

Discussion Paper: City of York Council Housing Energy Efficiency Strategy Scrutiny Committee: Housing and Community Safety, 19/10/2021

1. Context

In December 2019, Executive approved the recommendations of a report that sought to both begin retrofit works and to undertake strategic planning to embed carbon neutrality into housing asset management as well as considering our role in supporting retrofit works across all tenures. This report and the recommendations were shaped and supported by Scrutiny.

Since this report significant progress has been made. The council has successfully attracted grant funding under the LAD 1 and 2 programmes and has submitted further applications under LAD 3 and the Social Housing Decarbonisation Fund. This approach has brought millions of pounds into the authority to support retrofit works on council homes as well as for low income families in the private rented and homeowner sectors. We have also developed a small team leading on this delivery work and hope to supplement this further in the coming weeks. Grant funding has been crucial in supporting this ambition but it is clear that if we are to make a significant impact on carbon emissions in the residential sector that we need to have a clarity of approach and ambition. As such, alongside this work we have been developing plans for a Housing Energy Efficiency Strategy. It is hoped that such a report will be ready for consideration by Executive in early 2022. Our thinking has reached a stage where there is significant value in obtaining the thoughts and insight from Scrutiny to influence the first draft of the strategy. It should also be noted that this strategy will link with the Carbon Reduction, Economic and Skills strategies which are all under development and provide a coherent and wider city level approach which touches upon all areas.

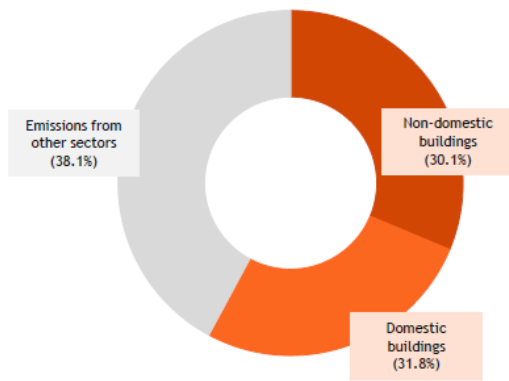
2. Introduction and key priorities

In 2019 City of York Council formally recognised the Climate Emergency and set the ambition for York to be a net-zero carbon city by 2030¹.

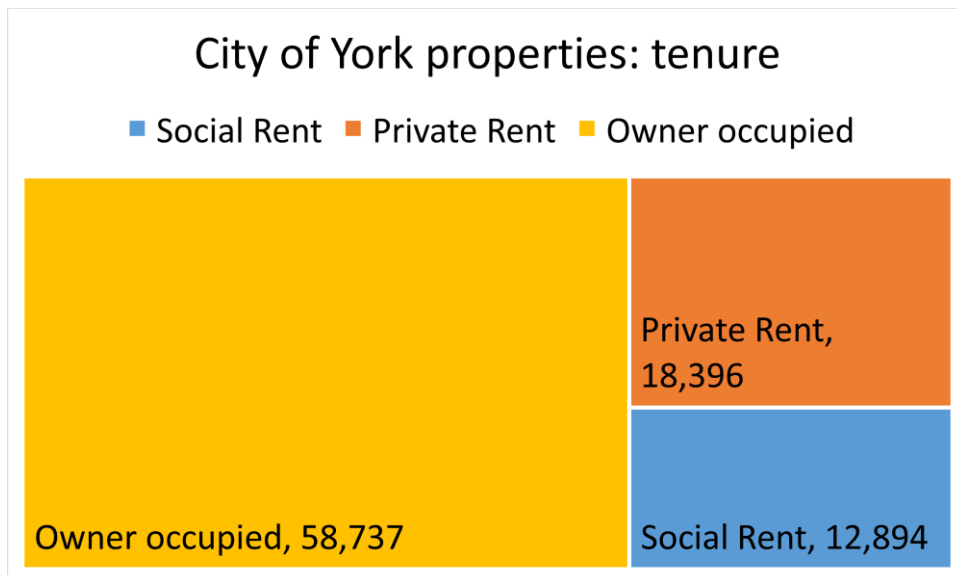
Domestic buildings are the single largest carbon producing sector locally, accounting for an estimated 31.8% of total emissions.

¹ <https://www.york.gov.uk/ClimateChange>

Figure 5.1.1: SCATTER 2018 inventory for the buildings sector in the City of York.



The development of a Housing Energy Efficiency Strategy is underway, with opportunities and priorities summarised in this briefing. The strategy will cover all tenures, with plans needed for decarbonisation of council, Registered Provider, owner occupied and Private Rented Sector stock. The distribution of the estimated 90,587 properties within the council area is shown below.

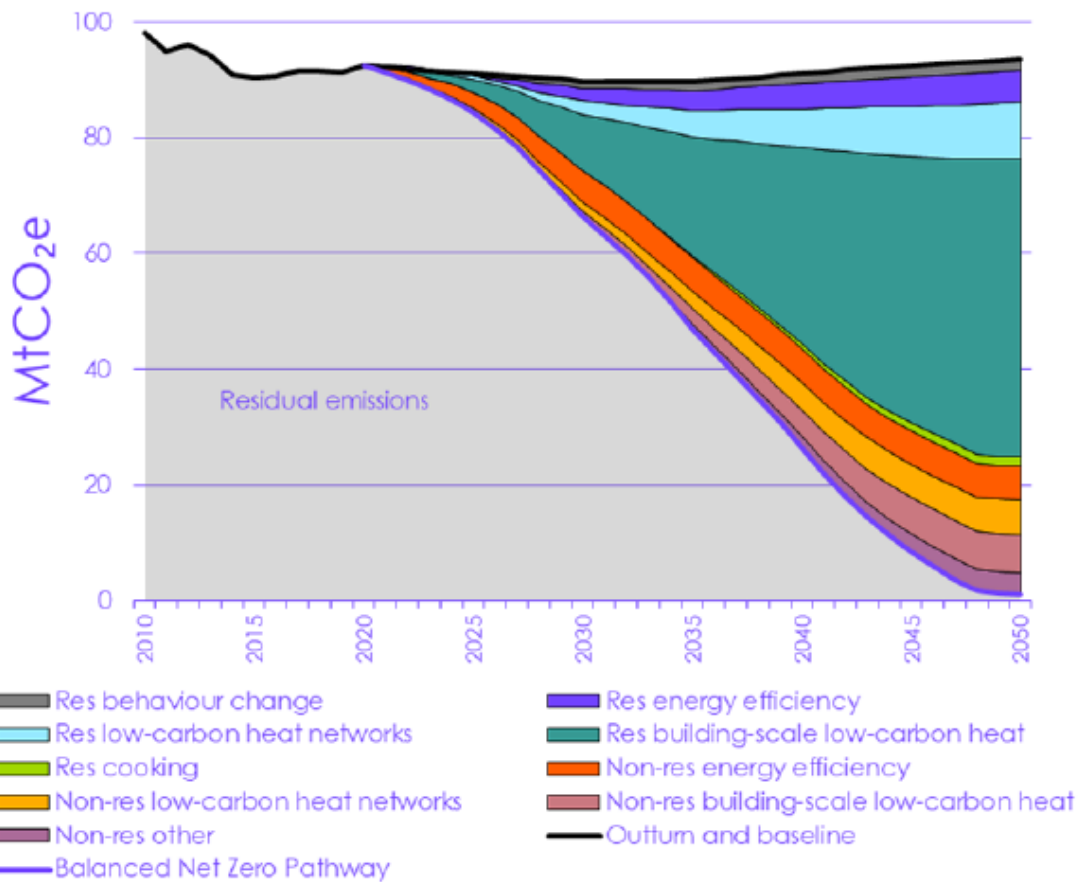


Source: MHCLG data

Domestic buildings are amongst the most significant contributors to emission reductions pathways, as shown in the Climate Change Committee's *"Sixth Carbon Budget; The UK's Path to Net Zero"*² below. It should be noted that the council's ambitions are for a more rapid decarbonisation route than the UK, but the figure illustrates the scale of residential energy use reductions needed.

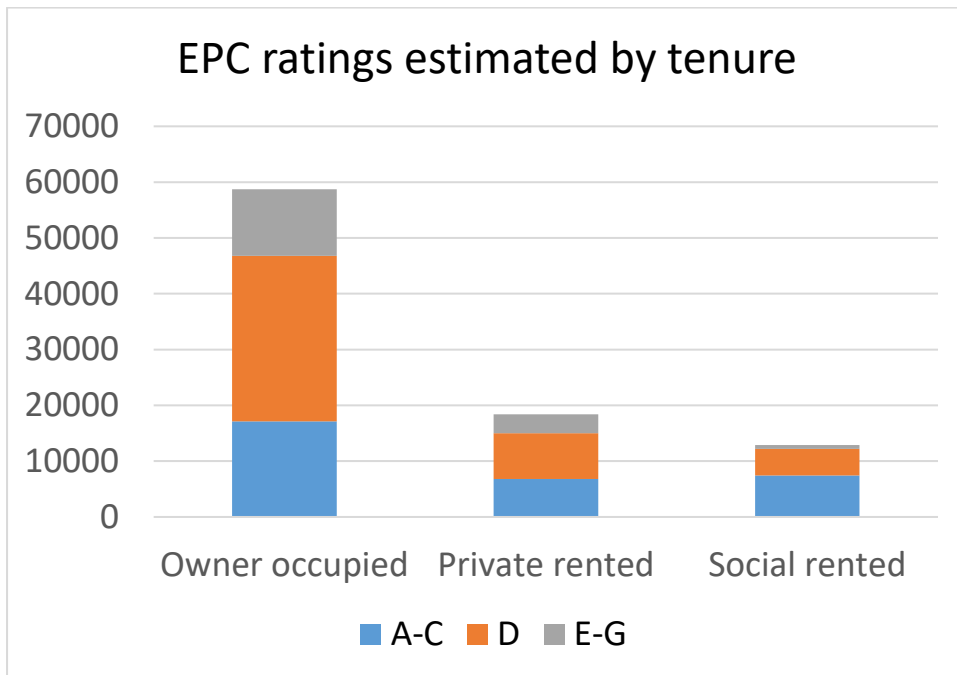
² <https://www.theccc.org.uk/publication/sixth-carbon-budget/>

Figure 3.2.a Sources of abatement in the Balanced Net Zero Pathway for Buildings



Source: BEIS (2020) *Provisional UK greenhouse gas statistics 2019*; Element Energy for the CCC (2020) *Development of trajectories for residential heat decarbonisation to inform the sixth carbon budget*; CCC analysis.
 Notes: Residential low-carbon heat includes some efficiency associated with new homes. Non-residential energy efficiency also includes some behavioural measures. Non-residential other includes catering and other non-heat fossil fuel uses.

