

REPORT TO: Executive Board

DATE: 17 February 2022

REPORTING OFFICER: Strategic Director – Enterprise, Community and Resources

PORTFOLIO: Environment and Urban Renewal; Health and Wellbeing; Climate Change

SUBJECT: Decarbonising Existing Homes in Halton

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set out the approach for the local delivery of a number of UK government funding and finance initiatives to improve the energy efficiency and performance of existing residential properties. Based on the evidence of the scale of the challenge and opportunity in Halton, a strategic approach is required to guide the implementation of the programme. This will be achieved through partnership working and would prioritise the least energy efficient homes and those households experiencing or at risk of fuel poverty.

2.0 RECOMMENDATION: It is recommended that Executive Board:

- I. Recognises the progress being made to support the decarbonisation of homes in Halton;**
- II. Approves the strategic approach to delivery of decarbonising homes in Halton, as outline in para 3.26, to guide Council activity;**
- III. Provides delegated authority to the Strategic Director – Enterprise, Community & Resources, in consultation with the Portfolio Holder for Climate Change, to enter the Council into collaboration agreements with the Liverpool City Region Combined Authority to deliver housing energy retrofit grant schemes;**
- IV. Provides delegated authority to the Director of Public Health, in consultation with the Portfolio Holder for Health and Wellbeing and Portfolio Holder for Climate Change, to approve future revisions to ECO Flex criteria for Halton;**
- V. The Energy Projects Plus are engaged via the existing Service Level Agreement to provide ongoing advice and support to the Council to target delivery of energy retrofit grant schemes and subject to future review; and**

VI. Future targets and monitoring in relation to decarbonising existing homes forms part of the Halton Climate Change Action Plan and Borough wide Carbon Reduction Strategy.

3.0 SUPPORTING INFORMATION

UK Government Policy and Funding

- 3.1 The Dept. of Business, Energy & Industrial Strategy (BEIS) calculated that heating and energy use within homes accounted for approximately 15% of carbon emission within the UK in 2019.
- 3.2 In publishing its 'Ten Point Plan for a Green Industrial Revolution' in November 2020, the UK Government recognised new funding and finance initiatives were needed to kickstart the greening of existing homes. This would help accelerate the path to net zero carbon emissions and support new green job. The Ten Point Plan aims to improve the energy efficiency of around 2.8 million UK homes.
- 3.3 To achieve this target, and in quick succession, BEIS have over the last 12 – 18 months announced a number of funding initiatives to reduce the carbon emission of homes. Funding schemes include:
- Green Homes Grant Local Authority Delivery (LAD)
LAD replaces the previous Green Homes Grant 'voucher' scheme. It provides a grant of up to £10,000.00 for homes owners with a household income of less than £30,000.00 and living in an energy inefficient home. Renters can apply for a maximum of £5,000.00 with Social and Private Landlords required to provide match funding of at least £2,500.
 - Home Upgrade Grant (HUG) and Sustainable Warmth Fund
Essentially a continuation of LAD with similar eligibility criteria. It has a focus on private home owners and private landlords; and portion of funding ring-fenced to properties which are not connected to the gas network;
 - Social Housing Decarbonisation Fund (SHDF)
Launched in August 2021, the SHDF is focussed on upgrading the energy performance of social rented housing stock in England.
 - Energy Company Obligation (ECO)
A requirement on energy suppliers to promote and fund measures which improves the ability low income and vulnerable households to heat their homes (discussed in detail below)
 - Clean Heat Grant (CHG)
Anticipated to launch in April 2022 and full details have not yet been published. Part of the UK Heat and buildings Strategy. The

CHG is proposed to support households to upgrade / replace existing heating system with more energy efficient technologies, such as ground source heat pumps and biomass boilers. The grant will likely be via a 'voucher' to the home owner which will be paid direct to installer.

