

**Notice of a public
Decision Session - Executive Member for Housing and Safer
Neighbourhoods**

To: Councillor Craghill (Executive Member)

Date: Monday, 2 August 2021

Time: 10.00am

Venue: George Hudson Room West Offices

AGENDA

Notice to Members – Post Decision Calling In:

Members are reminded that, should they wish to call in any item* on this agenda, notice must be given to Democracy Support Group by **4:00pm** on **Wednesday 4 August 2021**.

*With the exception of matters that have been the subject of a previous call in, require Full Council approval or are urgent which are not subject to the call-in provisions. Any called in items will be considered by the Customer and Corporate Services Scrutiny Management Committee.

Written representations in respect of items on this agenda should be submitted to Democratic Services by **5.00pm** on **Thursday 29 July 2021**.

1. Declarations of Interest

At this point in the meeting, the Executive Member is asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which she may have in respect of business on this agenda.

- 2. Minutes** (Pages 3 - 4)
To approve and sign the minutes of the meeting held on 15 April 2021.

3. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting. The deadline for registering at this meeting is at **5.00pm on Thursday 29 July 2021**.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this public meeting will be webcast including any registered public speakers who have given their permission. The public meeting can be viewed on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

- 4. The Enforcement of the Minimum Energy Efficiency Standards Regulations within the Private Rented Sector in York** (Pages 5 - 14)

This report provides a summary of the outcomes of the pilot project and looks ahead to future changes in government standards as well as linking this work with opportunities coming forward as part of the Housing Energy Efficiency Programme including retrofit works.

5. Update on the Housing Energy Efficiency Programme and grant application for the Sustainable Warmth Competition (Pages 15 - 26)

This report provides an update on progress of the Housing Energy Efficiency Programme, following on from the Executive Member Decision Session of 18 March 2021.

6. Urgent Business

Any other business which the Executive Member considers urgent under the Local Government Act 1972.

Democracy Officer:

Louise Cook

Contact details:

- Telephone – (01904) 551088
- Email: democratic.services@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی میا کی جاسکتی ہیں۔ (Urdu)

 **(01904) 551550**

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Coronavirus protocols for attending Committee Meetings at West Offices

If you are attending a meeting in West Offices, you must observe the following protocols.

All windows must remain open within the meeting room to maintain good ventilation.

If the windows have to be closed due to weather or external noise levels then the meeting must close.

Furniture must not be moved from the designated safe layout.

If you're displaying possible coronavirus symptoms (or anyone in your household is displaying symptoms), you must follow government self-isolation guidance and must NOT attend your meeting at West Offices.

Testing

The Council encourages regular testing of all Officers and Members and also any members of the public in attendance at a Committee Meeting. Any members of the public attending a meeting are advised to take a test within 24 hours of attending a meeting, the result of the test should be negative, in order to attend.

Test kits can be obtained by clicking on either link: [Find where to get rapid lateral flow tests - NHS \(test-and-trace.nhs.uk\)](https://www.nhs.uk/conditions/coronavirus/coronavirus-test-kits/), or, [Order coronavirus \(COVID-19\) rapid lateral flow tests - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/coronavirus/coronavirus-test-kits).

Alternatively, if you call 119 between the hours of 7am and 11pm, you can order a testing kit over the telephone.

Guidelines for attending Meetings at West Offices

You must:

- Not arrive more than 10 minutes early
- Wear a face covering whilst entering and moving around within the Meeting room where 2m distancing cannot be maintained unless exempt.
- Visitors to enter West Offices by the customer entrance and Councillors to enter using the staff entrance only.
- Members of the Public must wear a face covering (unless exempt) on entering the building which needs to remain in place throughout the meeting (unless they are invited to speak)
- Ensure your ID / visitors pass is clearly visible at all times
- Use the touchless hand sanitiser units on entry and exit to the building and those within the Meeting room.
- Keep to the left and adhere to social distancing where possible when using staircases and walkways, giving way on the staircase landings
- You must sit at the dedicated spaces around the table and if screens are in place do not move them or lean around them.
- Bring your own drink if required
- Maintain social distancing of 2 metres within toilet areas and remain vigilant for other occupants
- Only use the designated toilets next to the Meeting room

Please note: If you intentionally, or repeatedly, breach any of the social distancing measures, or hygiene instructions, you will be asked to leave the building.

Developing symptoms whilst in West Offices

If you develop coronavirus symptoms during a Meeting, you should:

- make your way home immediately
- avoid the use of public transport where possible
- self-isolate for 10 days

You should also:

- Advise the Meeting organiser so they can arrange to assess and carry out additional cleaning
- Continue to observe social distancing
- Do not remain in the building any longer than necessary
- Do not visit any other areas of the building before you leave

If you receive a positive test result, or if you develop any symptoms before the meeting is due to take place, **you must not attend the meeting.**

EJAV229.06.21

City of York Council

Committee Minutes

Meeting	Decision Session - Executive Member for Housing and Safer Neighbourhoods
Date	15 April 2021
Present	Councillor Craghill (Executive Member)

51. Declarations of Interest

The Executive Member was asked to declare, at this point in the meeting, any personal interests not included on the Register of Interests or any prejudicial or discloseable pecuniary interest that she might have in respect of the business on the agenda. None were declared.