Analysis of EPC data highlights the extent of the challenge across all sectors. The government have started to use an EPC C rating as the minimum acceptable level, for example through the terms of grant applications and through minimum energy efficiency requirements coming into the private rented sector market in future years. As the graph below demonstrates, many houses within York are outside of an A-C rating.



Source: MHCLG data and Open Communities EPC records

2.1 Why retrofit?

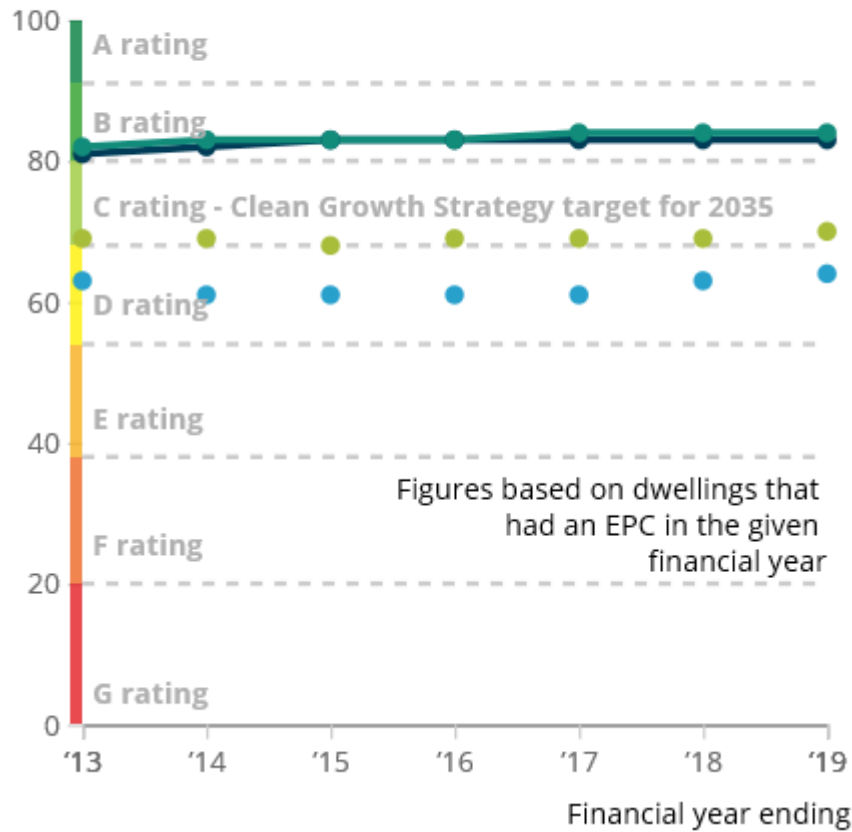
The overwhelming majority of domestic carbon emissions are produced by currently existing properties. New build development fluctuates dependent on market conditions and land availability, but will typically fall within a bound of 0.5%-1.5% of total stock. It is important that the quality of new build properties are driven up as it is most feasible to do this at the construction stage, however the Office for National Statistics (ONS) highlights the potential benefits of improving existing stock energy performance, shown on the following two pages.

Median energy efficiency scores for new and existing flats and houses, financial year ending 2013 to financial year ending 2019³

- New houses
- Existing houses (subset of all existing houses)
- New flats
- Existing flats (subset of all existing flats)

England

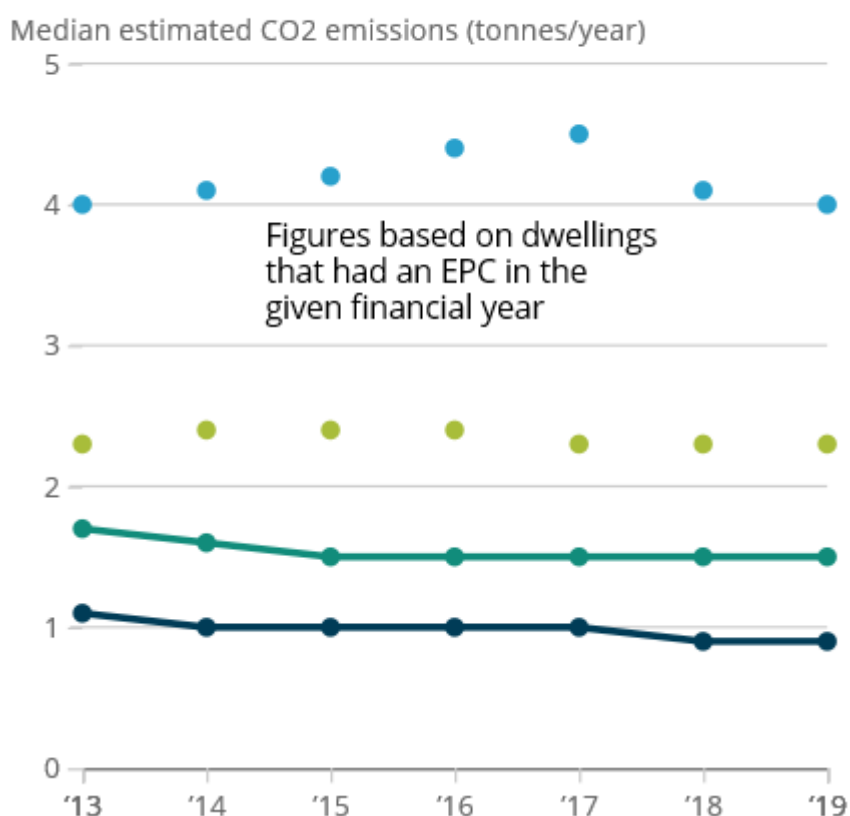
Median energy efficiency score



Median estimated Carbon Dioxide (CO₂) emissions (tonnes/year) for new and existing flats and houses, financial year ending 2013 to financial year ending 2019

- New houses
- Existing houses (subset of all existing houses)
- New flats
- Existing flats (subset of all existing flats)

England



2.2 Energy price rises 2021-22

The economic and social welfare value of energy saving work is particularly heightened by the current context of escalating fuel costs. Much of these will be deferred to Spring 2022 for consumers due to the operation of the price cap, however it is estimated that already the October price cap rise will raise typical bills⁴ from £1,138 to £1,277 (direct debit payments) and £1,156 to £1,309 (prepayment): a rise of 12-13%. Measures to reduce domestic energy use can benefit residents greatly in this context.

⁴ <https://www.ofgem.gov.uk/publications/record-gas-prices-drive-price-cap-ps139-customers-encouraged-contact-supplier-support-and-switch-better-deal-if-possible>

2.3 Links to other strategies and policies

Key elements of an effective approach to decarbonising homes are:

- Fabric improvements as part of a ‘pathway’ to domestic decarbonisation
- Use of energy efficient appliances, including switching from gas to electric
- Behaviour change

Replacement of gas boilers with heat pumps is essential to decarbonise the housing stock. Fabric improvements are a pre-condition to doing this with good thermal comfort. The continual but lower intensity nature of heat pump generation requires homes which retain the heat. Heat pumps support the transition to widespread electrification of sectors currently powered by fossil fuels. On site energy generation (e.g. Solar PV) can also make an important contribution to achieving net zero.

The same approach will be used across all tenures, and building the supply chain, enhancing local skills and increasing the number of high quality jobs in the sector are opportunities for the retrofit programme. However, the resourcing and delivery challenges are distinct between tenures. Development of energy efficiency knowledge and supply chain capacity is also an important area of interconnection between strategies for domestic and non-domestic buildings, with shared challenges and opportunities.

The central government strategy **Sustainable warmth: protecting vulnerable households in England**⁵ adds:

- The “worst first principle”, which is tackling the lowest energy performing properties first – improving EPC rated D and especially E/F/G properties to Band C
- A strong emphasis on fuel poverty, defined using the “Low Income Low Energy Efficiency” (LILEE) measure of households that:
 - Have a residual income below the poverty line (after accounting for required fuel costs) and
 - Live in a home that has an energy efficiency rating below Band C

These goals are important, and additionally are built into the government’s funded programme design. However, as explored below, they can create additional challenges to decarbonising York’s housing stock.

⁵ <https://www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england>

Other linked strategies include:

- Council Plan
- Climate Change Strategy
- Local Plan climate change policies CC1 and CC2
- York Economic Development and Skills Strategy

2.4 Meeting the scale required: key challenges

Challenges highlighted below are explored further in tenure-based themes in this paper.

