the overall net zero ambition.
17. 2021 census data shows there are 85,458 households in York, of which 65.9% (56,354 homes) were owner occupied, 20.1 % (17,180) were privately rented, and 14% (11,924 homes) were socially rented (11,924) including council homes (ONS 2021 Census (TS054)).
18. Of these homes, approximately 45% of homes are believed to have an energy performance certificate (EPC) rating of A to C in York (August 2024), meaning that 55% of homes have an EPC of D or below and being the most energy inefficient properties.
19. This means that in York around 47,000 homes are classed as EPC D or below, with around 31,000 of these being owner occupied and 10,000 being privately rented.
https://www.nomisweb.co.uk/sources/census_2021/report?compare=E06000014#section_7 Of these 41,000 it is estimated that only 5,000 households are eligible for grant funded measures under the current funding criteria.
20. A Retrofit Action Plan was approved by the council's Executive in December 2022, setting out plans for decarbonising homes in York and tackling fuel poverty across all tenures. This Plan builds on the Climate Change Strategy, identifying clear actions required in the residential sector to meet these aspirations. Amongst the key priorities identified are to "Maximise delivery of future government programmes" in the private sector to tackle fuel poverty and accelerating the expansion of retrofit skills in the sector.
21. The Retrofit Action Plan identifies the need to increase skills and capacity as a key requirement of meeting the council's decarbonisation aims. Specific commitments include:

- Ongoing skills programme for our in-house Building Services team to increase our own capacity to deliver works; and
 - Extending existing links with local colleges in addition to other training providers to develop a retrofit skills pathway
22. The council has been highly successful to-date in attracting grant funding to accelerate retrofit works across private rented, homeowner and social housing tenures. This work has directly supported residents in fuel poverty by significantly improving the energy performance of their home, through schemes such as LAD1B, LAD2, LAD3, HUG1, HUG2, and WHLG.
23. Collectively these programmes are anticipated to deliver energy efficiency improvement and carbon reduction measures to around 772 homes within the city, these schemes are principally aimed at those on means tested benefit, low income, or people who reside within Indices of Multiple Deprivation (IMD) Income Deciles (ID) 1-2 areas.

Progress in delivering Retrofit works

24. Central government funded retrofit works are required to be undertaken utilising an exacting PAS2035 design and assurance standard. These works are delivered by a relatively immature retrofit market at a time of significant cost inflation. Alongside the supply chain skills shortage, the council has needed to develop expertise in this field to support the delivery of these works. This has created significant challenges in delivering retrofit works at scale within the very short timescales which are associated with existing government grant funding programmes. Despite these challenges the council has made significant progress in delivering retrofit works to date.

A) COMPLETED PRIVATE SECTOR PROPERTY RETROFIT PROJECTS

25. In the private sector, retrofit works have previously been delivered utilising grant funding secured through Local Authority Delivery Phase 1B (LAD1B), Local Authority Delivery Phase 2 (LAD2), Local Authority Delivery Phase 3 (LAD3), and Home Upgrade Grant 1 (HUG1) schemes.
26. Under these schemes the council has improved 211 homes in York with 241 measures, as shown in the table below.

York Private Sector Housing Retrofit Measures Completed	Number
Air Source Heat Pumps	2
Cavity Wall Insulation	14
External Wall Insulation	7
Hybrid Air Source Heat Pumps	10
Loft insulation	66
Room in Roof Insulation	15
Smart Heating Controls	10
Solar Photo Voltaic Panels	116
Underfloor Insulation	1
Total	241

B) COMPLETED COUNCIL PROPERTY RETROFIT PROJECTS

27. In respect of works completed to council homes, the council has delivered energy efficiency and retrofit measures through grant funding from the Local Authority Delivery Phase 2 scheme (LAD2) and the Social Housing Decarbonisation Fund Wave 1 (SHDF1) grant, with City of York Council contributing towards the costs of the schemes via money allocated from the Housing Revenue Account.
28. Under these schemes the council has improved 73 council owned homes with 141 measures, as shown in the table below.