52. Minutes

Resolved: That the minutes of the previous meeting held on 18 March be approved and then signed as a correct record by the Executive Member at a later date.

53. Public Participation

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

54. Disposal of a parcel of land between Fossway and Sturdee Grove to enable the delivery of new affordable homes

The Executive Member considered a report that identified an opportunity to utilise an area of largely unused council land between Sturdee Grove and Fossway to support new affordable housing delivery.

The Interim Assistant Director of Housing and Community Safety and the Director of Economy, Regeneration and Housing were in attendance to provide an update and answer any questions.

The Interim Assistant Director highlighted the background to the report and confirmed that Joseph Rowntree Housing Trust

(JRHT) had offered £50,000 for the council land, subject to securing planning permission and the finalisation of legal terms.

The Executive Member noted that the council land, combined with the land owned by JRHT, would facilitate the development of around eight new homes, five of which would be for social rent and three for shared ownership. A new boundary fence and communal space to the rear would also be retained for the residents of the flats at 21-51 Fossway.

The Interim Assistant Director confirmed he had sought greater clarity from JRHT regarding the environmental standards they were aiming to achieve for the new homes and that following those conversations and advice received from the Council's legal department, it was proposed that recommendation i), as noted in the report, be amended to capture these standards in the sale agreement.

The Executive Member welcomed the report and the sustainability measures achieved to make the homes more affordable to reside in. She thanked the officer for his update and agreed the amendment to recommendation i).

Resolved:

- i) That the disposal of the land between Fossway and Sturdee Grove for a sum of £50,000 to Joseph Rowntree Housing Trust (JRHT) for the development of affordable housing, be approved. The disposal be subject to JRHT obtaining planning permission, finalising legal terms (including incorporating agreed environmental standards as an obligation) and delivering a new boundary fence and communal space to the rear of the council flats on Fossway.
- ii) That authority be delegated to the Corporate Director of Place to agree the final terms of the legal agreement.

Reason: To make better use of our assets and support the delivery of much needed new affordable housing in York.

Cllr Craghill, Executive Member

[The meeting started at 10.00am and finished at 10.08am].



**Decision Session - Executive Member for Housing
and Safer Neighbourhoods****2 August 2021**

Report of the Director of Economy, Regeneration and Housing

**The Enforcement of the Minimum Energy Efficiency Standards
Regulations within the Private Rented Sector in York****Summary**

- 1 The provision of good quality housing for York residents is a key priority for the City of York Council. The private rented sector (PRS) is a key part of this provision. The Building Research Establishment (BRE) have identified that the PRS has a higher proportion of homes with excess cold issues than any other sector.
- 2 Within the Energy Efficiency Regulations 2015 (The Regulations) the Government sets Minimum Energy Efficiency Standards (MEES). This regulatory framework looks to provide councils with powers to tackle private rented properties being let with non-valid Energy Performance Certificates (EPCs). Since April 2020 these regulations have stated that a property cannot be let if it does not have a valid EPC of at least an E rating.
- 3 In March 2020, the council was successful in obtaining funding from the Department of Business, Energy and Industrial Strategy (BEIS) to enable it to participate in a national project to commence the enforcement of MEES and to contribute to the development of a national toolkit to aid other councils in England and Wales in enforcing the MEES Regulations in the future.
- 4 The improvement of energy performance within the private rented sector can both reduce the overall carbon emissions of the city thus helping to tackle climate change, as well as improving the health and financial circumstances of our residents. This work therefore meets a number of council priorities. However, the scale of the challenge is significant with this project identifying over 300 non-compliant homes in the city. This pilot has supported 75 of these homes to achieve a compliant EPC rating and certification. However, the project was not just about improving

outcomes for the residents of York, the purpose was to develop a toolkit of resources to help other authorities not participating in this pilot to enforce MEES in their areas. As well as providing a summary of the outcomes of this pilot project, the report looks ahead to future changes in government standards as well as linking this work with opportunities coming forward as part of our Housing Energy Efficiency Programme including retrofit works.

Recommendations:

- 5 The Executive Member for Housing and Safer Neighbourhoods is recommended to:
 - i) Note the report and the possible implications of future Government proposals for the Council;
 - ii) Support the continuation of this project subject to the necessary external funding being available; and
 - iii) Note the future implications for carbon reduction and housing energy efficiency strategy development.

Reason: This work seeks to improve the health and wellbeing of our residents, reduce fuel poverty and reduce the carbon emissions from our housing sector, supporting the city's carbon neutral 2030 aspirations.