- Responding to the challenge by developing a team with the right knowledge and skills
- Supply chain and local skills development – procurement opportunities. Better Homes Framework comes to an end March 2023. Capacity within the supply chain will mean considering alternatives for LAD3
- Leveraging funding opportunities (a summary of current programmes is shown in Appendix A), however this is predominated by short term funding with limited long term funding investments
- Embedding a whole-house retrofit pathway approach to EPC Band C and then a net-zero end point
- Understanding local stock profiles and setting out a path to net zero
- Partnership working for a sector that is ‘more than the sum of its parts’
- Awareness raising, resident engagement and behaviour change
- Identifying ‘fuel poor’ households and targeting interventions
- Tackling the poorest performing Private Rented Sector (PRS) homes

2.5 PAS 2035

PAS 2035 is a national standard aiming to achieve uniformly high quality retrofit work and sponsored by the central government Department for Business, Energy and Industrial Strategy:

The standard drives the 'whole house approach' including the 'fabric first' methodology. It defines the qualifications and responsibilities of individual retrofit roles and respective activities required prior to and post EEM [Energy Efficiency Measures] installation. It also includes a risk assessment process that builds incrementally robust requirements depending on what requirement path (A, B, or C) the retrofit project is assessed to fall within⁶.

The standard specifies a higher level of skills and a certified process to avoid issues that have been experienced in past retrofit work, such as defects, poor

⁶ <https://www.trustmark.org.uk/tradespeople/pas-2035>

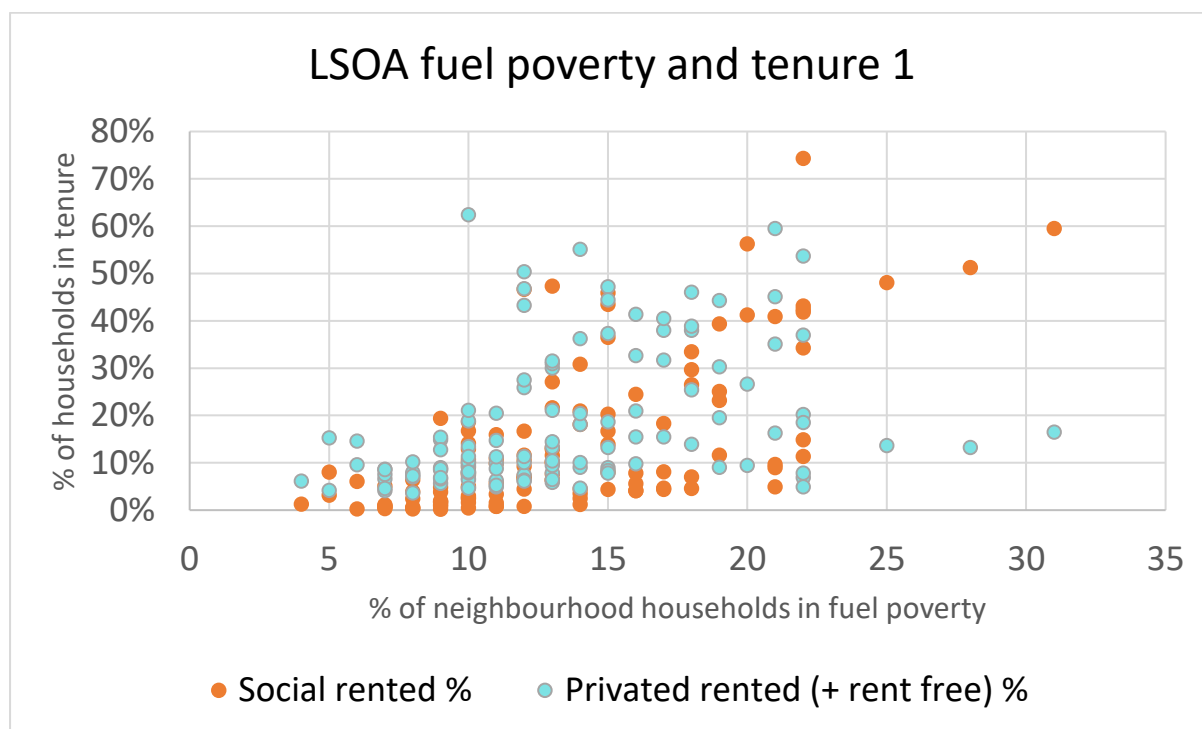
design, and a lower level of energy savings than expected (known as the 'performance gap'). This introduces additional cost and complexity to projects in the short term, but it is proposed to consider adopting PAS 2035 as a standard for all council whole house retrofit programmes.

2.6 Fuel Poverty

The tenure-specific context of fuel poverty in York is explored spatially in later sections. BEIS and other central government programmes are largely operated around eligibility criteria prioritizing households in fuel poverty, consequently this is an important factor in targeting delivery of programmes including Local Authority Delivery rounds 1b, 2 and 3 (LAD1b/2/3), Social Housing Decarbonisation Fund (SHDF) and the Energy Company Obligation (ECO).

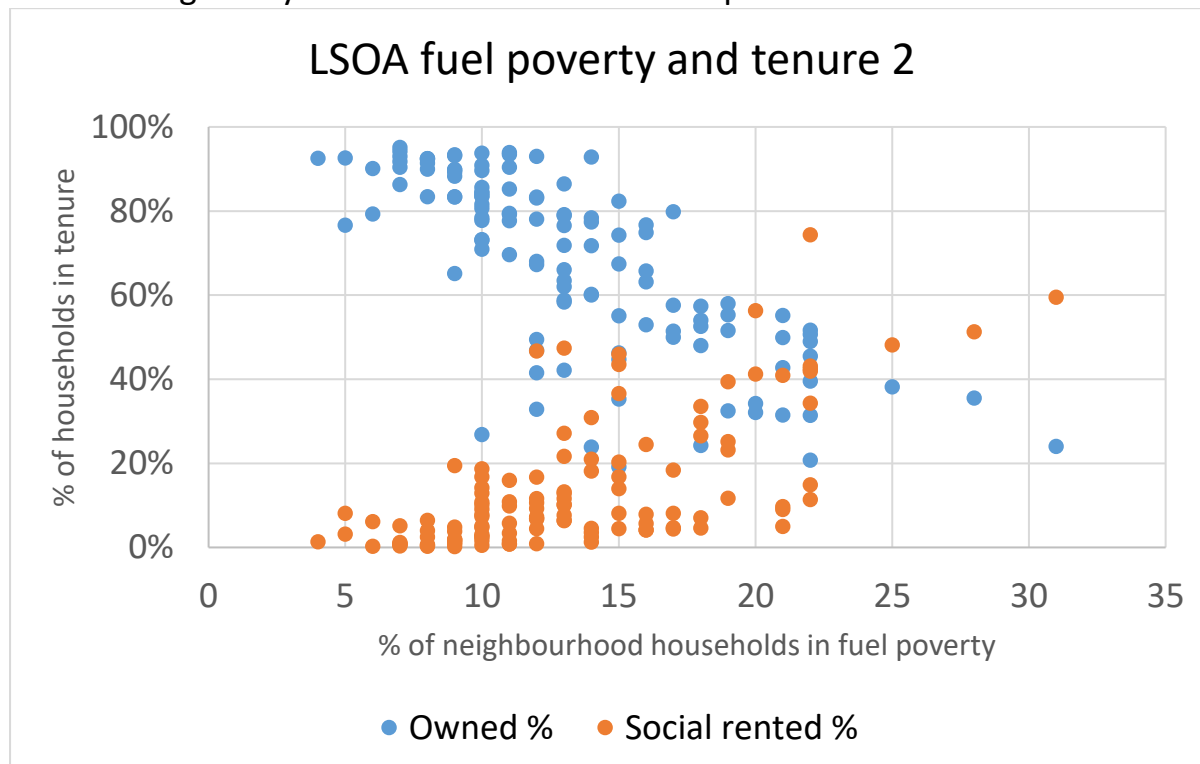
Whilst fuel poverty exists across all tenures in York, the relatively high average incomes amongst home owners and private renters, and the needs-based social housing allocation policies create a distinctive pattern. It is also important to note that, as highlighted above, costs of home energy is an increasing issue for households outside the formal fuel poverty definition as prices rise over 2021-22.

Using Lower Super Output Area (LSOA) neighbourhood-level data shows that fuel poverty is significantly correlated with social rented tenure homes:



Source: MHCLG, analysis of central government fuel poverty modelling

It is also negatively correlated with owner occupied home incidence:



Source: MHCLG, analysis of central government fuel poverty modelling

2.7 Actions and future timescale

It is expected that the proposed Strategy document will be taken to the January 2022 Executive Committee meeting. This is anticipated to follow the adoption of the Climate Change Strategy at Executive later in 2021, which will set the overall pathway and inform the details and targets of the Housing Energy Efficiency Strategy. It is intended that further detail on the pathways to net zero will be included. A summary of current actions is shown below.