York Council Housing Retrofit Measures Completed	Number
Cavity Wall Insulation	17
Doors	10
External Wall Insulation	1
Flat Roof Insulation	4
Hybrid Air Source Heat Pumps	17
Loft insulation	2
Smart Heating Controls	9
Solar Photo Voltaic Panels	71
Windows	10
Total	141

C) CURRENT PRIVATE SECTOR PROPERTY RETROFIT PROJECT UPDATES

i) Local Energy Advice Demonstrator (LEAD) Project

29. The LEAD project is a Northeast and Yorkshire Net Zero Hub funded scheme which will end on 31 March 2025.
30. The LEAD project was awarded £500k of grant funding and commenced in November 2023, with the aim to provide home energy-efficiency and carbon literacy advice to 475 residents in York, before the end of March 2025.
31. Advice is provided to help residents understand the requirements of their properties and empower them to approach installers, particularly in homes/buildings which are 'hard to treat'.
32. During the project the council has worked in partnership with organisations including the Joseph Rowntree Housing Trust, the York Conservation Trust, the York Travellers Trust, and Leeds Beckett University, who have delivered retrofit assessment in properties in York.
33. Home energy retrofit and safe space training has been provided, including hosting three sessions at the council owned Gypsy and Traveller sites to encourage engagement in energy retrofit, and to undertake a workshop at providing energy retrofit advice to the housed Gypsy and Traveller community. The York Travellers Trust have also received energy advice to enable further engagement with the communities.
34. To date, 452 home energy efficiency advice 'interventions' have taken place. The table below outlines current strong performance in the delivery of advice against the project's KPI's.

LEAD KPI Performance to date		Number to date	Target
KPI 1	Number of people provided with in-person advice	452	475
KPI 2	Number of households with retrofit measures installed following advice	7	35
KPI 3	Customer satisfaction score with advice	100%	85%

Additional KPI 1	Harder-to-treat homes identified locally, and barriers to retrofit identified and overcome resulting in projects that can be taken forward with confidence of high-quality installation to a supplier	184	195
Additional KPI 2	Vulnerable consumers identified locally, and barriers to retrofit identified and overcome resulting in projects that can be taken forward with confidence of high-quality installation to a supplier	82	75
Additional KPI 3	Homes at EPC D and below provided with an informed options appraisal to decarbonise and/or achieve a minimum EPC C	184	195
Additional KPI 4	Homes with fossil fuel heat sources provided with design options to substantially decarbonise heating	19	60
Additional KPI 5	Customer reporting that they understand the steps to reduce energy use in their home and are intending to carry out upgrade measures	83%	70%

ii) Retrofit One Stop Shop York (ROSSY) Project

35. The Retrofit One Stop Shop (ROSSY) project is funded by Innovate UK. Funding comes to an end in November 2025.
36. ROSSY is a council led project supported by 7 partners, these are: BrightSparks Agency, University of York, York Community Energy, Energy Systems Catapult, Wrapt Homes, York and North Yorkshire Combined Authority, and Abundance Finance.
37. The partnership has been created with the aim of resourcing and creating an end-to-end, home energy-efficiency retrofit online platform that will take York residents through the entire retrofit journey from initial enquiry through to the delivery of works.
38. The partnership works together to ensure maximum resident engagement, thorough monitoring and evaluation, and the use of innovative technologies to promote the benefits of retrofit. The

scheme also seeks to create Community Champions, provide training to installers, create a robust and accredited supplier marketplace, and create new finance opportunities, external to those via central government funding.