Background

6. The Government introduced a requirement for valid EPC's to be in place for rented accommodation let after October 2008.
7. An EPC shows two things:
 - Energy Efficiency Rating (EER) (relating to running costs)
 - Environmental Impact Rating (relating to the carbon dioxide emissions) of a dwelling.
8. Each rating is shown on an A to G rating scale similar to those used for electrical appliances. The EER rating is accompanied by a recommendation report that shows how to improve the dwelling's energy efficiency. These two elements together form the EPC. EPCs must be produced by an accredited assessor.
9. Since April 2018 it has been unlawful to rent out, on a new tenancy, a residential premises that does not reach a minimum energy efficiency standard of E. Since April 2019, landlords of domestic properties with an EPC rating below E must carry out up to £3,500 worth of works to improve their energy efficiency even if they cannot obtain third-party funding to meet the costs. Since April 2020 it has been unlawful to let

any residential property whose EPC doesn't meet an E as a minimum, unless they have a valid exemption in place.

10. EPC F and G rated properties are the most energy inefficient. They impose unnecessary energy costs on residents and can lead to poor health outcomes, with a resulting resource pressure on health services. These properties also contribute to avoidable greenhouse gas emissions. Increasing the energy efficiency of domestic rental stock can help to:
 - reduce the energy costs of residents, helping to tackle fuel poverty;
 - improve the condition of properties and help reduce maintenance costs;
 - lower demand for energy and reduce greenhouse gas emissions; and
 - Improve the health of residents through reducing the number of homes which experience excess cold.
11. Councils are responsible for enforcing compliance with the domestic minimum level of energy efficiency. Councils can check whether a property meets the minimum level of energy efficiency and may issue a compliance notice requesting information where it appears that a property has been let in breach of the Regulations (or if an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Regulations it may serve a notice on the landlord imposing financial penalties up to 18 months after the breach and/or publish details of the breach for at least 12 months. Councils can decide on the level of the penalty, up to a maximum of £5000. Due to a lack of resource, all councils, including York, had struggled to enforce these Regulations. This prompted BEIS to establish the MEES pilot project which is the subject of this report.

The Project

12. The funding received from BEIS enabled the Housing Standards and Adaptations Team to employ two full time enforcement officers to work on this project. The project was due to commence on the 1st April 2020, however, due to the start of the Covid pandemic, the project did not start until July 2020.
13. The project was managed on behalf of BEIS by the Centre for Sustainable Energy based in Bristol. The 12 participating authorities were allowed to develop their own processes and implement systems to ensure compliance with and enforcement of the MEES Regulations whilst contributing to the development of a draft best practice enforcement toolkit, containing case studies, templates and off the shelf tools to help streamline the enforcement process and make it less resource intensive for other authorities.
14. York's enforcement policy seeks to ensure legal compliance by:

- Helping and encouraging businesses and individuals to understand and comply with the law; and
 - Responding proportionately to breaches of the law.
15. The policy aims to achieve the following outcomes:
- Support economic growth, especially in small businesses, by ensuring a fair, responsible and competitive trading environment;
 - Protect the environment for future generations including tackling the threats and impacts of climate change;
 - Help people to live healthier lives by preventing ill health and harm, and promoting public health; and
 - Reducing fuel poverty amongst our residents
16. With these principles in mind, a process was designed that advised landlords of their duty and encouraged voluntary compliance. This then progressed to a more formal stage of requiring compliance prior to the issuing of a fixed penalty notice if necessary.
17. A system of recording data and generating actions using the Housing Standards and Adaptations Team's existing database was developed, and a data sharing agreement was developed with the Council Tax Team to allow access to records for officers investigating properties under these particular regulations.
18. A press release regarding the project was issued and all letting agents operating in York along with the major landlord associations were advised of the project and were requested to share information with their clients and members.
19. A list of 315 properties with non-valid EPCs was compiled. From this initial list, further investigations showed that 123 had subsequently been found to have improved their EPC rating, 49 had left the private rented sector or had been let under a tenancy type not covered by the MEES Regulations and 5 were currently empty.

Outcomes

20. As at the end of June 2021, the project had achieved the following outcomes –
- 175 landlords were contacted during investigations. This includes those with multiple properties. Previous data cleansing of the initial list of 315 properties removed the need to contact all landlords.

- 10 Compliance notices have been issued.
- 75 properties have complied by obtaining valid EPCs or have placed their property on the National Exemption Register as a direct result of the project. We are continuing to work with the other properties to ensure they achieve compliance. Due to the pandemic there have been delays in having physical works undertaken.
- To date, no fixed penalty notices have been issued due to landlord compliance in all instances where they were considered.
- 3 Letting agents have amended / repaired websites to include EPC data following contact from the project.
- 12 regional partner authorities have been assisted with implementing MEES enforcement.
- 31 licensed HMO properties renewed expired EPCs
- 9 properties have been subject to referrals to grant assistance.
- For EPC F & G rated PRS properties where a new, valid EPC has been produced following contact from the project team, the following energy savings have been calculated:
 - The total amount of CO² being produced by 50 properties has reduced by 193.4 tonnes per year;
 - The estimated energy used to heat 45 properties has reduced by 243,546 kWh per year, which equates to a saving of £33,900 (based on a cost of 13.92p per kWh for the Yorkshire region).

21. The project started with no data regarding the numbers of non-valid EPCs. This project has therefore been invaluable in gaining a better understanding of performance across the city which will support future considerations around a city wide retrofit strategy. On the whole there has been a willingness on the part of landlords to comply when contacted, however we have noted a number of issues with the EPC assessment process which complicate the enforcement of these regulations. These issues have been fed back to central government when discovered.