Social rented sector

- LAD2 programme delivery across both the council's own stock and through a Registered Provider partner
- Retrofit works to 60 HRA phase 1 properties informing the phase 2 programme
- Develop archetype specific plans for CYC homes to identify the range of works needed for the pathway from current level to EPC C and on to net zero carbon
- Social Housing Decarbonisation Fund delivery across both the council's own stock and through a Registered Provider partner, if bid successful
- Identification of planned capital works opportunities
- Procurement of strategic delivery partner during 2022
- Ongoing skills programme for Building Services staff to build capacity
- Determine target for all properties to reach EPC C minimum as part of pathway to whole-stock net zero ambition

Private rented sector

- Delivery of LAD1B, LAD2 and LAD3 (if bid successful) programmes by March 2023
- Proactive engagement with landlords around current and future regulatory obligations, including work with partners towards a “one stop shop” energy advice centre service
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate PRS properties within HRA stock programmes where possible on a neighbourhood basis
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

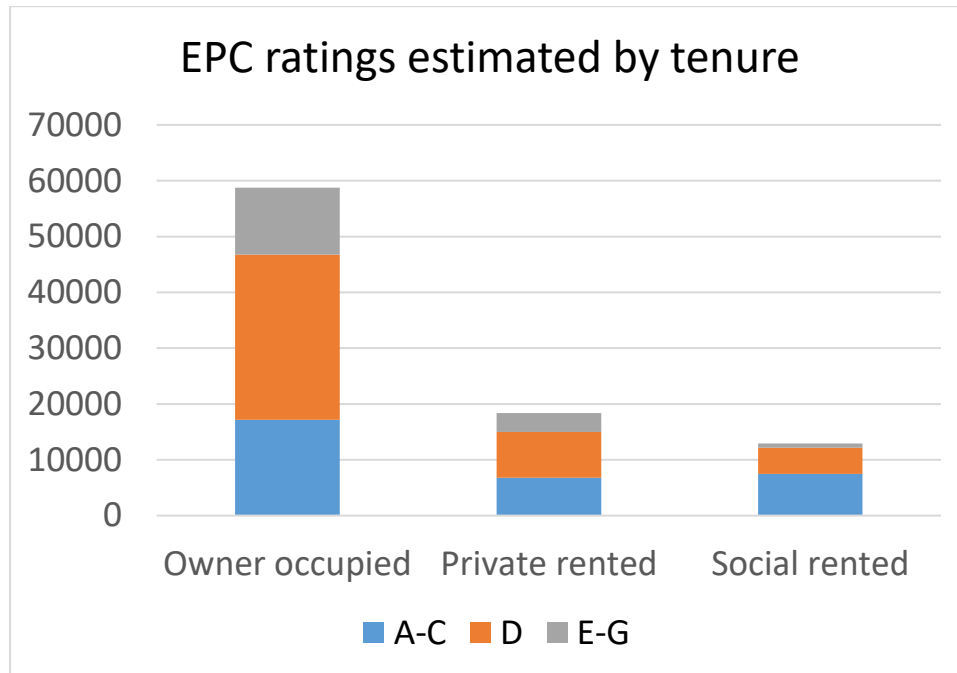
Owner occupied sector

- Delivery of LAD1B, LAD2 and LAD3 (if bid successful) programmes by March 2023
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate owner occupied properties within HRA stock programmes where possible on a neighbourhood basis
- Work with partners towards a “one stop shop” energy advice centre service
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

Full delivery programme details are contained in Appendix A.

3. Owner occupier sector

It is clear that a large majority of existing low energy performing dwellings are in the owner occupied sector. Tackling this sector will be essential to a decarbonisation pathway effectively addressing the climate emergency. Using EPC rating data and ONS tenure split estimates, it is estimated that 70% of EPC D rated properties and 74% of EPC E-G rated properties in the City of York are owner occupied.



Source: estimates from combined EPC and ONS tenure data

Homeowners could benefit significantly from reduced energy costs through retrofit investments⁷ however research from the UK Green Building Council⁸ highlighted that key barriers to realising these benefits include:

- Uncertainty over government grant and other funding eligibility
- Challenges in navigating supplier marketplace
- Limitations of existing financial products

The West Yorkshire Combined Authority “*Scaling Up Better Homes Yorkshire*”⁹ identifies the need for a “Customer Journey” that:

Starts with knowledge of what needs improving in each home, informs independent advice to occupants and owners which they can trust putting them on a path to a retrofit that retains that trust.

⁷ <https://pcancities.org.uk/energy-and-carbon/york>

⁸ <https://www.ukgbc.org/news/ukgbc-publishes-new-insights-into-home-retrofit/>

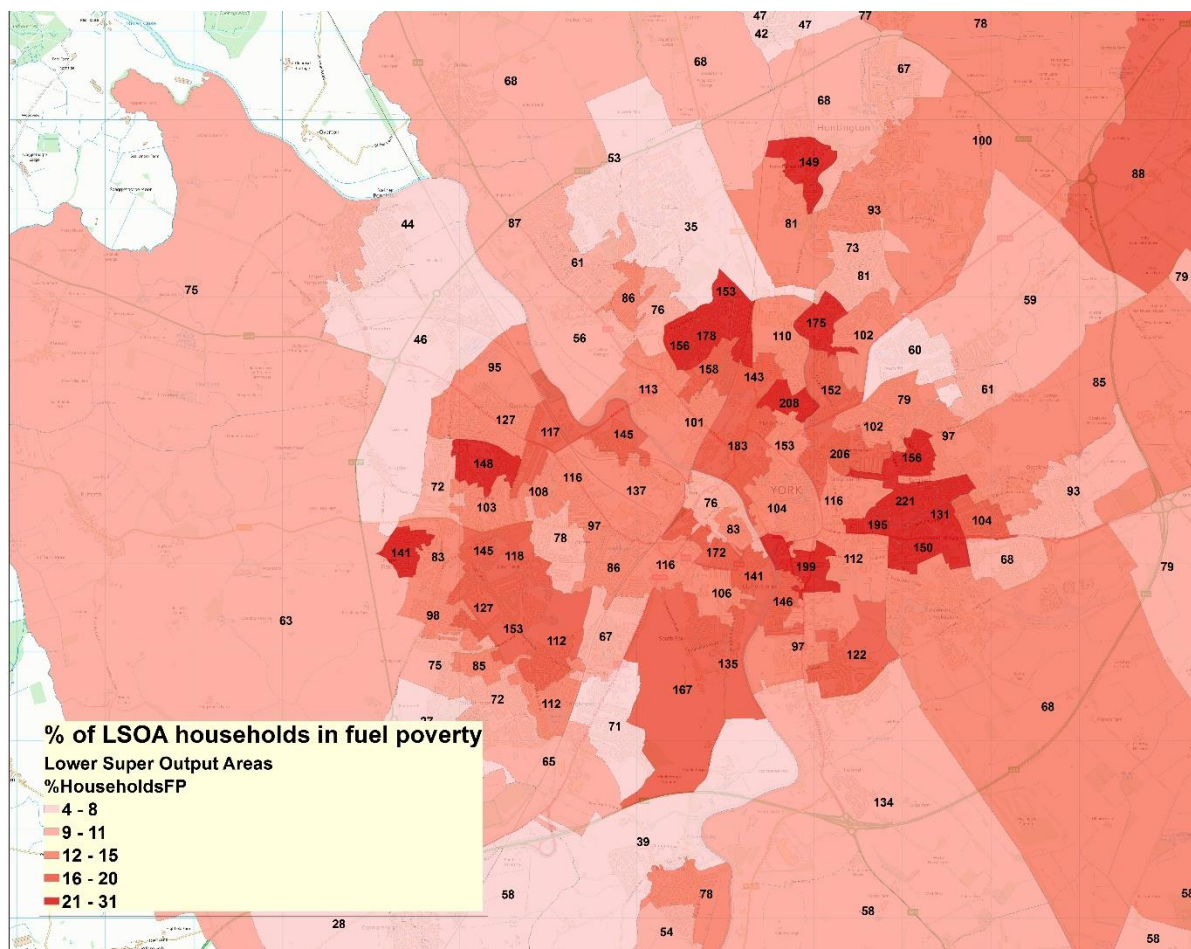
⁹ <https://shapuk.files.wordpress.com/2020/12/wyca-final-report.pdf>

These priorities are particularly important given the local demographics of domestic energy efficiency in York, as highlighted below.

3.1 Fuel Poverty

Where homeowners in properties with poor energy performance also have a low household income, they may be considered to be in fuel poverty and eligible for grant based schemes. The council has a key role in delivering some government funded programmes and in widening access to others, with details set out in Appendix A.

To meaningfully address carbon emissions in owner occupied properties however, other options will also be needed. Comparison of neighbourhood areas in York with high levels of fuel poverty identified in government statistics¹⁰ illustrates that fuel poor households are concentrated in areas of high social housing or student-oriented private rental tenure such as Acomb, Clifton, New Earswick and Tang Hall.



¹⁰ <https://www.gov.uk/government/collections/fuel-poverty-statistics>

3.2 Building a consumer market

The UK Green Building Council research identified a need for an effective consumer market for “whole-house retrofit”. This would encompass both supply and demand. Support for both of these is needed to scale up the improvements in housing stock that are necessary to meet the decarbonisation ambitions and benefit local residents. Demand provides companies with the economic incentives and confidence to improve the retrofit ‘offer’ and deliver a service more in line with customer expectations; this in turn is needed to reduce barriers for homeowners in carrying out the works.

To build a **consumer supply market** both contractors/providers and longer term skills base are important. This would offer a simplified approach for residents without the extensive project management of different contractors currently required. The council can leverage significant influence in this area, through approaches discussed below.

Neighbourhood based retrofit programmes

Due to the impact of the Right to Buy, HRA stock is largely located in mixed tenure estates including a substantial proportion of owner occupiers. HRA stock programmes will be designed to include an ‘offer’ that residents in other tenures can also benefit from, where possible, on a ‘whole streets’ basis. This may be through a combination of other funding sources or for residents who are self-funding.

Strategic use of procurement and direct labour

The council will be a significant purchaser, enabler and provider of housing decarbonisation work. This gives an opportunity to use procurement strategically in shaping the market, building supply chains for the future and working with partners to build the local skills base.

Additionally this can support supplier confidence through a ‘pipeline’ of work that give medium-term certainty for private sector investment decisions, supporting the consumer-oriented market that is needed.

There are also significant opportunities to increase **demand for ‘whole-house retrofit’**.

“The customer journey”: household tailored advice

Availability of high quality, property and resident specific advice is essential. York Energy Advice¹¹ have launched an innovative new service to develop this provision locally, with advice for residents tailored across income maximisation, the energy provider marketplace, and savings through home energy efficiency. Another example is Cumbria Action for Sustainability, who offer a range of services supporting households to understand the options for retrofit solutions including paid-for detailed property appraisals¹².

Scaling up the availability of these services is core to mass market retrofit in the owner occupied sector, and provision at no or low up-front cost is likely to be important in encouraging take-up. However in the current climate sources of funding are not clear. This can be reviewed when details of the government Energy Company Obligation 4 (ECO4) scheme is released, which will begin in April 2022. Other potential investment may be through engagement with private sector suppliers who have an interest in the development of long term demand for the marketplace.