Halton and Liverpool City-Region Perspective

- 3.4 At its meeting held in December 2021, Executive Board approved the objective of the Council reaching carbon neutral status by 2040 with delivery through an action plan. Alongside this a broader Borough-wide carbon reduction strategy would be produced to support our community to achieve net zero. Improving the energy efficiency of the around 58,000 homes in Halton will likely be area of focus for the strategy.
- 3.5 In January 2022, The Liverpool City Region Combined Authority (LCR-CA) approved a 'Pathway to Net Zero Carbon' document. This sets out how partners across the City Region can work collectively to reach net zero carbon by 2040. The document identifies that the overall investment within the City Region required to achieve net zero in homes is £12 Billion; with 61% of homes in EPC (Energy Performance Certificate) band D and below and requiring energy improvement measures.
- 3.6 Being a shared priority, the Council and LCR-CA have collaborated on a number of bids to BEIS for funding. A summary of funding secured and bid for in Halton is set out below:
 - £1.04 Million Green Homes Grant secured to improve at least 129 homes. Delivery commenced in October 2021 with completion by June 2022;
 - £4.65 Million Sustainable Warmth Fund secured to improve at least 442 homes. Delivery to commence in 2022/2023;
 - £1.47 Million Social Housing Decarbonisation Fund (wave 1), bid to improve 147 homes. Funding decision expected in February 2022 for delivery in 2022/2023.
- 3.7 These funds demonstrate an acceleration in UK Government strategy, with a stronger implementation role for local and devolved authorities within England. Following the publication in October 2021 of the UK Heat and Buildings Strategy, further funding initiatives are likely to be announced over the next 12 months.
- 3.8 Collaboration with LCR-CA has proved a highly efficient and effective means for Halton to access UK Government funding programmes with complex bidding, grant funding agreements, procurement compliance and associated reporting requirements. It has also enabled the Council to take a more strategic role to secure and guide funding investment within the Borough and bring in local partners such as social housing providers.

Energy Company Obligation

- 3.9 In addition to the above initiatives, the Energy Company Obligation (ECO) funding, first launched in 2013 continues to operate. Administered by the Office of Gas and Electricity Markets (OFGEM) it places a requirement on energy suppliers to promote and fund measures which improves the ability low income and vulnerable households to heat their homes. ECO funding can be accessed directly by qualifying households via approved installers and the Council has the option to work directly with an energy provider to deliver improvements.

In September 2017, Executive Board approved the use of its local authority flexibility (or ECO Flex) to define local eligibility requirements for ECO funding. ECO Flex also forms part of the Council's Affordable Warmth Strategy and is presently administered by Public Health. In agreement with the LCR-CA, ECO Flex also provides the basis for widening Halton household eligibility for Green Homes Grant funding. This ensures that the most vulnerable households to rises in heating and energy costs, can access grant funding.

- 3.10 The local ECO eligibility requirements will need to be renewed with the launch of the next round of ECO (ECO4) is due in April 2022 and running until 2026. It is anticipated that the eligibility criteria will be prepared jointly with other City Region local authorities. This is an opportunity for the Council to widen access to funding to the most vulnerable households, target areas with the most energy efficient homes and further simplify ECO Flex eligibility. To enable timely adoption of new ECO Flex it is recommended that delegated authority is given to approve future revisions for ECO4.

The Challenge and Opportunity in Halton

- 3.11 To help understand the scale of the challenge and opportunity a desk top study was commissioned into the energy performance of homes within the borough. This analysed Energy Performance Certificate (EPCs) data. EPCs are an indication of how energy efficient a building is - with a rating from A (very efficient) to G (inefficient). They are required whenever a property is built, sold or rented.
- 3.12 The headline findings of this study being of the 57,731 homes in Halton, 36,576 (63%) have an EPC rating of D or below. This is broken down further in the table below:

Housing Tenure	Number of properties D	Number of properties E	Number of properties F	Number of properties G	Total (D or below)
Owner Occupiers	8,460	2,433	251	39	11,183

Social Rented	3,150	286	26	2	3,464
Private Rented	1,819	501	34	6	2,360
Unknown Tenure	15,399	3,776	353	41	19,569
Total	28,828	6,996	664	88	36,576

Liverpool City Region Housing Stock Energy Performance Analysis, Halton Extract, Parity Projects, 2021

