

Annex 2: Housing energy efficiency funding sources June 2022

* Please note: LAD1B, LAD2 and LAD3 programmes cover York, Harrogate, Selby and Craven Local Authority areas under the Better Homes York agreement.

Acronyms note:

- BEIS: Central Government Department for Business, Energy and Industry Strategy
- LAD: Local Authority Delivery
- ECO: Energy Company Obligation
- SHDF: Social Housing Decarbonisation Fund
- HRA retrofit: Housing Revenue Account / CYC stock investment
- MEES: Minimum Energy Efficiency Standard for the private rented sector

1. Scheme summary and background

A high proportion of domestic energy efficiency funding is through competitive or other grant bidding opportunities led by the Department for Business, Energy & Industrial Strategy, particularly in tenures outside of CYC stock. Building on experience of successful delivery and maximising local impact of these schemes in a fast-changing context is a key issue for the council's strategy, over both the short- and long-term.

Scheme	CYC access to funding?	Funded by	Beneficiary group	Amounts/other considerations
Social Housing Decarbonisation	Bid under preparation	BEIS (central government)	Local Authorities / Registered Providers and their tenants	Wave 1: £300k successful CYC bid for delivery by March 2023 Wave 2: significant scale up to £800m expected national programme with delivery April 2023-March

Scheme	CYC access to funding?	Funded by	Beneficiary group	Amounts/other considerations
				2025. Bids for a minimum of 100 properties, though this can be on consortia basis. Bidding open from August 2022, CYC planning to maximise this opportunity underway.
LAD1B	Yes £535,000 Consortia bid led by CYC on behalf of York Craven, Selby and Harrogate	BEIS	Low income residents	EPC E or below properties, with some D permitted
LAD2	Yes £2.1million Consortia bid led by CYC on behalf of York Craven, Selby and Harrogate	BEIS via North East and Yorkshire Energy Hub	Low income residents	EPC E or below properties, some D permitted
LAD3	Yes £2.38million Consortia bid led by CYC	BEIS	Low income residents	Aimed at properties on the gas grid. EPC D to G, however number of D properties is limited.

Scheme	CYC access to funding?	Funded by	Beneficiary group	Amounts/other considerations
				Successful £2.38m bid for around 200 property improvements, delivery by March 2023
ECO 4	New programme awaiting full details but potentially	Energy companies	The 2022-26 round “will be designed to align with other domestic energy efficiency policies in social housing and the private rented sector. In England, we intend for ECO to primarily focus on insulating the worst-quality homes and improving them as close to an EPC C as is cost effective and suitable for the property.” (England’s Fuel Poverty Strategy)	
CYC HRA programme	Yes	CYC/HRA	CYC tenants, CYC as asset owner	£1million phase 1 £1million phase 2 May be predominantly used to match BEIS programmes e.g. LAD2, SHDF Waves 1 and 2
Home Upgrade Grant (HUG1)	Consortia bid led by CYC on behalf of York Craven, Selby and Harrogate	BEIS	Off-gas-grid homes only.	EPC D to G. Tapered levels of funding depending on EPC rating and type of heating.

2. Current CYC delivery plans

Scheme	CYC delivery details
Social Housing Decarbonisation Wave 1	<p>CYC successful bid for £300k with delivery by March 2023, minimum 28 properties Maximum grant funding for retrofit works: EPC D = £10k, EPC E = £12k, EPC F/G = £16k. RPs must contribute at least a third of total eligible costs</p>
Social Housing Decarbonisation Wave 2	<p>Bidding open from August 2022. CYC preparation of properties' and areas currently underway to maximise opportunity and benefit to tenants. Full details not yet released. Expected grant funding for retrofit works up to: Cavity wall property = £5k, solid wall = £10k, additional planned for heating upgrades to properties without gas central heating RPs must contribute at least half of total eligible costs and bids must be for 100+ properties, may be made as consortium</p>
LAD1B	<p>£535,000 LAD1B successful consortium bid of which the majority is spent in York for private sector housing only</p> <ul style="list-style-type: none"> • Being delivered by Better Homes Yorkshire/Equans with delivery deadline by end of August 2022. • The overall project seeks to retrofit 136 properties with a total of 157 measures throughout the consortium area, 46 of which will be CWI, 89 of which will be LI and 22 of which will be RiR. • Currently, 58 of these 136 properties are currently in York (subject to cancellations and completed applications). • 16 York Properties are having or have had Cavity wall Insulation (subject to any cancellations or further completed applications) • 35 York Properties are having or have had Loft Insulation (subject to any cancellations or further completed applications) • 15 York properties are having or have had Room in Roof insulation. (subject to any cancellations or further completed applications)

Scheme	CYC delivery details
	<ul style="list-style-type: none"> The grant has paid/ is paying for the full cost of works for homeowners and up to 66% of works for private landlords.
LAD2	<p>£2.1 million has been secured for a consortium project. Of which just over £1million is for York, of which:</p> <p>£550,000 for council homes £420,000 for private sector housing £30,000 for JRHT project £32,000 to commission housing stock data and research £30,000 for project admin and staffing costs (York's allocation)</p> <p>Being delivered by Better Homes Yorkshire/Engie with completion by September 2022:</p> <ul style="list-style-type: none"> Insulate a further 81 homes with poorly insulated "rooms in roof" in York, Harrogate and Selby; Provide loft insulation and draught proofing to 100 homes across all four local authority areas; and Provide cavity wall insulation to 60 homes across all four local authority areas. The installation of solar PV panels on 44 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. An external wall insulation (EWI) scheme to improve 10 homes owned by Yorkshire Housing which have an EPC E rating An air source heat pumps (ASHPs) scheme to improve 6 homes occupied by fuel poor households identified by Joseph Rowntree Housing Trust (JRHT).