This would also support broader resident awareness and motivation, and link to the potential for savings as energy prices rise.

Access to affordable finance

The West Yorkshire Combined Authority “Scaling Up Better Homes Yorkshire” report sets out the need for financial products that enable home owners to invest in retrofit and achieve a net return based on energy bill savings.

Access to cheap, patient, flexible borrowing is important to creating an attractive offer to all forms of customer, other than those who can use their own savings. Providing an attractive finance offer enables quality control by specifying approved contractors. If the interest rate is kept low this could create a margin to pay for delivery costs¹³.

Products to avoid up-front costs while increasing resident disposable income include some form of loan which is only paid back against a portion of the resident’s energy bill savings, or an equity loan without ongoing repayments. There is increasing awareness of this in the financial sector, for example

¹¹ <https://stnicks.org.uk/get-inspired/our-projects/york-energy-advice/>

¹² <https://cafs.org.uk/?nowprocket=1>

¹³ <https://www.ukgbc.org/news/ukgbc-publishes-new-insights-into-home-retrofit/>

Nationwide Building Society recently led a joint call with others across the industry for a “retrofit revolution” including working towards better finance options¹⁴.

3.3 Owner occupied sector: key actions and targets

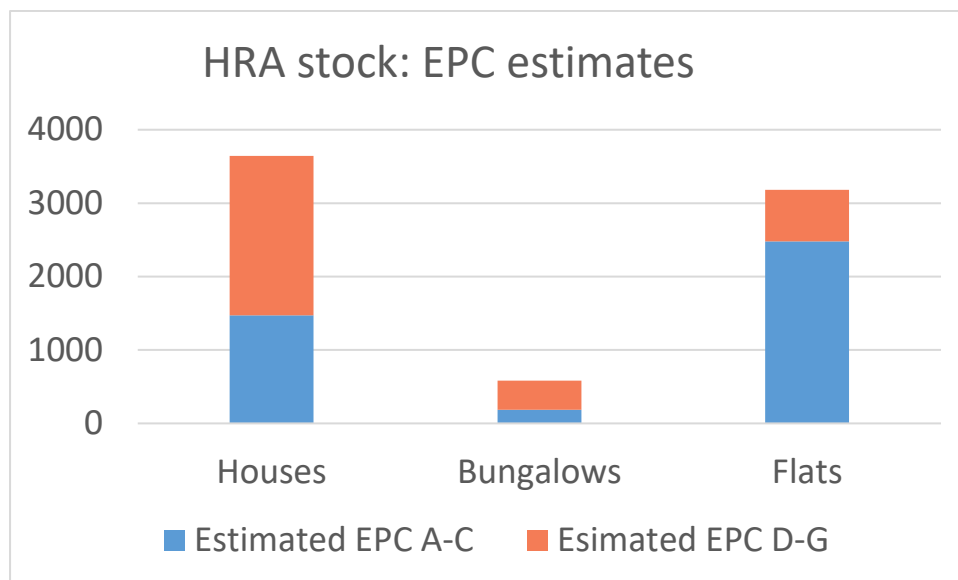
- Delivery of LAD1B, LAD2 and LAD3 programmes by March 2023
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate owner occupied properties within HRA stock programmes where possible on a neighbourhood basis
- Work with partners towards a “one stop shop” energy advice centre service
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

Full delivery programme details are contained in Appendix A.

¹⁴ <https://www.nationwidemediacentre.co.uk/news/industry-leaders-call-on-government-for-retrofit-revolution-to-hit-crucial-2050-net-zero-targets>

4. City of York Council Housing Revenue Account and Register Provider Stock

EPC survey data shows that the council's HRA stock is better performing than the City's residential stock as a whole, with around 57% estimated to be EPC rating C or above. However, over 60% of HRA houses and bungalows are estimated to be rating D or below:



The council's 2019 HRA stock modelling exercise identified the following key archetypes as retrofit investment priorities (the relevant section from the report is contained in the Annex):

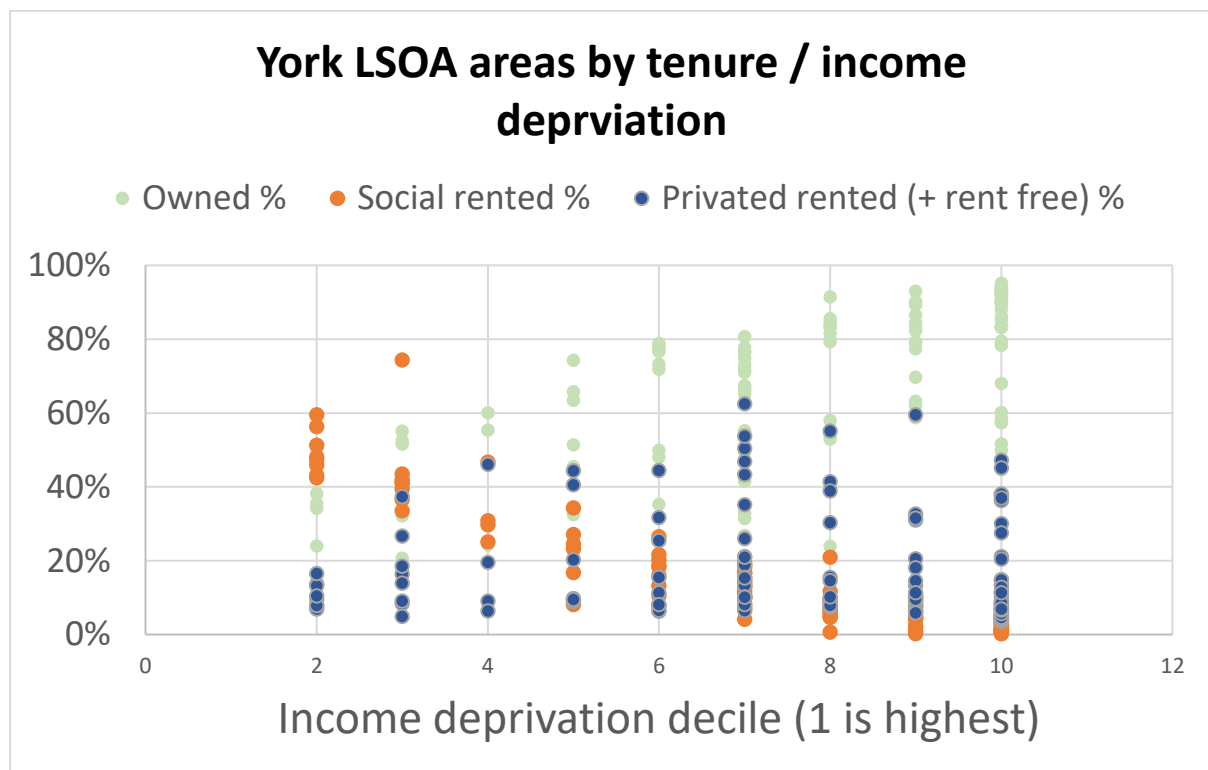
- Pre-1945 small terrace house, 522 properties
- All other pre-1945 houses, 937 properties
- Non-traditional houses, 577 properties
- Bungalows, 474 properties

These priority stock types constitute around 1/3 of the total HRA properties, but a large majority of the lowest energy efficiency performing homes. As explored below, properties across the social rented sector in York are more likely to have a good EPC rating than properties in other tenures.

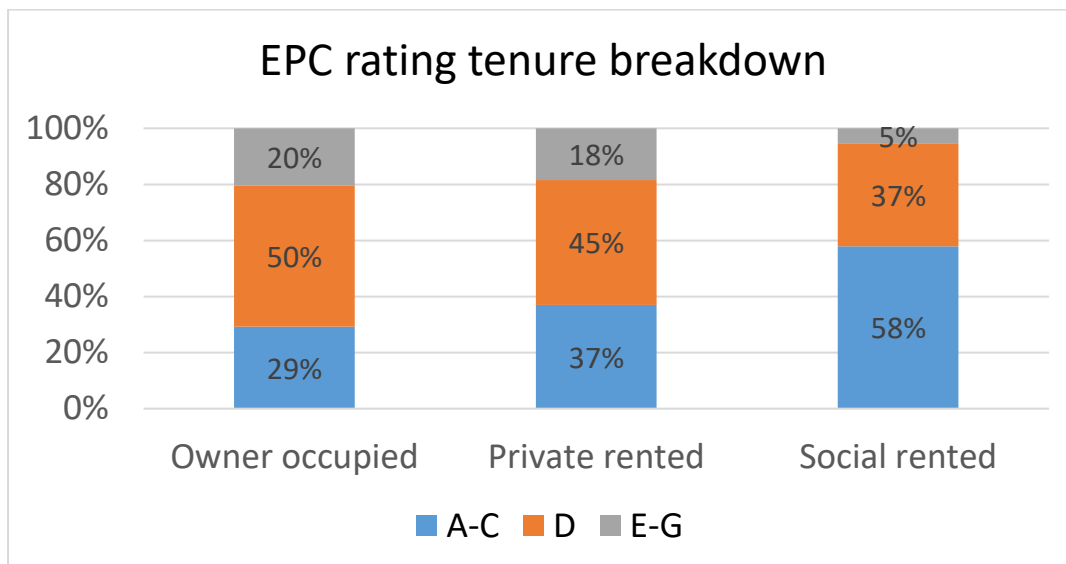
It is important to note that blocks of flats are generally not exclusively rated D or below, where there are D/E properties this is generally with a mix of properties that are C or above – creating some additional challenges for delivery at speed and scale with funding targeted towards lower EPC rated properties.