39. Progress to date has seen the launch of the digital platform Yor Energy (www.yorenergy.co.uk) in October 2024. In addition to the platform, two CYC properties will be upgraded through a deep retrofit as ‘Demonstrator Homes’ for potential customers to visit or view before being re-used as council homes with significantly reduced fuel bills and improved thermal performance for future residents.

iii) Home Upgrade Grant 2 (HUG2) Project

40. The HUG2 project, funded by the Department of Energy Security Net Zero, will end on 31 March 2025.
41. HUG2 is a £1,242k grant funded scheme to deliver retrofit and energy efficiency measures to 60 properties in York, through the provision of fabric measures and heating upgrades to off-gas rural properties, apartments with all electric heating, and properties with old non-gas heating (e.g. storage heaters).
42. HUG2 is aimed at off gas properties with an energy performance certificate (EPC) rating of D, E, F or G, and where the household income is £36,000 a year or less and is currently being delivered in partnership with Clear Climate Ltd, following a successful procurement process.
43. The table below demonstrates progress against the KPI’s for the project. It is anticipated that the target of 60 home upgrades will be achieved before the funding deadline.

HUG2 Performance to date	Number	Target
Sign ups	106	80
Retrofit assessments	78	80
Properties submitted to batch approval	62	70
Installs in progress	27	60

Installs completed	13	60
Installs signed off	4	60

44. For the 44 completed or in progress installations, the following measures have been, or are being, installed:

45.

HUG2 Housing Retrofit Measures Completed	Number
Loft Insulation	26
Cavity Wall Insulation	7
External Wall Insulation	2
Internal Wall Insulation	16
Room in Roof Insulation	9
Underfloor Insulation	2
Air Source Heat Pumps	30
Digital/Smart Controls	31
Solar PV	21
Double or Secondary Glazing	3
External Doors	2
High Heat Retention Storage Heaters (for Flats)	10
High Heat Retention Storage Heaters (for Houses)	14
Total	173

iv) Retrofit Skills Project

46. Recent estimates suggest that to retrofit all of York and North Yorkshire's domestic properties by 2030, the region would require 15,000 more tradespeople in the supply chain.

47. To start addressing the projected imbalance between supply and demand, £128k of Shared Prosperity Funding is being utilised to undertake a project with York College to upskill or retrain 60 York residents or businesses, enabling them to expand their retrofit delivery opportunities.

48. The courses being offered include:

- Level 3 Solar PV Installation and Maintenance
- Level 3 Air Source Heat Pump Installation and Maintenance
- Level 3 Electric Vehicle Installation and Maintenance

- Level 3 Introduction to Retrofit
- Level 3 Domestic Energy Assessor and Retrofit Assessor
- Level 5 Retrofit Coordinator

49. All 60 places have been filled and trainees are set to complete their training by 31st March 2025.

v) ECO4 & GBIS Project

50. At the decision session for the Executive Member of Housing, Planning and Safer Communities, in July 2024, a recommendation was approved to create a partnership with Agility Eco to deliver the Energy Company Obligation (ECO4) and Great British Insulation Scheme (GBIS) in York, and allow the signing of a Memorandum of Understanding and Data Sharing Agreement between the council and Agility ECO. This enables York residents to more easily benefit from these programmes.

51. ECO4 and GBIS are government energy efficiency schemes run by Ofgem, which are intended to run from April 2022 to March 2026.

52. The main aim of these schemes is to support low income and vulnerable households to

- install energy saving measures
- improve the efficiency of the lowest rated homes

53. Since July 2024 negotiations on the provisions of the contract with Agility Eco have been concluded and a Memorandum of Understanding and Data Sharing Agreement have been signed following consultation with the Director of Governance (and their delegated officers).

vi) Public Health 'Warm and Well' Service

54. It is a common occurrence, during the winter particularly, that residents are admitted to hospital due to health conditions that have been exacerbated by cold and damp in their homes.

55. In response, the ICB and Public Health service have provided £68k to carry out retrofit assessments, provide draughtproofing and ventilation measures, and give energy efficiency and retrofit advice to 50 York residents that are at risk of ill-health due to their current living conditions.