- 3.13 Whilst headline data, the scale of the challenge to bring over 36,576 homes to an EPC rating of at least C is significant and will take many years if not decades to achieve. A focus on the 7,748 in EPC Rating E – G would help target the most energy inefficient homes, being harder and more expensive to keep warm.
- 3.14 Spatially there is concentration of homes with an EPC rating of D or below in the following Wards: Daresbury, Moore and Sandymoor; Ditton, Hale Village and Halebank; Beechwood and Heath; Bankfield; and Mersey and Weston. This is summarised on the map at Appendix A.
- 3.15 The breakdown in the above table also illustrates that the challenge will be to address different tenures and the need to work across tenures at the neighbourhood level.
- 3.16 Another important factor for targeting interventions is identifying households that are or may be risk of experiencing fuel poverty. Analysis by the British Research Establishment estimates around 38% of all homes in Halton are occupied by low income households. Given widely anticipated rises in energy costs this year, targeting grant funding to these homes ensures support is provided to those who will benefit the most.
- 3.17 Spatially concentrations of low income households (in private sector homes) are clustered in certain areas of the borough – mainly to the south east of Runcorn. The highest levels overall are found in the following Wards: Central & West Bank, Halton Lea and Halton Castle. There are also high concentrations in Norton North Ward and Hough Green Ward. This is summarised on the map at Appendix B.
- 3.18 The above data helps targeting and prioritising of funding and resources to those homes and households that would benefit the most from energy efficiency improvements. It provides a useful basis to shape delivery of initiatives locally.
- 3.19 Further research and intelligence will be undertaken to help shape delivery to target neighbourhoods, streets and individual properties.

Delivery in Halton

- 3.20 Prior to recent collaboration on the Green Homes Grant and Social Housing Decarbonisation fund, over the last 5 – 10 years the Council has supported delivery of a number of home energy efficiency improvement projects within the Borough. These include:
- £2.80 Million improvements to 330 mixed tenure homes on Castlefields. Included provision of external wall insulation and was delivered in partnership with Onward Housing and Plus Dane;
 - £3.8 Million improvements to 580 homes mixed tenure homes on Halton Brook. Delivered by Riverside Housing with Council support.
- 3.21 Within these projects, it should be noted that the Council has never individually implemented a scheme, but instead has worked in partnership, providing strategic leadership to shape proposals, such as brokering mixed tenure interventions and blending grant funding streams. With design, specification, procurement and management of physical delivery of improvement measures led by partners and their contractors.
- 3.22 To date, registered social housing providers have been a particularly strong partner, with the in-house skills and capacity to oversee delivery of works at the neighbourhood level. Schemes delivered have also supported broader regeneration, housing and neighbourhood renewal priorities of the Council.
- 3.23 Two external non-profit organisations currently offer free and impartial advice to households in Halton on reducing energy bills and staying warm at home. These are the Save Energy Advice Line, run by Merseyside and Cheshire based environmental and fuel poverty non-profit organisation Energy Projects Plus (EPP); and, Cheshire Green Doctor Service, provided by Groundwork Cheshire. Access to both these services are promoted by the Council.
- 3.24 Support provided to residents includes: accessing financial assistance to meet energy costs (such as the national warm home discount scheme); help with changing energy providers and collective switching; and, grants for home energy improvements, ranging from smaller charitable foundations to replace white goods to national schemes such as ECO and (more recently) promoting the Green Homes Grant. The Citizens Advice Bureau also continues to offer advice for people who may feel the effects of raising energy bills.
- 3.25 The Council recently entered into a more formal Service Level Agreement with EPP to support delivery of energy saving and affordable warmth advice to households in Halton, including supporting households to access energy retrofit grants. This recognises likely increases in need

for support to help insulate Halton households, and particularly our most vulnerable residents, against any future rise in energy and heating costs. This approach is in line with the Borough's Affordable Warmth Strategy.

Strategic Approach to Delivery

3.26 Taking into account headline data analysis and the Councils involvement in past and present projects, the strategic framework for delivery of decarbonising existing homes in Halton is set out below:

Halton Borough Council will work collectively with partners locally and across the City-Region to secure investment in local housing stock to reduce carbon emissions. Projects will:

- a) Be data driven, to support a just and equitable transition to Net Zero by prioritising the most energy inefficient homes and those households experiencing or at risk of fuel poverty;
- b) Support a street and neighbourhood approach, with implementation across different housing tenures, aligned with broader regeneration and housing renewal strategies;
- c) Secure blending of funding streams to maximise the range of energy performance measures able to be installed and maximise the number of households involved;
- d) Seek a fabric first and deep retrofit approach, utilising proven technologies and provide support and aftercare to help protect residents interests and secure long term benefits;
- e) Recognise the resources, skills and expertise of partners to provide effective delivery; complemented by local leadership, knowledge and community trust provided by the Council; and
- f) Bring local green jobs and business growth, including promoting supply chain opportunities and social value with a focus on developing apprenticeships, skills and training opportunities.