4.1 Tackling fuel poverty

A significant proportion of fuel poor residents in the City of York are social rented tenants, with the majority of social rented properties being HRA homes. In neighbouring cities where incomes are lower, fuel poverty may be widespread across all tenures, however in York low income residents are disproportionately likely to live in social rented homes. This is illustrated in the figure below showing strong correlation between neighbourhood income deprivation and social rented tenure properties at the Lower Super Output Area (LSOA) level:



Fuel poverty is also an important consideration for other tenures, as examined elsewhere in this paper. However, due to the essential role of social rented tenure in meeting the most urgent housing needs, the lowest income households are predominantly resident in this tenure. It is also important to note that a far lower proportion of EPC D and below rated properties are found in this sector, which itself reduces fuel poverty levels and enables more low income residents to live in homes with affordable energy bills.

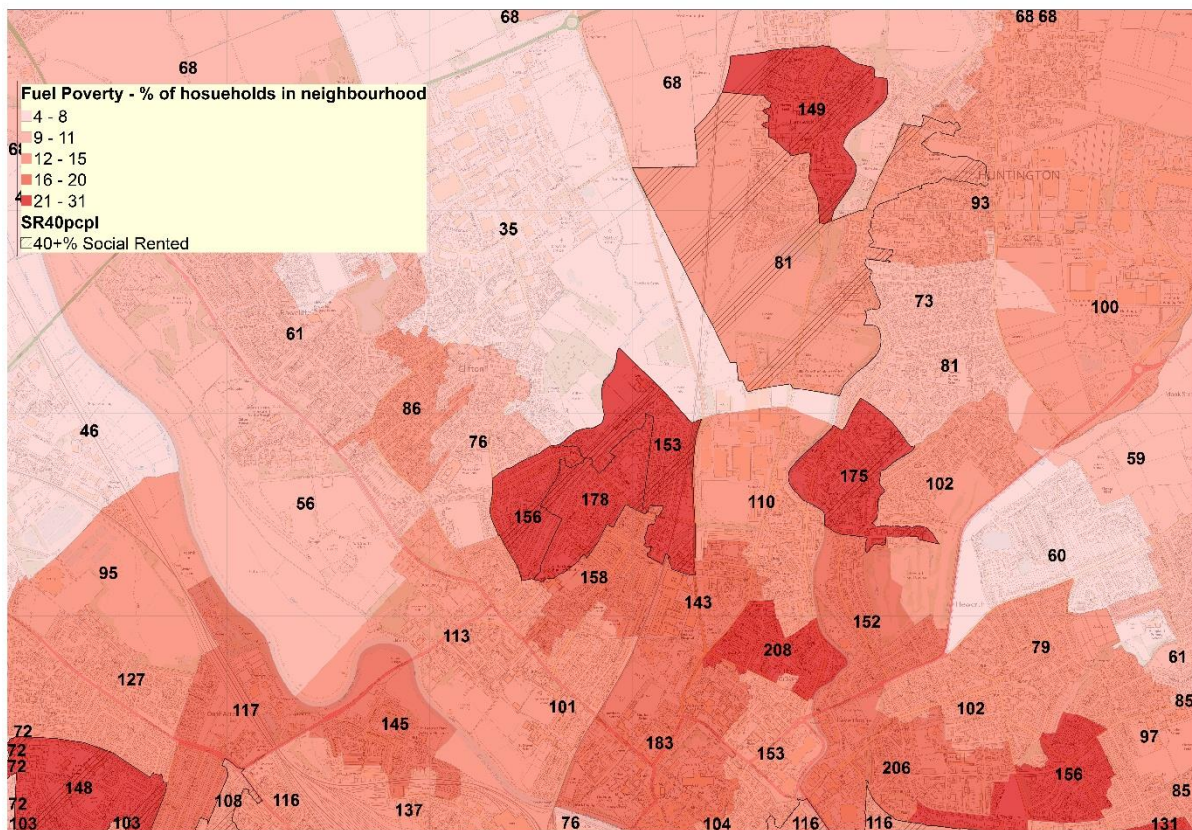


This is highlighted in a comparison of neighbourhood areas in York with high levels of fuel poverty identified in government statistics¹⁵. Fuel poor households are concentrated in areas of high social housing or student-oriented private rental tenure such as Acomb, Clifton, New Earswick and Tang Hall.

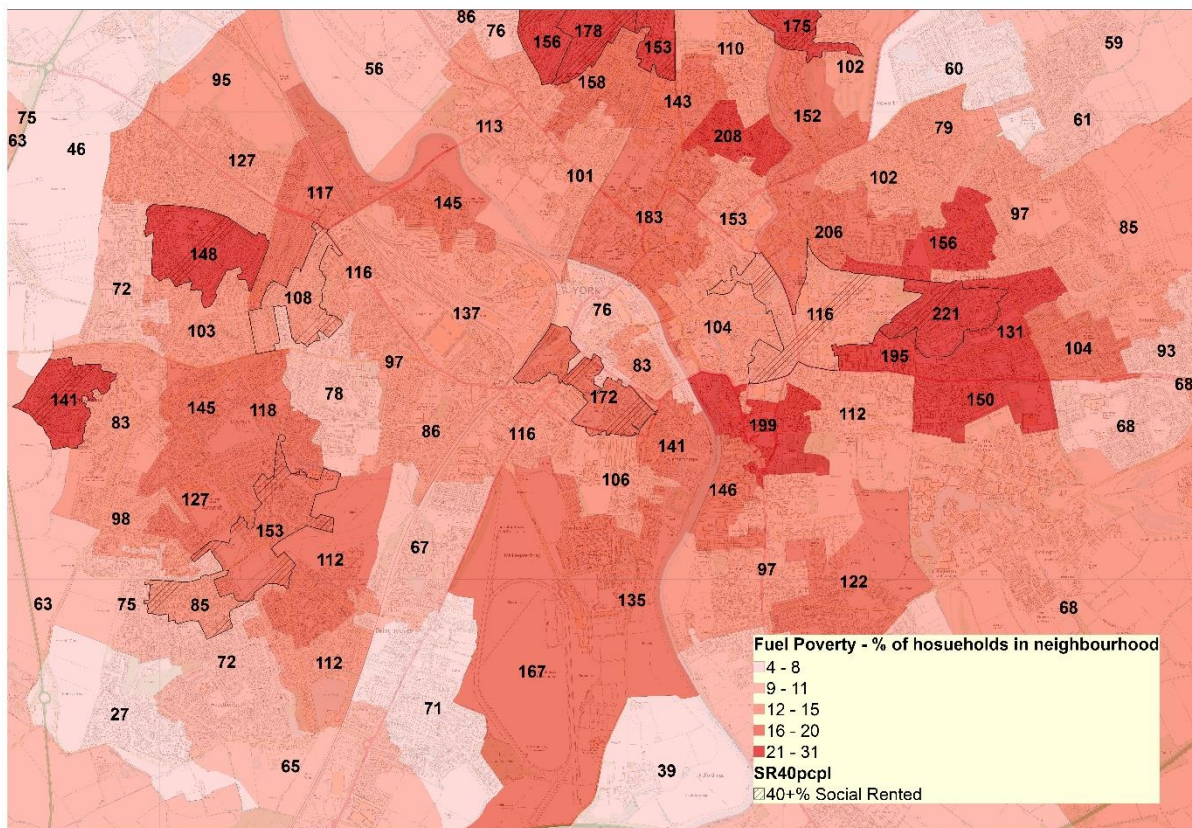
The numbers shown are the number of estimated fuel poor households in each neighbourhood area, the colour intensity indicates the proportion of the total properties this represents. Shaded and outlined areas have 40% of more social rented stock in total.

¹⁵ <https://www.gov.uk/government/collections/fuel-poverty-statistics>

Fuel poverty and social rented sector concentration map: North York



Fuel poverty and social rented sector concentration map: South York



4.2 HRA Investment Programme

it is estimated that at the cost to bring the approximately 2,400 homes currently at EPC D-F up to a C rating, would be £37m at current cost. This is a sum that cannot be achieved within existing budgets whilst continuing with our existing essential refurbishment programmes. As well as energy savings, bringing these 2,400 homes up to an EPC C rating would bring a combined total annual energy savings of £650k.

EPC C is considered a key milestone on the pathway to net zero, but it is essential that works are designed with a decarbonised end point in mind beyond EPC C.

In July 2019, the Executive's Interim Budget established a £1m budget to kick-start a council retrofit programme of increasing the energy efficiency of our housing stock. The February 2020 Budget allocated a further £250k pa in the HRA capital budget for 20/21, 21/22, 22/23, 23/24 bringing the total budget for the Council Housing Energy Retrofit Programme to £2m.

To scale up the works and leverage the council's investments other routes could include:

- Government funding such as the Social Housing Decarbonisation Fund which will be utilised wherever possible
- Use of service charges to generate a revenue stream via "comfort charge", sharing the benefits of energy bill savings with tenants
- Planned capital maintenance works explored below
- Opportunities to 'jump scale' with supply chain, through either procurement or direct delivery, with neighbourhood-based work across all tenures

4.3 Planned capital maintenance and other investment opportunities

The stock modelling report also identified significant opportunities to improve energy performance of HRA homes through integrating energy efficiency works with other ongoing maintenance and capital works. For example, 5-year boiler capital costs are estimated at £4.2m to 2026/27, with similar costs for future 5-year periods.