Scheme	CYC delivery details
LAD3 including HUG	Successful consortia bid led for £2.38m by CYC on behalf of York Craven, Selby and Harrogate – competitive bid placed for around 200 property improvements including external wall insulation and hybrid Air Source Heat Pump heating system upgrades
ECO	Better Homes Yorkshire had access to ECO funding via Engie towards central heating and low cost insulation measures however this funded arrangement ended in May 2021. Some ECO resource is planned to support aspects of LAD3 scheme delivery
CYC HRA programme	£1million phase 1 £1million phase 2 May be predominantly used to match BEIS programmes e.g. LAD2, SHDF Waves 1 and 2

Other delivery programmes

MEES project Round 1	£100k Funding from BEIS July 2020 to July 2021 to participate in a national project (12 councils in total took part) to commence the enforcement of Minimum Energy Efficiency standards (MEES) in the PRS 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. The outcome of the project was considered by the Executive Member for Housing and Safer Communities in July 2021.
MEES project Round 2	£300k funding March 2022 from BEIS to work with regional colleagues to enforce MEES in private rented sector and to enable us to continue working jointly with other regional councils to share experience and best practice and to develop a Northern MEES Forum to facilitate this work and add value to future energy efficiency work in the Region
HMO Licensing	Requirement for Landlords to install low level insulation measures in line with their EPC

4. Regulatory changes in sector

Summarised in Fuel Poverty Strategy <https://www.gov.uk/government/publications/sustainable-warmth-protecting-vulnerable-households-in-england/sustainable-warmth-protecting-vulnerable-households-in-england-accessible-web-version>

Regulatory change	Type/tenure of properties	Implementation timetable	Standard / notes
Future Homes Standard	New homes: Building Regulations update	2021 2025	<p>“From 2021, new homes will be expected to produce 31% less CO2 emissions compared to current standards.”</p> <p>“From 2025, the Future Homes Standard will ensure that new homes produce at least 75% lower CO2 emissions compared to those built to current standards”</p> <p>Homes built under the Future Homes Standard will be ‘zero carbon ready’</p>
Housing Health and Safety Rating System	All properties though likely relevant in lower-standard property types	Review in 2020/21	“BEIS and MHCLG will work together to ensure the HHSRS review takes account of the most up to date evidence on cold homes and aligns with wider Government aims on energy efficiency and fuel poverty.”
Minimum Energy Efficiency Standards	Private rented properties	New tenancies from 2025 and all tenancies from 2028 (consultation)	“Raising the minimum energy performance standard to Energy Performance Certificate (EPC) energy efficiency rating (EER) Band C” – this has been consulted on but response to consultation is awaited

Decent Homes Standard	Social housing (owned by councils or RPs)	Not fixed – referred to in Social Housing White Paper 2020	“The review will consider how the standard can work to better support energy efficiency and the decarbonisation of social homes.”
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5. Note on decarbonisation standards measurement

The Fuel Poverty strategy introduces a new measure, Low Income Low Energy Efficiency (LILEE), which “finds a household to be fuel poor if it:

- Has a residual income below the poverty line (after accounting for required fuel costs) and
- Lives in a home that has an energy efficiency rating below Band C.”

This is important as it is likely to form a basis for BEIS-led work. However separate analysis is needed to identify metrics to understand investment priorities and measure impact.

Term	Explanation	Units
SAP	SAP is the Standard Assessment Procedure. This is the government approved method for calculating energy use in homes to demonstrate compliance with Building Regulations Part L. SAP is used for new build and retrofit where Building Control sign off is required.	Main outputs measured in Kilowatt Hours per square meter per year (kWh/m ² /year)
RdSAP	Rd SAP is Reduced Data Standard Assessment Procedure. This is the government approved method for estimating energy consumption and for producing Energy Performance Certificates in existing homes that are not undergoing major retrofit.	Main output is an EPC Energy Efficiency Rating on a scale of A to G.

	<p>It is used to produce EPCs for lettings and sale of properties and for property benchmarking.</p> <p>Due to it being a simplified method, its accuracy is limited. It is primarily a benchmarking method not an energy performance modelling method.</p>	
PHPP	<p>PHPP is Passivhaus Planning Package.</p> <p>This is the energy modelling software that is required for Passivhaus, EnerPhit and AECB retrofit standards.</p> <p>It is regarded as being more accurate than SAP as more data inputs are required, and in addition it gives a better indication of summer overheating risk.</p>	Main outputs measured in Kilowatt Hours per square meter per year (kWh/m ² /year)
Heating/cooling demand	Is a measure of the modelled or actual heating and cooling demand of a building. Typically expressed in m2 per annum	Kilowatt hours (kWh)
Regulated Energy	<p>This is energy that is covered by the Building Regulations Part L. When a home requires Building Control permission (i.e. major retrofit/refurbishment) SAP energy calculations must be produced to demonstrate compliance for regulated energy use. Regulated energy is energy used for: heating, cooling, ventilation, water heating and fixed lighting.</p>	Kilowatt hours (kWh)
Unregulated Energy	Unregulated energy is also shown in SAP calculations as an estimated figure. Unregulated energy is energy that falls outside of the above, such as energy for cooking, appliances and anything plugged into a 3 pin wall socket. In the Building Regulations there are no limitations on unregulated energy consumption.	Kilowatt hours (kWh)
Primary Energy Demand	Primary Energy Demand takes into account the initial energy source used to produce electricity or heat and the inefficiencies in	Kilowatt hours (kWh)

	<p>that process. For fossil fuels this takes account the energy required for of extraction of fuels, processing, transportation etc. It is argued that Primary Energy Demand become less relevant as the electricity grid decarbonises.</p>	
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