



Housing Retrofit in the North West

Policy Context & Funding opportunities



About the Hub

Local Energy North West Hub (LENW) works with Local Enterprise Partnerships and Local Authorities in the North West of England to support energy projects and to align strategic plans with government energy and climate policy.

Our Work

- To scale up investment in local energy schemes
- To refine the business case for investment
- To provide impartial technical advice
- To raise awareness and encourage collaborations
- To encourage innovation and new funding models

Our Scope

- Decentralised energy generation
- Public sector energy efficiency & Invest to Save
- Grid connections, building estates, district heating
- Scaled investment in housing retrofit
- Energy procurement and financial incentives

To find out more: www.localenergynw.org

Local Energy Hub

BEIS Funded Programme:



Department for
Business, Energy



Cumbria
Local Enterprise
Partnership



Greater Manchester
Local Enterprise Partnership



Lancashire
Enterprise Partnership



Liverpool City Region
Local Enterprise Partnership



Cheshire and Warrington
Local Enterprise Partnership

Host Organisation

growth platform
Liverpool City Region Growth Company

Accountable Body

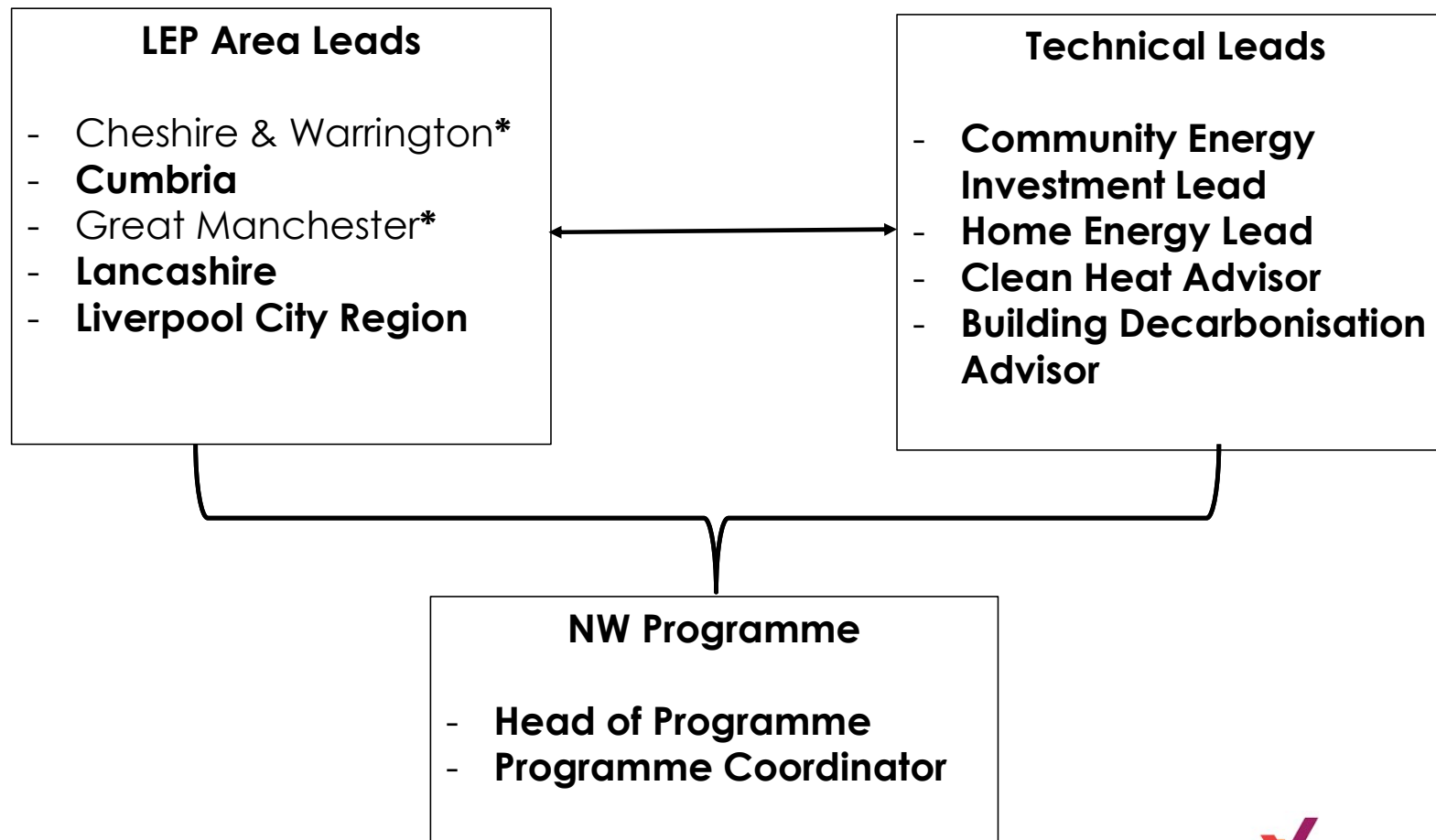
METRO MAYOR
LIVERPOOL CITY REGION

Funding support from:

NORTHERN POWERHOUSE
HM Government

 **European Union**
European Regional
Development Fund

Local Energy North West Team



* To be recruited 2022

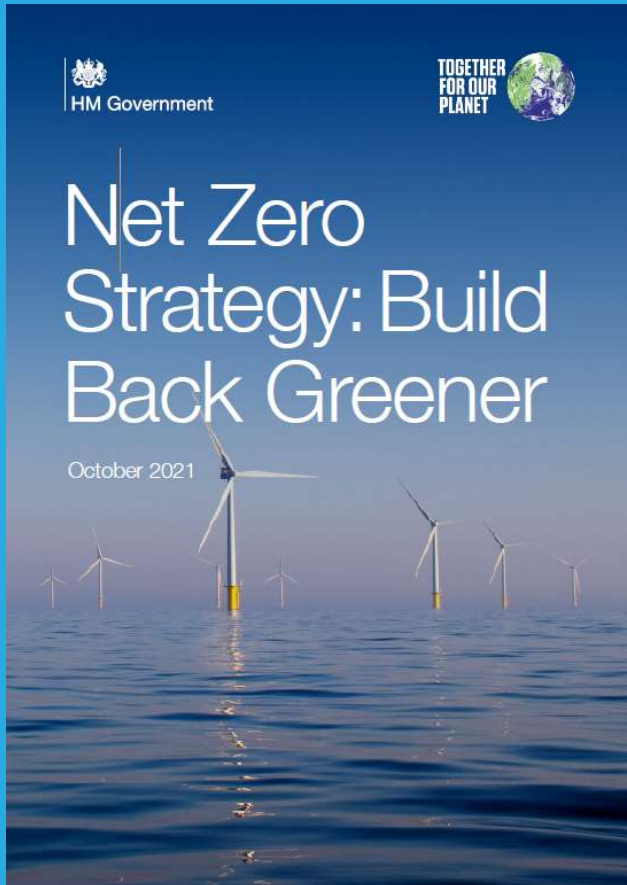


Local Net Zero Hubs

Local Energy Hubs will be rebranded as Local Net Zero Hubs