Capital investment items	5-year investment sum (to 2026/27)
Heating system	£4.2m
Kitchen/bathroom Tenants Choice	£10.4m
Standing water project	£3.9m
Roof replacements	£1.2m
Windows	£1.1m
Structural works	£0.96m
Total	£21.8m

Key energy efficiency enhancement opportunities in delivery of these works include:

- improvements to insulation, including potential combination of external wall insulation with roof and/or window works
- installation of energy efficient heat pumps and enhanced energy use monitoring technology
- resident engagement to raise awareness of potential individual and community benefits from other improvements to capital work processes building in energy efficiency enhancements to roofing, windows, flooring and upgrades to kitchens/bathrooms
- Supporting behavioural change

4.4 National good practice examples: social housing

Leeds Council is currently replacing electric heating systems in council-owned apartment blocks with Ground Source Heat Pumps (GSHP)¹⁶, using a mix of HRA and central government funding sources. While there are no comparable large blocks with these heating sources in York, GSHP or Air Source Heat Pumps (ASHP) may be incorporated into capital investment programmes in York's local context, with property-specific solutions identified.

Nottingham City Homes¹⁷ and Sutton Council¹⁸ are delivering retrofit projects using the Energiesprong model. This uses components that are largely manufactured offsite and require less internal installation work. Consequently, the model is intended to avoid much of the disruption of other retrofitting methods. The capital costs of the works may be paid back over a number of

¹⁶ <https://news.leeds.gov.uk/news/thousands-of-leeds-tenants-to-enjoy-cheaper-energy-bills-as-council-appoints-contractor-to-deliver-gbp-24m-heating-upgrades>

¹⁷ <https://www.nottinghamcityhomes.org.uk/news/news/more-ultra-low-energy-homes-on-the-way/>

¹⁸ https://www.sutton.gov.uk/info/200670/environmental_sustainability/2291/sutton_s_zero_carbon_retrofit_pilot_project

years through a resident comfort plan, which functions as a service charge while guaranteeing lower bills than before the retrofit works as well as enhanced comfort and home health.

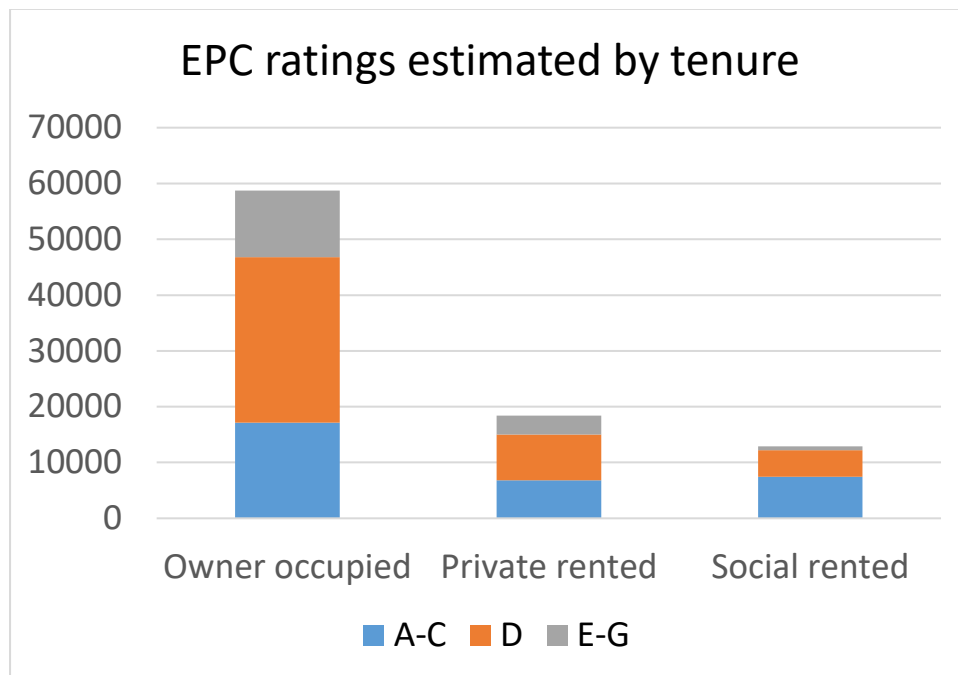
Social rented sector: key actions and targets

Action	Progress / notes
Retrofit works to 60 HRA phase 1 properties, informing the phase 2 programme	Due to internal capacity issues phase 1 is currently at planning stage – additional resource is underway
LAD2 programme delivery across both the council's own stock and through a Registered Provider partner	Installation of 50 Solar PV panels on CYC properties by March 2022
Social Housing Decarbonisation Fund delivery across both the council's own stock and through a Registered Provider partners, if bid successful	Bid currently under preparation, deadline 15 th October 2021; delivery during 2022 if successful
Identification of planned capital works opportunities for example potential for heat pump installation, roofing, windows and other cyclical maintenance programmes	Analysis being carried out to identify property characteristics that may provide specific opportunities, in context of funding programmes where relevant
Procurement of strategic delivery partner during 2022	This will reflect the council's ambitions and learning from programmes to date
Ongoing skills programme for Building Services staff to build capacity	To date, 4 Building Services engineers have attended the BPEC Air and Ground Source Heat Pump Systems Training; Passivhaus tradesperson training also provided
Develop archetype specific plans for CYC homes to identify the range of works needed for the pathway from current level to EPC C and on to net zero carbon	The worst performing properties have been prioritised first
Determine target for all CYC properties to reach EPC C minimum as part of pathway to whole-stock net zero ambition	This will be informed by ongoing work and analysis

Full delivery programme details are contained in Appendix A.

5. Private rented sector

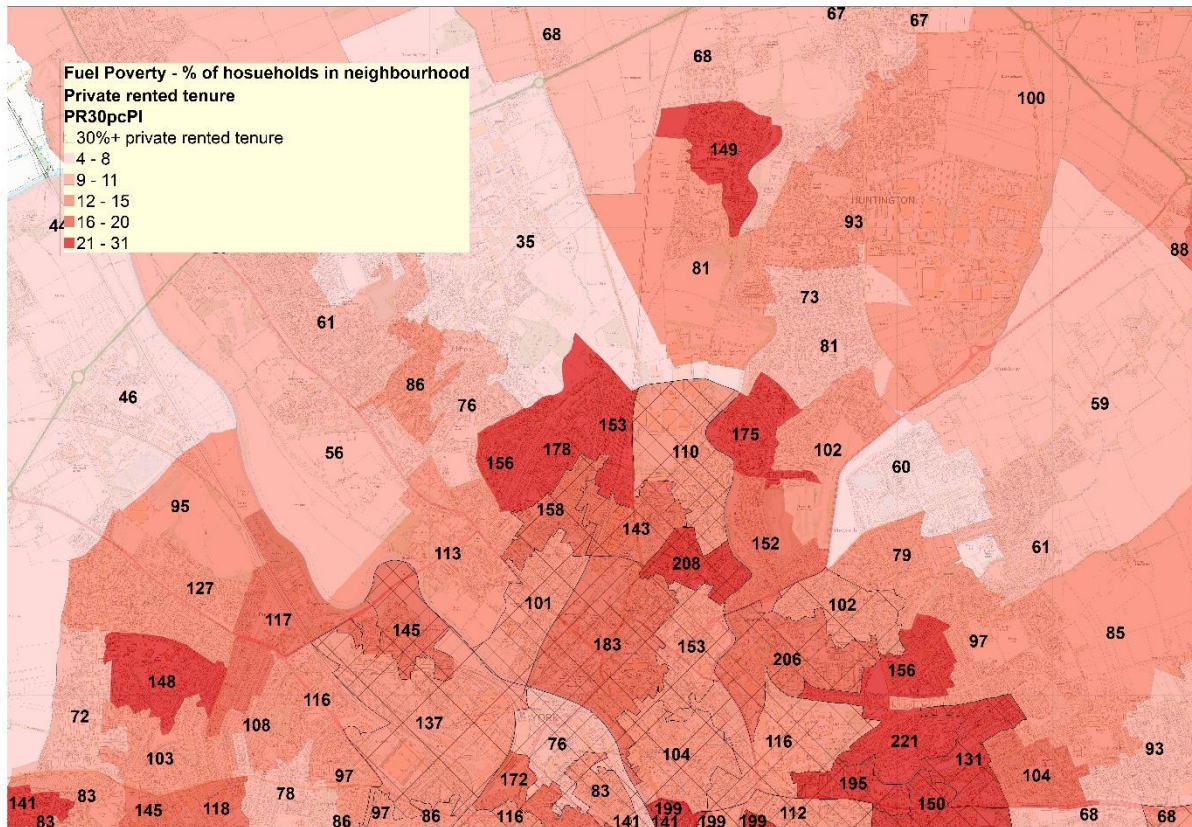
A significant proportion of the properties in York that are EPC rated D and below are in the private rented sector (PRS).