Findings of the Pilot Project and Future Opportunities

22. A large proportion of the PRS housing which did not comply with the regulations were older houses within the inner part of the city, usually those which have been converted into flats. In addition there are a number of older properties in the more rural areas of York that did not comply with the regulations. The project also identified a number of properties that were exempt or partially exempt from the regulations such as listed buildings, those in conservation areas and holiday lets.

23. The MEES Regulations themselves are not easy to interpret, particularly with regard to listed buildings, and do not include powers to deal with properties with expired EPCs or with no EPC, which fall under other legislation with a different enforcement and penalty regime. Differing elements of regulation and of administration regarding EPCs fall under MHCLG or BEIS control. This important information will be fed back to BEIS to try and create a more harmonious regulatory framework.
24. Another finding from the pilot scheme work was that the current maximum fine levels relating to the MEES Regulations, make it difficult for councils to fund continued enforcement work from fines as the sole income stream. This information has been fed back to BEIS.
25. Covid brought some new challenges to the pilot project as it was difficult to carry out physical inspections of properties. We have also allowed landlords additional time to obtain EPCs and undertake improvement works. We have also supported residents who did not want to offer access to properties.
26. The pilot project has brought some success on the ground through a number of landlords upgrading their housing and obtaining new or updated EPC's which comply with the regulations. The project has also developed helpful learning for central government around regulatory frameworks and resources and income required to undertake this enforcement work. However, the work is not complete, either in terms of enforcing standards across all PRS housing in York or providing a full toolkit to enable and support other local authorities to commence this work. As such, we are seeking additional external funding sources to continue the project until at least the end of March 2022 and to enable us to continue working jointly with other regional councils to share experience and best practice. The aim is to develop a Northern MEES Forum to facilitate this work and add value to future energy efficiency work in the region.
27. If a consortium funding bid is successful, we are looking to develop York's experience and expertise by supporting 8 partner authorities across the Yorkshire and Humber region to engage in compliance and enforcement of these regulations, in addition to continuing our work. York will act as a mentor to these authorities, providing advice and support.
28. The Government are looking to further increase the standards required of PRS housing in 2025. This will provide resource challenges but also

new opportunities to tackle the climate emergency, improve the health and wellbeing of our residents and reduce incidences of fuel poverty.

29. Within the latest government consultation of this issue, it is proposed to:
- Amend the minimum standards so that from April 2025 it will be unlawful to let a residential premises that does not reach a minimum energy efficiency standard of C on a new tenancy and from April 2028 to make it unlawful to let any residential property whose EPC doesn't meet an C.
 - Increase the maximum investment amount to a £10,000 cost cap.
 - Introduce a 'fabric first' approach to energy performance improvements.
 - Encourage compliance with the regulations by placing a requirement on letting agents and online property platforms to only advertise and let properties that are compliant with the regulations; require landlords to provide an EPC prior to a property being advertised; raise the level of the fixed civil penalty fine for offences under the EPB regulations (i.e. letting with an expired or no EPC), and introduce a property compliance and exemptions database.
 - Assist enforcement of the regulations through a number of proposals including: enabling authorities to inspect properties; increasing the maximum financial penalty an authority may impose on a non-compliant landlord per property and per breach of the regulations to £30,000; giving powers to tenants to request that energy performance improvements are carried out when a landlord is non-compliant, and introducing requirements for pre- and post-improvement EPCs.
30. The government stated it would publish a response to this consultation in spring 2021 and was planning to lay regulations in the autumn which would amend the current PRS Regulations. To date nothing further has been published.
31. City of York Council submitted a response to this consultation. We would estimate that there are currently around 9,000 properties in the PRS in York with an EPC rating of D or E. If these new proposals are implemented and councils are expected to enforce them it will have significant resource implications for the Housing Standards Team.
32. It will be important once the government consultation response is published that the City of York Council plan for these changes. Once the implications are fully known, including how such regulatory change and enforcement will be funded, a business case will be developed and brought back for approval by Executive or Executive Member. As outlined earlier in this report, the current MEES regulations do not come with sufficient funding to support cost recovery of the service. This was part of the consultation response to government and we await the formal announcement about how this will be managed moving forwards. In the meantime, landlords are being advised of the implications of these proposals, particularly with regard to planning improvement works

now or in the near future to best prepare for improved requirements which are likely to be implemented over the next few years.

Council Plan

33. Effective, ongoing enforcement of the MEES Regulations is a key action of the council plan to achieve the outcome of Creating Homes and World class infrastructure. It also contributes to other council plan outcomes:
- a) Open and Effective Council
 - b) A better start for Children and Young People
 - c) Good health and Wellbeing
 - d) Carbon reduction targets

Implications

Financial/Human Resources and Information and Technology.

34. The resources for the work undertaken to date has been funded from the BEIS grant.

Legal.

35. Whilst there are currently no legal implications within the report, there may be future legal resource implications if more enforcement action is needed based on the proposals to increase regulatory standards.