56. The delivery period of the scheme commenced on 1st January 2025 and run until 20th June 2025.
57. Marketing of the scheme is ongoing and a target of 15-20 customer installs by the end of March 2025 has been set. It is anticipated that the target of 50 will be achieved by June.

D) CURRENT COUNCIL PROPERTY RETROFIT PROJECTS

i) Social Housing Decarbonisation Fund Wave 2 (SHDF2)

58. This programme follows the successful application of grant funding for £1,033k from BEIS, with match funding from the HRA of £1,104k to deliver measures to 135 council homes. These works consist of:
- A whole property renovation project including External Wall Insulation and heat pumps alongside the installation of 40 replacement 'pods' at Bell Farm
 - External Wall Insulation works to the solid wall ginnel section of 90 mid-terrace houses
 - External Wall Insulation works for 5 solid wall flats as part of a pilot to inform future work programmes
59. There have been multiple challenges in the delivery of these schemes, however an agreed plan is in place to complete delivery within the grant timescales. The challenges largely relate to the complexity of works with a supply chain that is. Works are underway for 119 of the properties, with completions expected from March 2025.

ii) Net Zero Fund grant for Alex Lyon House and Honeysuckle House renewable heating upgrades

60. As part of the HRA Asset Management Plan and the Retrofit Action Plan, it is identified that electric storage heaters and immersion hot water tanks result in high costs for residents and it is an aim to phase these out through component upgrades over time.
61. Replacement of these systems is complex, particularly when carried out at larger apartment schemes such as Alex Lyon House and Honeysuckle House. The 62 flats plus communal areas constitute a significant proportion of the total storage heater systems currently installed across the council's flats.
62. £1,895k of grant funding has been secured for the schemes, through the York & North Yorkshire Combined Authority Net Zero

Fund.

63. Funded works include Solar Photovoltaic panels as part of the renewable heat pump heating system with an associated energy storage element. This comprehensive energy upgrade is planned to bring significant cost reductions for residents, predicted at 50% alongside achieving a high level of thermal comfort throughout the winter.
64. The Net Zero Fund represents a significant opportunity to improve the council's homes for residents who face financial challenges and to increase investment in the city and council housing stock. These works are expected to be complete by June 2025.

E) FUTURE PRIVATE SECTOR PROPERTY RETROFIT PROJECTS

i) Warm Homes Local Grant (WHLG) Project

65. The Warm Homes: Local Grant is a government-funded programme, delivered by Local Authorities, to improve energy efficiency for low-income households in the private sector. Grants are provided for energy performance upgrades and low carbon heating.
66. WHLG is aimed at providing financial support for households which reside within Indices of Multiple Deprivation (IMD) Income Deciles (ID) 1-2 areas, or households which can demonstrate receipt of a specified means tested benefit, or households with an annual gross income below £36,000.
67. The grant is aimed at owner occupier and private tenanted sector households with an EPC rating within bands D to G. Landlords are required to make a 50% cost contribution for any additional homes upgraded after the first. However, tenants are not required to make any contribution.
68. Capital grant funding of up to £30k per home will be available to households, with £15k per home available for energy performance upgrades and £15k per home for low carbon heating.
69. All upgrades must adhere to the latest PAS 2035:2023 guidance, and installers must be Trustmark registered and PAS 2030:2023 certified for energy performance measures and/or MCS certified for low carbon heating measures.