- 3.27 The Council are in a good position for future delivery. Recognising their effectiveness, skills and capacity, the LCR-CA remain the lead partner for appropriate UK Government funded programmes. Working with social housing providers, the Council has long-standing and established partnerships, and since early 2021 has held a monthly meeting to plan and coordinate retrofit housing energy improvement projects within the Borough. There is a collective recognition of the benefits that schemes delivered by social housing providers are (were possible) implemented at the neighbourhood level and embrace private owners.
- 3.28 Headline data analysis identified the challenge of intervention within private housing stock and neighbourhoods with no social housing provider present. Whilst the 'turnkey' solution being used to deliver the Green Homes Grant is an efficient means to enable Halton residents to access grants at the local level. This pepper potting of funding and improvements throughout the Borough, does miss the opportunity for the added benefits and impact that come from a more planned and targeted intervention at the street and neighbourhood level. Particularly where this incorporates the aesthetics improvements from external wall insulation.
- 3.29 The Sustainable Warmth Fund (or other future funding stream) presents the opportunity to deliver an initial trail 'Eco Street' scale intervention targeted at 50 – 80 homes in private ownership. Whilst a formal collaboration agreement is required, initial discussions with the LCR-CA have been positive to this approach in Halton. The LCR-CA are receptive to use of the established procurement system for housing retrofit in the North West and themselves retaining the overall management and monitoring of contract delivery. This also presents the opportunity to procure a partner, who alongside delivery of improvement measures, can bring additional investment through ECO funding. Subject to evaluation, this could form an additional model for delivery in the Borough alongside a continued turnkey offer and working with social housing providers.
- 3.30 To ensure Council delivery is driven by data, a better understanding of the properties and residents (households) to targets is required. Rather than commission snap shot studies and data analysis, it is recommended that a local partner with appropriate expertise and understanding of the issues – both carbon reduction and fuel poverty - is

brought in to provide ongoing advice and support to the Council. It is recommended that the existing SLA with EPP will be used to provide this support.

- 3.31 Investment in home energy retrofits projects in Halton (and indeed across the Country) present a significant economic and business growth opportunity. To maximise local opportunities from green growth, the Business Support Team has already begun discussions with a number of sector businesses to help them to have the right networks, skills and accreditations (such as PAS2035 and TrustMark) to secure contracts for housing retrofit works and supply chain opportunities; and are talking to training providers to develop Halton's workforce with the skills and knowledge in green technologies to deliver Net Zero.
- 3.32 In recognition of the likely acceleration in pace to Net Zero and associated economic opportunities, the Council will work with partners including Halton Chamber and Riverside College to explore establishing a Green Growth Business Alliance.

4.0 POLICY IMPLICATIONS

- 4.1 Delivery of de-carbonising homes through retrofitting housing energy conservation and performance measures has strong linkages with strategic borough priorities to help to build a better future for Halton. Specifically the strategic approach set out in this report will contribute to achieving the Council's climate change commitments. It also supports and aligns with the Affordable Warmth Strategy, and regeneration and housing renewal priorities.
- 4.2 There may be occasions, such as in respect of listed buildings and within conservation areas, where measures such as external wall insulation, may not be appropriate and will need to be informed by planning policy.
- 4.3 As decarbonising homes will form an integral part of borough's long term journey to Net Zero. It is recommended that the Climate Change Action Plan and Borough wide strategy presents an appropriate route for ongoing monitoring and measuring impact of delivery. It will also form part of the Council's annual Housing Energy Conservation Act 1995 (HECA) reports to BEIS to demonstrate our progress to improve the energy efficiency of local homes.
- 4.4 Through the Council's Homes Assistance Policy, there is the potential to provide a mechanism to provide additional financial assistance to private home owners for home energy performance and improvement measures. Financial assistance would be via a loan with a land charge placed on the property in order to reclaim the loan when the property is disposed of. This could be an option where costs of measures exceed the grant funding levels. Any changes to Home Assistance Policy requires further considerations, including any financial implications. If appropriate, any revised Policy will be brought to Executive Board for agreement.