From Spring 2022 Local Net Zero Hubs will:

- Promote local delivery of policy in the **Net Zero Strategy**
- Continue to support energy project development
- Deliver other aspects of Net Zero policy as directed by BEIS and our North West management board.
- Collect and share Carbon Stories and case studies to promote action on the Net Zero the agenda among decision makers





Housing Retrofit in the North West & Net Zero Policy

1. Housing Retrofit Grant Programmes in the North West of England
2. National Policy supporting Housing Decarbonisation
3. Future Energy Scenarios & Energy Masterplanning
4. Near term impacts of policy

Local Authority Delivery 'LAD'

- Green Home Grant was £2 Billion for Housing Retrofit – An economic stimulus following COVID
- GHG vouchers for households £1.5Billion (closed early)
- Local Authority Delivery of £500 Million in 2 Phases in 2020-2021
- **Sustainable Warmth** – final phase of stimulus funding. £350 Million competition - winners were announced before Christmas

The **NW Local Energy Hub** is responsible for the Local Authority Delivery 2 (LAD2) funds of £53m for the North West region. Funding has been allocated to LEP Areas

LAD PHASE 2	
LEP AREA	Funding Amounts
Cheshire & Warrington	£6. million
Cumbria	£5.0 million
Greater Manchester	£17.5 million
Lancashire	£11.6 million
Liverpool City Region	£11.3 million

Housing Energy Policy Prior to 2020

The Conservative manifesto in 2019 committed **£9.2bn** to energy efficiency of home and public sector buildings

This included the **£1.37bn for the Home Upgrade Grant**

£710m for social housing decarbonisation fund.