70. An application for funding of £6.27m for capital works and £1.1m for administration and ancillary costs was submitted. However, the government have confirmed that the programme is oversubscribed by more than 3.5 times of the available funding. Given the City of York Council's positive track record of delivery, it is hoped that a grant offer will be forthcoming in March. Funding will run from April 2025 to March 2028.
71. To provide an indication of the level of potential delivery, should the council receive a grant offer of around £1m, this would enable the installation of energy efficiency and low carbon heating measures in around 70 homes in York This is based on an indicative average cost of around £12.5k per property. £2m would deliver 140 retrofits, £3m around 210 retrofits, and so on.
72. Subject to a successful grant offer and to enable a prompt start to delivery of the WHLG project in April 2025, an extension to an existing procured contract with delivery partner Clear Climate Ltd is proposed for a period of one year. This would enable the year one works to be delivered whilst a plan for years 2 and 3 delivery is finalised.
73. This report seeks delegated authority to enter into a MOU to accept any grant offer received and to procure delivery partners.

F) FUTURE COUNCIL PROPERTY RETROFIT PROJECTS

i) Warm Homes Social Housing Fund Wave 3 (SHF3)

74. A bid for £1.85m grant funding from the Warm Homes: Social Housing Fund Wave 3 energy efficiency programme was submitted to the Department of Energy Security Net Zero (DESNZ) to upgrade approximately 192 council properties over the next 3 years (April 2025 to March 2028) in a £3.35m programme.
75. A £1.5m of HRA co-funding contribution has been identified to support this programme, which includes project management staffing in addition to full Assessment, Retrofit Coordination, Design and Works in accordance with the PAS 2030 and PAS 2035 standards.
76. The proposal is designed to meet the priorities of the council's Retrofit Action Plan, improving the thermal insulation of HRA homes that are partially or entirely lacking wall insulation. The government

have confirmed that the level of grant application received is significantly in excess of the level of funding available, therefore many authorities will receive no or only a partial grant offer. Given the council's positive track record of retrofit delivery, it is hoped that a grant offer will be received, albeit this may be below the application submitted due to high demand nationally.

77. The table below summarises the planned retrofit delivery should a grant offer be received that meets the application in its entirety. Should a partial offer be received then this programme of works would be scaled down. However, the council's notional retrofit investment funding of £1.5m could continue to be utilised, with some utilised as match funding under SHF3 and some for standalone non-grant funded retrofit works. This report seeks delegated authority to enter into a MOU to accept any grant offer received and to procure delivery partners.

Type	Estimated properties over 3 years and works
Mid terrace properties with solid "ginnel" wall	60 Partial External Wall Insulation (EWI)
Ground floor solid wall flats as part of mixed construction block	67 Full EWI
1960s mixed construction type including bungalows, houses and flats	25 Partial EWI, potentially PV for bungalows where this is best way to achieve EPC C
Non-traditional types pilot	5 Full EWI
Other property types with predominantly insulated thermal envelope at EPC D, for heat pump installation	35 Heat pump pilot with performance monitoring and tenant support

G) AWARDS RECEIVED FOR RETROFIT WORK

78. The City of York Council has been recognised regionally and nationally for the work undertaken in relation to Energy Efficiency, Decarbonisation and Retrofit in the City.

79. In June 2024, at the Yorkshire Energy Efficiency Awards 2024, City of York Council received an award for the regional large scale project of the year with this award being received for work undertaken in the Social Housing Decarbonisation Fund Wave 1 (SHDF1) project.
80. At the Yorkshire Energy Efficiency Awards 2024, City of York Council were also highly commended in the regional council or local authority body of the year award category.
81. In November 2024, at the Community Energy England Awards 2024, City of York Council received a highly commended award in the supportive local authority category for its support of York Community Energy.

Consultation Analysis

82. Consultation has been undertaken with external stakeholders, Council Members and officers at various stages of each project and on key priorities identified within the Retrofit Action Plan. The Retrofit Action Plan was developed in consultation with city partners and Scrutiny. It is considered that the recommendations of this report are well aligned with the approved Retrofit Action Plan.

Options Analysis and Evidential Basis

83. The options the Executive could consider in respect of this report are below:
 - a) **Option 1** – to accept any grant funding offers received, under the Warm Homes Local Grant and Warm Homes Social Housing Fund schemes, in order to enable the delivery of the retrofit works outlined in this report.
 - b) **Option 2** – to not accept the grant funding offer outlined above, and to therefore not deliver the retrofit works outlined in this report.