Property

36. City of York Council does let some properties in the private sector, however these are let on tenancy agreements and leases outside of the scope of the MEES regulations.

Other

37. None

Risk Management

38. There is a risk that further external funding is not available which would result in the end of the pilot work and a significantly reduced ability to improve PRS housing energy efficiency and carbon reduction standards in the short term at least.

Contact Details

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Michael Jones

Head of Housing Delivery
and Asset Management

Chief Officer Responsible for the report:

Tracey Carter

Director of Economy, Regeneration and
Housing

**Report
Approved**



21 July 2021

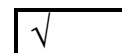
Specialist Implications
Officer(s)

Walter Burns,
Senior Solicitor

Samantha Sidebottom,
Housing Accountant

Wards Affected:

All



For further information please contact the author of the report

Background Papers:

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, as amended (most recently by the Energy Efficiency (Private Rented Property) (Amendment) (England and Wales) Regulations 2019)

Abbreviations

BEIS – Department of Business, Energy and Industrial Strategy

BRE – Building Research Establishment

EER – Energy Efficiency Rating

EPC – Energy Performance Certificate

HMO – House in Multiple Occupation

MEES – Minimum Energy Efficiency Standards

MHCLG – Ministry of Housing, Communities and Local Government

PRS – Private Rented Sector

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2 August 2021

**Decision Session - Executive Member for
Housing and Safer Neighbourhoods**

Report of the Director of Economy, Regeneration and Housing

**Update on the Housing Energy Efficiency Programme and grant
application for the Sustainable Warmth Competition**

Summary

1. This report provides an update on progress of the Housing Energy Efficiency Programme, following on from the Executive Member Decision Session of March 2021.
2. In summary, the progress during this period consists of:
 - a) Implementation and delivery of grant funding from the Department of Business, Energy and Industrial Strategy (BEIS) through the Local Authority Delivery Programme round 1B (LAD1B) to be delivered by the end of September 2021.
 - b) Securing a second round of BEIS grant funding via the Tees Valley Combined Authority (TVCA), the regional Energy Hub. To be delivered by the end of December 2021.
 - c) Development of an application for further funding from BEIS under the Sustainable Warmth Competition (to be submitted by the 4 August). This includes a further round of LAD funding and a newer programme called the Home Upgrade Grant (HUG) aimed at off-gas properties.
 - d) The continuation of work to develop a Housing Retrofit Strategy to provide a roadmap for the council to meet the significant challenges for landlords, homeowners and tenants to decarbonise their homes.

Recommendations

3. The Executive Member is asked to approve the following recommendations:
 - i) Note the implementation and delivery of the LAD1B funding and the successful application for LAD2 funding from TVCA including the tight timescales for delivery;

- ii) Note the opportunity to reset the retrofit programme for Council-owned homes following the withdrawal from the WYCA Energy Accelerator project and to receive a further paper following officers consideration of the Social Housing Decarbonisation competitive funding round due to open in late Summer;
- iii) Support the submission of a grant application of approximately £4.6m for the Sustainable Warmth competition as detailed in this paper; and
- iv) Subject to receiving grant funding following the Sustainable Warmth Fund application, to bring a report to Executive or Executive Member Decision Session to agree acceptance of funding and the procurement approach and contract award of a partner to deliver the programme.

Reason: To tackle fuel poverty and to meet the ambition of York being carbon neutral by 2030, to reduce energy demand as well as switching to greener forms of energy across all tenures.

Background

4. On the 18 March 2021, the Executive Member received an update report outlining progress since an Executive report in December 2020 launched the councils work on domestic retrofit and energy efficiency works. In support of this programme of works, the government announced a £500 million funding pot to be awarded under the Local Authority Delivery (LAD) scheme, to improve the energy efficiency of homes (covering home owners, privately rented and social housing). This funding is to support low-income households to improve the energy efficiency of their homes, tackling fuel poverty, whilst supporting the phasing out of high carbon fossil fuel heating. This is part of the UK's commitment to net zero by 2050. The council has been successful in securing two sets of government funding in 2021 since the launch of the energy efficiency programme, LAD1B and LAD2.

LAD1B Project

5. In December 2020, the council submitted a consortia bid for the LAD1B competition to deliver energy efficiency measures to households in York, Harrogate, Selby and Craven.
6. A grant of £535,640 was awarded to the consortia. The criteria for the use of the grant funding is:

- The grant can support energy improvements to homes in the private rented and homeowner sectors;
 - Eligible households must have an EPC rating of D to G and an annual household income of less than £30,000. Not more than 50% of households can have a D rated EPC rating across the project;
 - The funding should be spent on insulation measures and heat pumps; and
 - The project delivery deadline is the end of September 2021.
7. The above criteria, combined with the short timescales to both promote the project and for households to be in a position to sign-up creates significant challenges. Focus has been on those wards with higher levels of fuel poverty and with housing types which are likely to have lower EPC ratings. Under the terms of LAD1b funding, homeowners can receive fully funded works up to a total of £10,000 with landlords of private rented sector houses expected to contribute a third of the total retrofit costs with an average subsidy on these houses to not exceed £5000.
8. The project aims:
- To improve up to 37 homes in York with poorly insulated rooms in roof spaces. The grant will pay for the full cost of works for homeowners and up to 66% of works for private landlords.
 - To improve up to 40 homes that have inadequate/no loft insulation and 20 homes without cavity wall insulation. This second part of the offer is open to all fuel poor householders across the four local authority areas.
9. Key milestones to date are:
- The marketing and communication plans have been developed. This includes the retrofit installer visiting potentially eligible householders in identified wards with higher rates of fuel poverty and homes which are likely to have a low EPC rating. To date 920 householders have been visited in the wards which meet the criteria of high levels of fuel poverty and homes with lower EPC ratings. Therefore the wards targeted so far are Clifton, Micklegate and Fishergate. It is the intention to focus on the Guildhall Ward during early August. From these visits, 19 householders are making active applications with the contractors.
 - We have received more than 50 referrals for the cavity and loft insulation scheme which are being actively pursued by the supply chain to ensure that successful applications are made and installations are completed before the deadline of the end of September.

10. Whilst progress compares well with other councils who have received LAD 1B funding through this programme, it should be noted that the timetable for delivery is very tight. The project team continues to work closely with the contractor and have fed back timescale challenges to BEIS.

LAD2 Project

11. LAD2 is the second phase of Government funding for this area of work. Unlike LAD1 schemes, BEIS allocated £51.95million to the North East Yorkshire & Humber Energy Hub (Energy Hub). The council led another consortia bid and secured £2,124,089 with an allocation for York of £1,082,802.

Council	Grant Allocations
York	£1,082,802
Harrogate	£475,730,
Craven	£198,813
Selby	£366,743
Total for the consortia	£2,1240,89

12. The LAD2 project aims to build on the work from round 1B for work in the homeowner and private rented sector. However, LAD2 also introduced opportunities to utilise the funding within the social housing sector. The extension of LAD1B Schemes which are being funded through LAD2 are:
- To insulate a further 81 homes with poorly insulated “rooms in roof” in York, Harrogate and Selby;
 - To provide loft insulation and draught proofing to 100 homes across all four local authority areas; and
 - To provide cavity wall insulation to 60 homes across all four local authority areas.
13. Where possible we are exploring opportunities to offer cavity wall insulation, loft insulation and draught proofing to the same homes in order to maximise the improvement to the dwellings EPC rating and have a greater impact in reducing fuel poverty.
14. As referenced above, LAD2 funding can also be used to support social housing energy efficiency improvements. As such, the grant was proposed to support:

- The planned retrofit works to council homes approved by Executive in December 2020, this investment will reduce the level of investment required by the council; and
 - The installation of solar PV panels on up to 50 council owned homes in York with an EPC rating of D or less. Measures such as loft and /or cavity wall insulation will be carried out at the same time if possible. The council's contribution of a third of this total cost would come from the first £1m of the £2m approved investment in improving the energy efficiency of council homes in the city.
15. All of the above work is due to be carried out by our procured Better Homes Yorkshire contractor, Engie.
16. In addition to the works to private and council homes, two Registered Providers (RP) have approached the consortia to seek LAD2 grant support to carry out two discreet schemes supported by funding which meet the scheme criteria. These works will be carried out by the RP's utilising their own contractors. These works consist of:
- An external wall insulation (EWI) scheme to improve 10 homes owned by Yorkshire Housing which have an EPC E rating; and.
 - An air source heat pumps (ASHPs) scheme to improve 6 homes occupied by fuel poor households identified by Joseph Rowntree Housing Trust (JRHT).
17. Both RP's will be contributing a third of the total cost as per the LAD2 funding terms, with the remaining two thirds funded by the grant itself.
18. In addition to the grant funding to undertake physical works, the funding provides revenue funding to support staffing costs to deliver these projects. In addition, each council has been allocated £32,258 to commission a housing stock energy efficiency model in order to provide property level data to a statistical level of confidence. This model will be used to create a high level 10-year roadmap, and will be an important evidence base for developing our Retrofit Strategy which will inform future investment decisions supporting the city in its target to become carbon neutral by 2030.
19. The key progress to date on the LAD2 project are:
- The completion of all the necessary paperwork with the TVCA to enable the council to draw down on funding through the delivery period. This includes the development of an agreed risk sharing agreement with the other councils in the consortia;

- Agreement with our procured supplier that they are able to undertake LAD2 works which are an extension of LAD1B project; and
- Progressed discussions regarding new contract opportunities with alternative supply chain partners for new LAD 2 funded schemes.