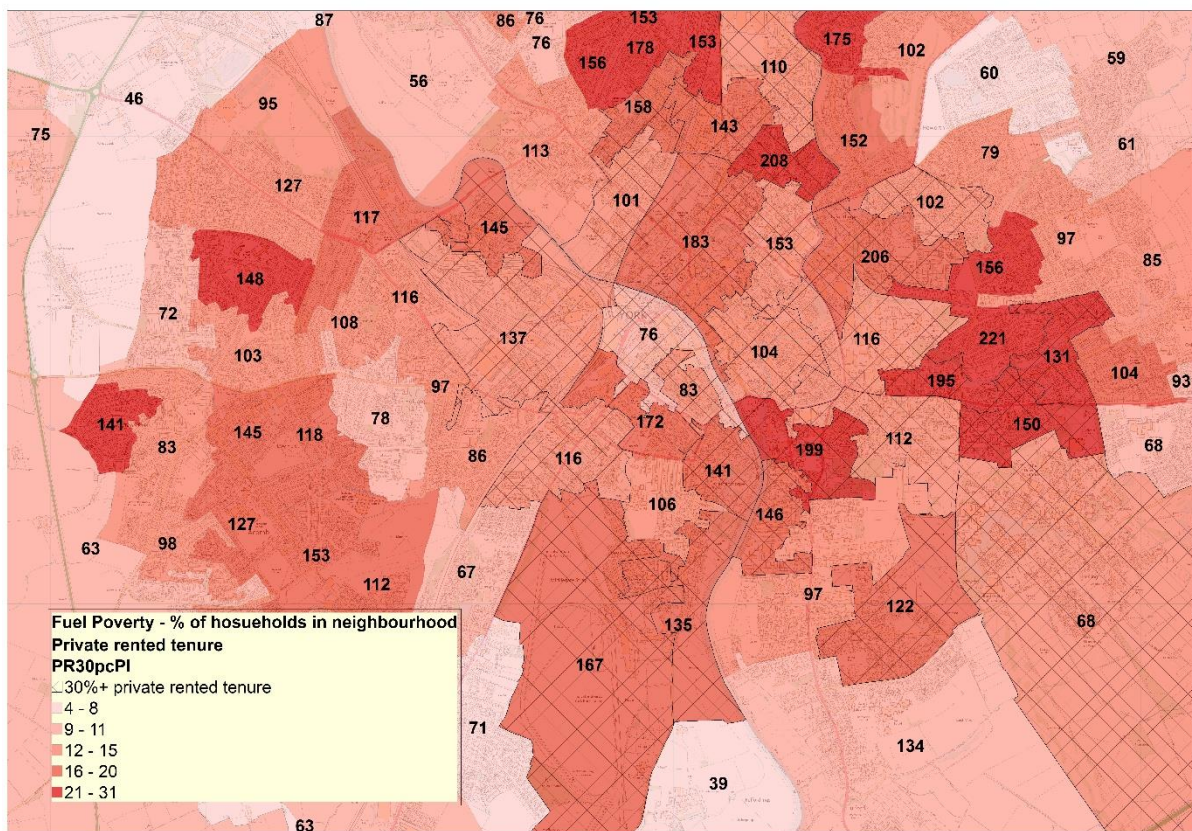
Source: estimates from combined EPC and ONS tenure data

There are also some concentrations of PRS fuel poverty in the City, predominantly located in areas including substantial student accommodation numbers. Identifying fuel poor households in this sector is important as it is usually either a requirement or a priority for central government funding programmes.

Fuel poverty and PRS concentration map: North York



Fuel poverty and PRS concentration map: South York



To improve energy efficiency in private rented sector homes, there are three areas of opportunity for the council:

- Central government funded schemes and consumer market innovation
- Minimum Energy Efficiency Standards (MEES) and other regulatory changes
- HMO licensing
- Landlord and resident engagement

5.1 Central government funded schemes and consumer market innovation

Government LAD1B/LAD2/LAD3 funded schemes as summarised in Appendix A include delivery of improvements in PRS properties.

The Energy Company Obligation (ECO) programme 2022-25 has recently undergone consultation¹⁹. The outlined proposals would offer opportunities for some landlords to meet the future MEES as set out below. Another important resource to support this is the provider and finance consumer market innovations outlined in the Owner Occupiers section above.

5.2 Minimum Energy Efficiency Standards (MEES)

Since April 2018 it has been unlawful to rent out residential premises that do not reach a minimum energy efficiency standard of E on a new tenancy. 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.

Councils are responsible for enforcing compliance with the domestic minimum level of energy efficiency. This presents a resource challenge to Local Authorities. To try and find ways of addressing this City of York Council has participated in a central government funded pilot delivering a more proactive enforcement service. Outcomes have been estimated for F & G rated PRS properties where a new, valid EPC has been produced following contact from the project:

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1010366/eco4-consultation.pdf

- 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)

The Government are looking to further increase the standards required of PRS housing in 2025. This will provide additional challenges at a resource level but new opportunities to tackle the climate emergency, improve the health of our residents and reduce incidences of fuel poverty.

The proposals are 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. There would be an increased maximum investment amount to a £10,000 cost cap, and some additional powers. Resources would also be needed for Local Authority enforcement.

It should be noted that currently the approach by the government is that government funding should **not** be used to make these properties compliant with existing regulations, but funding may be used in addition to landlord investment to improve the property beyond the minimum legal requirement. There is an expectation for improvements by April 2025 which will present an opportunity to work collaboratively with landlords in energy efficiency improvement programmes to support compliance and maximise benefits of local schemes. Equity loans or other retrofit-oriented finance products may offer substantial value to landlords in meeting regulatory obligations and reduce the burden on the council's enforcement activity.

5.3 Houses in Multiple Occupation (HMO) licensing

Our HMO local implementation policy for licensing requires landlords to provide full Energy Performance Certificates to ensure that they comply with the Minimum Energy Efficiency Standards so that properties with F and G ratings are not being let unless the licence holder has registered their property on the Government Exemption register and has provided the relevant evidence to support the exemption.

Once the EPC has been examined, if necessary, conditions can be attached to the licence requiring recommendations within the EPC or measures that have not been undertaken, such as cavity wall or loft insulation, to be carried out within a set timescale.

5.4 Private rented sector key actions and targets:

- Delivery of LAD1B, LAD2 and LAD3 programmes by March 2023
- Proactive engagement with landlords around current and future regulatory obligations, including work with partners towards a “one stop shop” energy advice centre service
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate PRS properties within HRA stock programmes where possible on a neighbourhood basis
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

Full delivery programme details are contained in Appendix A.

6. Strategy consultation

The strategy development process to date has been informed by discussion across the council and with key partners such as Registered Providers and energy efficiency social enterprises. In addition the Building Retrofit Roundtable event as part of the Climate Change Strategy has provided important insights.

The draft Housing Energy Efficiency Strategy document will be circulated to partners in the sector to organise further consultation with partners and residents. This will inform the final strategy document and raise awareness of the opportunities to move from this strategy work into improvements in residents' homes.

Scrutiny are asked to consider the content of this briefing document, and the identified action plans for each housing tenure, and provide thoughts on whether they capture the key needs for the improvement of residential energy efficiency.

7. Housing energy efficiency summary: key actions and targets by tenure

The common themes and distinct tenure-specific actions are highlighted below.

Social rented sector

- LAD2 programme delivery across both the council's own stock and through a Registered Provider partner
- Retrofit works to 60 HRA phase 1 properties informing the phase 2 programme
- Develop archetype specific plans for CYC homes to identify the range of works needed for the pathway from current level to EPC C and onto net zero carbon
- Social Housing Decarbonisation Fund delivery across both the council's own stock and through Registered Provider partners, if bid successful
- Identification of planned capital works opportunities
- Procurement of strategic delivery partner during 2022
- Ongoing skills programme for Building Services staff to build capacity
- Determine target for all properties to reach EPC C minimum as part of pathway to whole-stock net zero ambition

Private rented sector

- Delivery of LAD1B, LAD2 and LAD3 (if bid successful) programmes by March 2023
- Proactive engagement with landlords around current and future regulatory obligations, including work with partners towards a "one stop shop" energy advice centre service
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate PRS properties within HRA stock programmes where possible on a neighbourhood basis
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

Owner occupied sector

- Delivery of LAD1B, LAD2 and LAD3 (if bid successful) programmes by March 2023
- Explore regional loans opportunities with other partners engaged in the sector
- Incorporate owner occupied properties within HRA stock programmes where possible on a neighbourhood basis
- Work with partners towards a "one stop shop" energy advice centre service
- Explore procurement/direct labour opportunities to build consumer provider market through council programmes
- Set pathway to 2030 with annual EPC-based targets of homes to be improved

Annex: Stock Condition Survey Energy Profiling

8. Energy Profiling

As part of this survey MDA were asked to collect energy data to provide an accurate assessment of the average energy rating for the stock. MDA carried out RdSAP surveys to all properties where a stock condition survey was completed.

The SAP ratings appear consistent with our expectations, with the overall average SAP rating for the stock being 70.6.

CYC is required to submit annual regulatory statutory returns to 'Housemark', (an organisation designed to help the social housing sector to improve performance and improve value for money).

Currently, the reported average SAP at 'Housemark' rating for social landlords within the UK is 73.2. Therefore, the average noted in the table above is slightly below the 'Housemark' average.

MR A Ref	Archetype	Average SAP Value	Average CO2 Rate (tons)	Average Energy Usage (kj)	Average Lighting Costs (£)	Average Space Heating Costs (£)	Average Water Heating Costs (£)
1	Pre 1945 small terrace houses (small: less than 70 square metres)	68.59	41.07	234.06	61.19	522.46	111.36
2	Pre 1945 semi-detached houses	69.48	39.66	225.66	60.11	524.15	109.72
3	All other pre 1945 houses	68.80	39.22	224.02	66.85	579.41	115.18
4	1945-64 small terrace	70.66	38.08	216.58	57.43	493.53	110.06
5	1945-64 large terrace/semi-detached/detached houses	71.17	36.31	206.60	67.98	542.07	114.41
6	1965-74 houses	69.52	40.51	230.39	59.43	501.13	102.85
7	Post 1974 houses	73.95	32.35	183.74	57.66	475.35	117.12
8	Non-traditional houses	68.69	39.30	224.09	70.43	585.16	114.45
9	Pre 1945 low rise (1-2 storeys) flats	70.10	44.33	253.24	36.63	357.99	90.21
10	Post 1945 low rise (1-2 storeys) flats	71.11	39.78	227.33	47.70	356.88	102.30
11	Medium rise (3-5 storeys) flats	72.84	37.69	214.81	44.87	333.91	95.96
13	Bungalows	67.61	46.59	266.29	45.37	486.12	95.39
Overall		70.61	39.41	224.82	54.00	444.73	104.86

Bungalows, Non-Traditional houses and the oldest (pre-1945) houses achieve the lowest SAP rating with 67.6, 68.6 and 68.8 respectively.

Post 1974 houses achieves the highest SAP rating with just 73.95.

It should be noted that the overall energy cost is £603.59 per year but this only accounts for heating and lighting costs. Domestic costs such as TVs, cookers, fridges etc are not accounted for in these figures.