Analysis

84. It is recommended that the Executive approves Option 1 and the recommendations outlined in paragraph 11. This provides the most comprehensive response to the ambitions of improving the energy

efficiency of homes in the city, which will maximise the reduction in carbon emissions and maximise the benefits for residents through warmer homes which are more energy efficient and more affordable to heat.

85. Option 2, if taken, would reduce our capacity to deliver retrofit works over the coming 3 years.

Organisational Impact and Implications

86. *Financial*

The WHLG grant is for properties in the private sector, with 20% of funds for each year of the three year programme being awarded as an upfront payment, at the start of each financial year and the remainder of the grant awarded as part of a batch application process.

Administration and ancillary costs can be claimed by CYC and the contractor up to an anticipated maximum combined value of £1.1 million. CYC internal resources costs are to be contained within this value.

The SHF3 grant is for properties in the public sector and is match funded with £1.5m of funds from the Housing Revenue Account Major Repairs Reserve. Administration and ancillary costs up to 15% can be claimed by the council to cover the management costs of these works.

87. *Human Resources*

Any additional resource required to administer or help deliver the WHLG project will be established and resourced in accordance with council policy using existing resources where feasible.

88. *Legal*

This report recommends accepting further government grant funding to continue successful delivery of improved home energy efficiency initiatives. The council will in turn make grant funding available to households and undertake delivery of works through partners procured via compliant routes. Legal services will provide the project team with advice on grant funding terms and any subsidy control

implications.

89. ***Procurement***

The proposed works and services for the HUG2 project have been commissioned via a compliant procurement process under the Public Contract Regulations 2015 and the council's Contract Procedure Rules. The Commercial Procurement team have been consulted alongside Legal Services throughout the process to ensure the council is achieving value for money whilst delivering the contract.

The Commercial Procurement team are also supporting the Net Zero Fund projects alongside Legal Services to ensure the council is achieving value for money alongside compliance with all necessary procurement requirements whilst delivering the required works.

Should any additional requirements for services or works arise, Procurement must be a tool to deliver those outcomes. Services and/or works must be procured via a compliant process in accordance with the council's Contract Procedure Rules and where applicable, the Public Contract Regulations 2015 (soon to be Procurement Act 2023). Further advice regarding the procurement process and development of procurement strategies must be sought from the Commercial Procurement team.

90. ***Health and Wellbeing***

Climate change is one of the biggest public health issues of our time. NICE estimate that older adults living in 'hard to heat' homes contribute to 28,000 additional deaths each year and is a major contributor to avoidable hospital admissions. This project seeks to put in more affordable and lower carbon heating solutions to housing that is designed for older adults. As well as contributing to achieving the city's 'net zero' pledge, a project like this supports the delivery of the health and wellbeing strategy ambition to be an 'age friendly city'.

Implementing net zero policies would result in substantial reductions in mortality by 2050, according to a modelling study published in [The Lancet Planetary Health](#). However improving living standards also contribute to a reduction in people living with fewer health conditions including mental health issues, depression and anxiety, cardiovascular disease and asthma by reducing exposure to cold air

and pollutants.

91. ***Environment and Climate action***

Domestic retrofit to improve the energy efficiency of homes across York is vital to achieving our climate change ambitions. The proposed approach for the Warm Homes: Local Grant programme and Social Housing Fund programme, will deliver positive outcomes towards these ambitions

92. ***Affordability***

In addition to providing warmer homes with reduced costs for those residents on low incomes this work will provide skilled employment opportunities in the city.

93. ***Equalities and Human Rights***

The council recognises, and needs to take into account its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).

A comprehensive Housing Asset Management and Energy Efficiency Retrofit Plan 2023-2028 EIA was undertaken and submitted as part of the plan taken to Executive on 15 December 2022.