20. There are risks around the delivery of all works given the tight timescales associated with the funding, but particular risks in regards to the retrofit of 60 council homes within the deadlines. This is because previously secured support to be provided through the Energy Accelerator Programme hasn't delivered as originally intended. Issues between the West Yorkshire Combined Authority and their contractors has created delays in the programme. These issues have removed the benefits of utilising the support and therefore it has been decided to not enter into a contract around the Energy Accelerator Programme. There are no cost impacts for the Council, however this has created delays in undertaking surveys and design work. Through this process the Council have however gained support, guidance, and vastly increased knowledge of planning and designing housing retrofit programmes from the Accelerator team which stands us in a better position to plan future works.
21. The implications of the delays with survey and design work combined with shortages in the supply chain means that achieving the retrofit of 60 council homes utilising LAD2 funding (deadline end of December 2021) is increasingly unlikely. It is therefore planned that there will be a reduced number of council homes which are improved utilising LAD2 grant contributions. However, the government have announced that the Social Housing Decarbonisation Fund (SHDF) is likely to open for applications at the end of the summer. The SHDF is targeted at landlords of social housing and will provide additional grant funding to support retrofit works. The funding will support works for a longer time period, supporting works from January 2022 to March 2023, allowing for the efficient planning of resources. The energy efficiency team are reviewing what opportunities this grant funding will bring in order to deliver significant additional retrofit energy efficiency improvement works to council homes over the next 2 years. It is proposed that once the terms of the SHDF are known, that a revised business case is brought before Executive or the Executive Member in respect of energy efficiency works to council homes. All grant funding opportunities are likely to require cross subsidy from the council, it is therefore vital that council resources are utilised effectively in order to deliver the maximum benefits to the greatest number of council homes.

Sustainable Warmth Competition

22. The Sustainable Warmth Competition opened for applications on the 16 June giving councils the opportunity to bid for funding by the 4 August 2021. The competition combines two existing schemes:
 - Local Authority Delivery Phase 3 (LAD3): a third phase of the Local Authority Delivery scheme with an additional £200 million available. LAD3 has a refined scope to support low-income households heated by mains gas, the focus is on homes in the private sector; and
 - Home Upgrade Grant Phase 1 (HUG1): £150 million for low-income households which are 'off-gas'.
23. The focus continues to be on upgrading the worst insulated owner occupier and private rented homes with energy efficiency installations and low carbon heating. Projects that upgrade homes with an Energy Performance Certificate (EPC) rating of E, F or G will be prioritised. Upgrades to properties with an EPC rating of D will be allowed but will be limited. Under the HUG programme, higher levels of funding is available to reflect the increased amount of work in upgrading these homes.
24. It is recommended that a further consortia bid led by York, and including Harrogate, Craven and Selby, be submitted to support the retrofitting of private homes to continue. LAD3 funding supports works from January 2022 to March 2023. The LAD3 project is a competitive bidding process.
25. Any bids are required to identify a delivery partner who is capable of undertaking the work. Our Better Homes Yorkshire contracted partner has confirmed that they are unable to resource the work set out in our application. Therefore, the council as lead authority has undertaken a soft market exercise to identify a new potential supply chain partner to support our bid. Should we be successful with our application, we will be required to vary our existing Better Homes Yorkshire contract and procure a new partner prior to delivery. Advice received from Legal and Procurement support this approach which would require a separate Executive or Executive Member decision depending on the level of grant funding received.
26. The proposed application, in line with the government criteria, will be seeking to build on previous applications by continuing to have a no regrets, fabric first approach and installation of technologies which support householders to use no or low level fossil fuels (only available to on-gas homes to support the transition from gas).

27. The application seeks to deliver a consortia bid of approximately £4.6m to fund both measures (LAD and HUG) and cover the cost of administering the scheme. This consists of:
- LAD 3 funding of around £2.3m, predominately for use in York. Using modelling data we are proposing to support approximately 200 fuel poor householders to have access to funding for measures which are already available under LAD 1B and LAD 2 such as loft insulation but also for the first time under this funding external wall insulation, underfloor insulation and also solar panels and hybrid air source heat pumps;
 - HUG funding of around £2.3m, predominately for use within the three other consortia authorities. Using modelling data we are proposing to support approximately 180 fuel poor householders using similar measures to those stated above;
 - Run an Energy Company Obligation (ECO) funded campaign to ensure that householders who are eligible for this funding can install measures to satisfy the fabric first approach requested by BEIS. Utilising the ECO funding route as additional value, rather than drawing down on the Sustainable Warmth funding.

Retrofit Strategy progress

28. Delivering retrofit works at scale within social housing is challenging. Selecting an appropriate funding strategy which maximises value for every pound invested by the council is crucial given the scale of the challenge. But we also have a significant role to play in enabling and supporting those who can afford to pay to upgrade their own homes. The success of this city wide programme requires consideration of supply chain capacity, upskilling the workforce, and collaborative working both within and outside the city. To support this work we are developing a long term strategic framework. The primary aims of the strategy are to:
- Guide investment
 - Support the supply chain
 - Support investment in upskilling and training
 - Take a city wide approach – considering our role in improving the energy performance of homes in the private sector as well as council homes
 - Provide a strong footing for grant funding opportunities
29. The retrofit strategy will link up with other strategies in the council around skills, climate change and economic growth. The strategy will be able to draw on work included in the Minimum Energy Efficiency Standards project as well as the consultation on additional licensing for Houses in

Multiple Occupation. The Housing Strategy and Performance team are leading on the development of this strategy with a strong focus to date on developing a strong evidence base and collaborating with interested parties to create a suite of options. The refining of ideas, drafting of the strategy, and feeding in lessons learnt from early phase delivery will allow for Executive consideration of the strategy by the end of the year. This will support further proposals being brought forward as existing capital retrofit projects come to an end.