- 4.5 Headline data indicates that approximately 2,360 houses within the private rental sector within Halton are within EPC D – G. The UK Government Domestic Minimum Energy Efficiency Standard (MEES) Regulations set a minimum energy efficiency level for domestic private rented properties of EPC rating of E. Through the Council’s Landlord Accreditation Scheme and duties under environmental enforcement services the Council seek compliance with MEES and encourage improvements to energy efficiency and warmth. It should be noted that within the Green Home Grant funding for private landlord is at a reduced rate.
- 4.6 This report deals with improving the energy performance of existing homes in Halton. The Council are also committed and developing a strategy to improve the energy efficiency of new build housing. This will outline opportunities to accelerate delivery of Net Zero homes within the Borough ahead of UK Government targets and introduction of new Future Homes Standards.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Future funding is not guaranteed. Pace and quantity of delivery will be dictated by: demonstrating successful delivery to BEIS; continued access to funding opportunities; and, capacity of Council and partners to manage delivery.
- 5.2 The SLA with EEP provides additional support for the Council on an ongoing basis. It does not commit the Council to any expenditure, instead providing a framework for cost recovering by EPP (as a not-for-profit organisation), on a project by project basis. Discussions to date with the LCR-CA have been positive in respect of proportionate cost recovery by the Council as part of future project delivery. This aligns with the LCR-CA recovering the costs of their role through incorporating administration fees within bids to BEIS.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 Children and Young People in Halton

Fuel poverty and living in a cold home can affect normal development and also lead to poor emotional and mental well-being. A warm and comfortable home can help improve educational achievements for children and young people, helping improve life chances.

6.2 Employment, Learning and Skills in Halton

Securing local growth, training and apprenticeship opportunities form an integral part of the approach to delivering housing retrofit schemes.

6.3 A Healthy Halton

A warm home can help improve general health and wellbeing and specifically help those with a vulnerability to the cold such as people with cardiovascular and respiratory conditions.

6.4 A Safer Halton

Improving energy efficiency of homes help improve overall health, well-being and financial resilience of households and promote more positive lifestyles.

6.5 Halton's Urban Renewal

The scheme will contribute to a reduction in carbon emissions and support the transition to Net Zero. Delivery will help achieve broader regeneration and housing renewal strategies of the Council.

7.0 RISK ANALYSIS

Risk assessment and mitigation forms an integral part of LCR-CA Green Home Grant project management and compliance processes. This includes contract delivery being to PAS2035 and TrustMark standards. Together these provide a quality assurance framework for retrofit project delivery and customer satisfaction to ensure energy conservation and efficiency improvement measure are high quality, safe and fit for the future. This approach helps protect the Council reputation from involvement within projects. As a multi-organisation project, personal data sharing and data protection measures have been put in place.