This report highlights the positive impact that such schemes will have on older residents, disabled residents and those facing financial difficulties, both in terms of health and wellbeing and affordability.

94. ***Data Protection and Privacy***

The data protection impact assessment (DPIAs) screening questions were completed for the recommendations and options in this report and as there is no personal, special categories or criminal

offence data being processed to set these out, there is no requirement to complete a DPIA at this time – reference AD-11814.

However, this will be reviewed following the approved recommendations and options from this report and a DPIA completed if required.

95. ***Communications***

Communications implications will involve announcing the various planned projects and communicating with households which will benefit from having these energy efficiency measures installed in their homes. This includes any current campaigns to promote ongoing projects and will include a new phase of campaigning to take up the projects outlined in the report. Comms can assist with robust communications and engagement planning, as well as being on hand to deal with any reactive enquiries.

96. ***Economy***

The work covered by this report supports delivery of the Economic Strategy and Skills Plan and demonstrates the benefits of aligning UKSPF skills funding on supporting retrofit training. There are significant potential economic benefits for York in accelerating our work on retrofit and preparing our workforce through skills development. The work covered in this report will lead to around 60 people being trained in the necessary new skills.

Risks and Mitigations

97. Retrofit works are complex. They require careful design and implementation in order to ensure home improvements in the long term. Detailed engagement took place at all stages of the development of the Retrofit Action Plan which informs these programmes alongside consideration of emerging good practice and the experience of other authorities.

98. All risks are monitored through project risk registers for each programme of works with governance in place to ensure these risks are continually reviewed and appropriate decisions are made in response.

99. Executive need to be aware that should the council under deliver on the works described in the funding agreements, the council may be

asked to return the proportion of grant income received against the under-delivery. This would mean it could place some pressures on revenue budgets for staffing costs which would have been paid for from the grant funding.

Wards Impacted

100.All

Contact details

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Background papers

City of York Council Executive 18 April 2024 Decisions – Housing Retrofit Update

<https://democracy.york.gov.uk/documents/g13938/Decisions%20Thursday%2018-Apr-2024%2017.30%20Executive.pdf?T=2&CT=2>

Housing Asset Management and Energy Efficiency Retrofit Plan 2023-2028 Equalities Impact Assessment

<https://democracy.york.gov.uk/documents/s164358/Annex%20B%20-%20Equalities%20Impact%20Assessment.pdf>

Annexes

None

Abbreviations

BEIS	Department for Business, Energy, and Industrial Strategy
DESNZ	Department of Energy Security Net Zero
DPIA	Data Protection Impact Assessment
ECO4	Energy Company Obligation
EPC	Energy Performance Certificate
EWI	External Wall Insulation
FTE	Full Time Equivalent
GBIS	Great British Insulation Scheme
HRA	Housing Revenue Account
HUG1	Home Upgrade Grant Wave 1
HUG2	Home Upgrade Grant Wave 2
ICB	Integrated Care Board
ID	Income Deciles
ILC	Independent Living Communities
IMD	Indices of Multiple Deprivation
KPI	Key Performance Indicator
ktCO2E	Kilo Tonnes of Carbon Dioxide Equivalent
LAD1B	Local Authority Delivery Phase 1B
LAD2	Local Authority Delivery Phase 2
LAD3	Local Authority Delivery Phase 3
LEAD	Local Energy Advice Demonstrator
NICE	National Institute for Health and Care Excellence
ONS	Office National Statistics
PAS	Publicly Available Specification
ROSSY	Retrofit One Stop Shop York
SHDF2	Social Housing Decarbonisation Fund Wave 2
SHF3	Warm Homes: Social Housing Fund Wave 3
SLA	Service Level Agreement
Solar PV	Solar Photo Voltaic
UKSPF	UK Shared Prosperity Fund
WHLG	Warm Homes: Local Grant