Resources

30. A £2m capital budget has been allocated to the Housing Energy Retrofit Programme of which £1m has been approved for use within Phase 1 works.
31. A post to lead the programme has now been created to provide expertise and project management for two years to support teams across housing services. In addition the LAD 1B and 2 funding streams included an allowance to increase staffing capacity, short term posts have been created to support the delivery of these projects. These posts will sit within the Housing Standards and Adaptations team.

Consultation

32. In the production of this report further consultation has been undertaken with our consortia partners, our procured Better Homes Yorkshire contractor and other potential delivery partners.

Council Plan

33. Undertaking energy efficiency retrofit projects aligns with a number of the key objectives within The Council Plan:
 - **Well-paid jobs and an inclusive economy** – retrofit of existing homes requires a skilled workforce and is labour intensive by the nature of the work involved. Construction trades people are typically paid higher than the average salary for the city. Using this funding, we will be kick starting investment in significant retrofit works in York. We are engaging our supply chain in discussion about skills, training and building retrofit capacity.
 - **A greener and cleaner city** – the city's housing stock is a major source of carbon emissions. Retrofit improves the thermal performance of existing dwellings, reduces heating demand and thus reduces the amount of gas/electricity required to heat a dwelling, thereby directly reducing carbon emissions.

- **Good health and wellbeing** – Exposure of residents to excess cold exacerbates a range of health conditions and contributes to increased hospital admissions during the winter months. The elderly are particularly at risk from excess cold. Retrofit projects will make tangible improvements to the energy performance of dwellings thereby reducing incidents of excess cold and associated ill health.

Implications

34. **Finance** - LAD1B funding of £535k has been approved and includes administration and resources costs of £60k to fund two posts, a Technical Officer and a Project Officer. The additional budget will be incorporated into the capital programme as part of regular capital monitoring reports to Executive.
35. The capital lead project management post can be funded from our own capital resources within the HRA retrofit programme.
36. The funding of the LAD2 grant of £2,124,089 is on a monthly claim basis and therefore CYC will be required to pay for works for the four regions prior to income from the grant being received. CYC will be the largest claimant of this grant.
37. The administration costs of up to 11% of the LAD2 grant will be retained by CYC, additional staffing costs will be flexed according to the grant value claimed. A risk sharing agreement across the consortia has been drawn up to reflect the fact that staff need to be appointed at the beginning of the project when the level of grant claims is an unknown factor. The maximum risk is £61k across the 4 LA's with CYC being liable for £20k of these costs, which will be apportioned based on the claim application levels. Such cost can be managed within the Housing Energy Efficiency resources.
38. The LAD3 grant is for properties in the private sector and will be awarded upfront rather than on a claim basis. Administration and ancillary costs can be claimed by CYC and the contractor up to a maximum combined value of 15% of the grant. CYC internal resources costs are to be contained within this value.
39. The Memorandum of Understanding outlines the risks between the Council and TVCA which are minimal. Any monetary risks will be apportioned across the consortia as per the risk sharing agreement. Governance is in place to monitor LAD1b and LAD 2 progress. This

arrangement will be extended should we be successful with a Sustainable Warmth competition bid.

40. Expenditure relating to social rented properties for the Social Housing Decarbonisation Fund, will be contained within the £2m HRA Energy Efficiency capital programme budget.
41. **Human Resources (HR)** – A newly created Home Energy Efficiency Programme Manager is now leading on the cross-tenure retrofit programme. The two LAD investment programmes have enabled the recruitment of additional staff on short fixed term contracts. Should we be successful with a further submission these contracts will be extended to ensure delivery of the programme and to ensure that BEIS detailed reporting requirements are met.
42. **Equalities** - There is no adverse impact expected in terms of equalities.
43. **Legal** - The council can comply with new subsidy control rules (which replace the EU state aid rules) by using compliantly procured contractors, a non-selective application process of end users and a system of checks of the ultimate recipients of the grant funding (owners /landlords) to make sure no individuals or organisations are being helped more than others and above permitted thresholds. A new procurement process will be necessary for the LAD 3/HUG scheme. This is likely to be through an existing framework to be able to save time but still ensuring transparency and value.
44. **Crime and Disorder** - None.
45. **Information Technology (IT)** - Civica APP database (FLARE) and MS SharePoint will be utilised in order to manage project information and data.
46. **Property** - None
47. **Risk Management**
Project delivery will be overseen by the Housing Energy Efficiency Board. A working group of officers from the consortia of councils are already managing risks within the LAD 1B and LAD2 programmes. A risk sharing agreement has been signed by the councils. Staffing resources will be flexed to reflect the demand of the delivery of projects.

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Report

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Wards Affected: All

Abbreviations

BEIS	Department of Business, Energy and Industrial Strategy
EPC	Energy Performance Certificate
LAD	Local Authority Delivery
PRS	Private Rental Sector
HUG	Home Upgrade Grant
WYCA	West Yorkshire Combined Authority