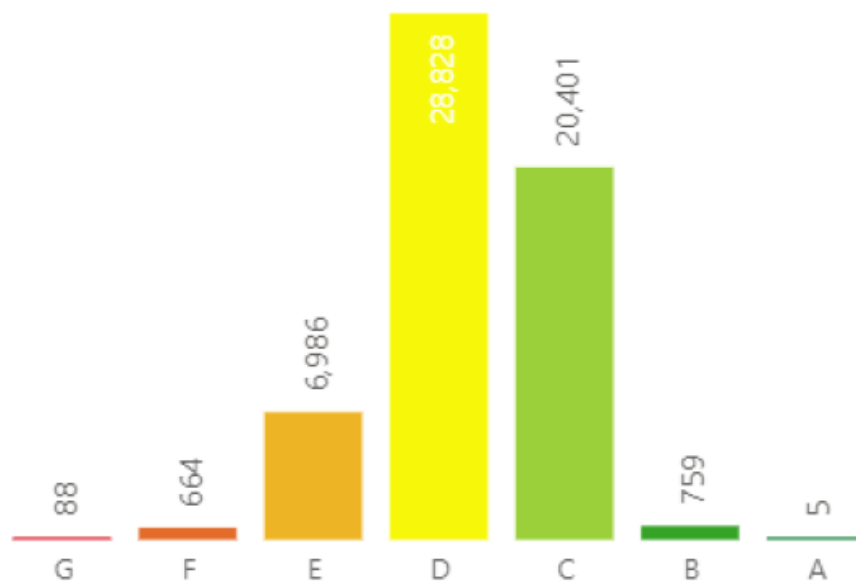
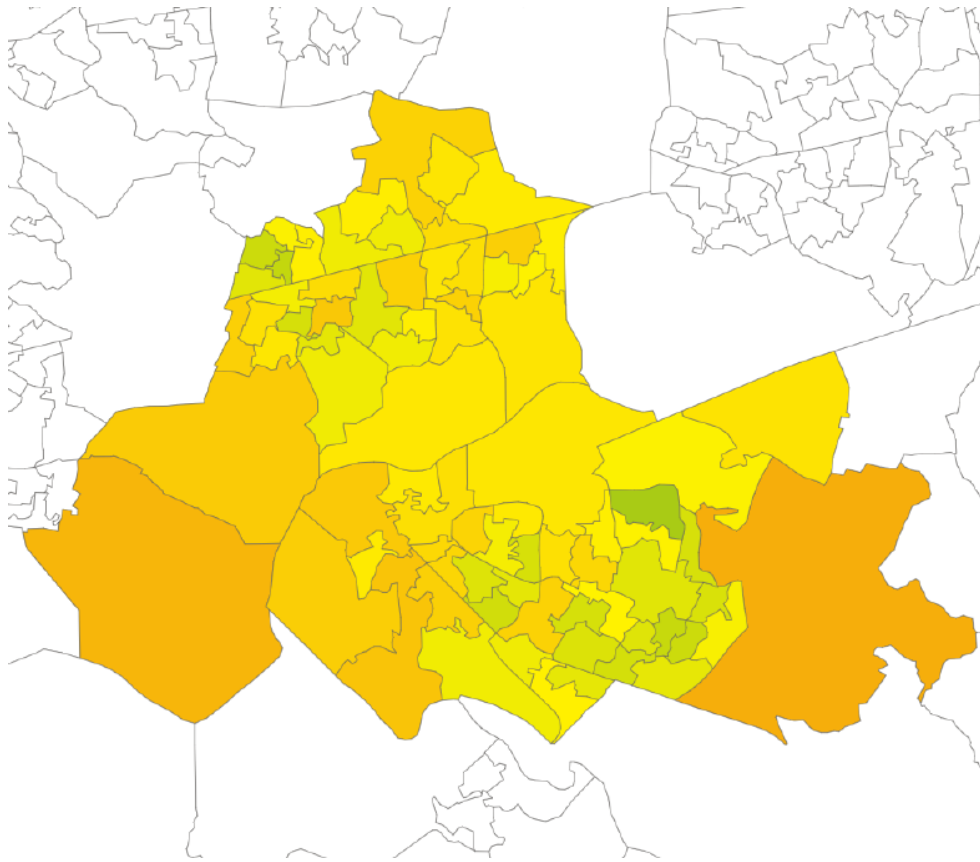
8.0 EQUALITY AND DIVERSITY ISSUES

The strategic approach seeks an equitable and just delivery of housing energy retrofit works within Halton. Equality and diversity monitoring has been integrated within Green Homes Grant project delivery to help evaluate whether project delivery is representative of the community and help inform how this can be improved in any future projects.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Halton Borough Council Affordable Warmth Strategy	Council Website	Sarah Johnson-Griffiths, Public Health
ECO Flexible Eligibility: Liverpool City Region Joint Statement of Intent	Council Website	Sarah Johnson-Griffiths, Public Health
Liverpool City Region Housing Stock Energy Performance Analysis, Halton Extract, Parity Projects, 2021	Regeneration Team, Municipal Building	Sally McDonald, Regeneration
Halton Integrated Dwelling Level Housing Stock Modelling and Database, BRE, April 2021	Regeneration Team, Municipal Building	Sally McDonald, Regeneration

Appendix A: Average EPC Rating by Lower Super Output Area, Parity Projects Report, 2021.



Appendix B: Percentage of private sector dwellings in Halton occupied by low income households