*The National Infrastructure Committee have recommended **allocating £3.8bn between now and 2030** to deliver improvements in social housing.*

*The CCC Report November 2020 The Committee is advising that the UK set its Sixth Carbon Budget to require **a reduction in UK emissions of 78% by 2035 relative to 1990, a 63% reduction from 2019.***

Energy White Paper, December 2020

Energy Performance Certificates (Action Plan)

Fuel Poverty

- Green Home Grants / Sustainable Warmth
- Home Upgrade Grants
- ECO & ECO Flex

Warm Home Discount (Extended to 2025/26)

Social Housing Decarbonisation Fund

Electrification of Heat (Heat in building strategy)

- 600,000 Heat Pumps per Year by 2028
- Clean Heat / Boiler Upgrade Grant

Finance for Retrofit

- £100 Billion of capital over the 2020s alone
- Principally from businesses and home owners

Sustainable Warmth

Sustainable Warmth, the updated Fuel Poverty Strategy for England, sets out how we will tackle fuel poverty, while at the same time decarbonising buildings, so that those in fuel poverty are not left behind on the move to net zero, and, where possible, can be some of the earliest to benefit.

This strategy is designed to ensure that people in fuel poverty have access to affordable, low-carbon warmth as we transition to net zero and work toward our fuel poverty target.

Energy Company Obligation 4

ECO4 2022-2026

This document sets out proposals for the next Energy Company Obligation (ECO), which will run from April 2022 until March 2026 at an average cost of £1 billion per year (2021 prices).

- Increase focus on the least energy efficient homes. Minimum no. of E, F and G homes.
- Local Authority flexibility to identify vulnerable households for 50% of the obligation
- Greater support for “hard to treat” homes
- Shift to a more multi-measure approach
 - F&G → EPC Band D
 - E&D → EPC Band C



Net Zero Policy – Some Objectives

Helping households and businesses reduce their energy bills while making buildings healthier and more comfortable benefiting from warmer, comfier, more valuable buildings through:

Committing to action on addressing distortions in fuel prices to ensure that low carbon technologies are no more expensive to run than fossil fuel boilers

Levelling up through supporting 175,000 green skilled jobs by 2030 and 240,000 by 2035 – resulting in £6 billion additional GVA by 2030 and with a focus on the areas that need investment most.

NW Funding Landscape

ANALYSIS OF NW FUNDING DISTRIBUTION

Source: gov.uk

		LEP Area					Funding allocation			Year					
		C&W	Cum	GMCA	Lanc	LCR	UK fund (£mil)	NW fund (£mil)	%	Apr-21	Apr-22	Apr-23	Apr-24	Apr-25	Apr-26
Current Grant Funding Schemes	Heat and Buildings Strategy	Boiler Upgrade Scheme			X	?	£450	-	NA				end april 2025 >		
		Heat Pump Ready Programme					£60	-	NA		innovation				
		SHDF Wave 1	X £2.2		X £10.5	X £1.4	X 11.1	£179	£25.2	14%					
		SHDF Wave 2 +						£621	-	NA					to 2030 >
		HUG 2 +						£950	-	NA					to Mar-27 >
	Sustainable Warmth	LAD 3 & HUG 1	X £3.3	X £20		X £8.5	X £28.5	£430	£60.3	14%					
	LAD	LAD 2	X £6.4	X 5.1	X £15.1	X £11.7	X £11.8	£300	£52.1	17%					
		LAD 1b (not in LEP groups)	X	X	X	X	X	£126							
		LAD 1a (not in LEP groups)	X	X	X			£74							
	ECO	ECO 4 (0.5-£1bil p.a. annually)													to Mar-27 >
	Warm Homes Fund					X									

Data tbc

NA - Competition not launched / awarded

Raising the Standards of Retrofit

What is PAS 2035?

PAS 2035:2019 offers an end-to-end framework for the application of energy retrofit measures to existing buildings in the UK and provides best practices for their implementation.

There are 27 million domestic buildings in the UK and the majority of them require significant energy efficiency improvements. Previous attempts to deliver retrofit measures were seen as a failure, as no universal standards or approach had been agreed upon, and several high-profile failures compounded the issue.

The result was the UK government's 2015 commission of the Each Home Counts (ECH) review. This comprehensive review of the energy efficiency sector outlined 27 recommendations, including the establishment of a universally-recognised quality mark in the form of TrustMark.

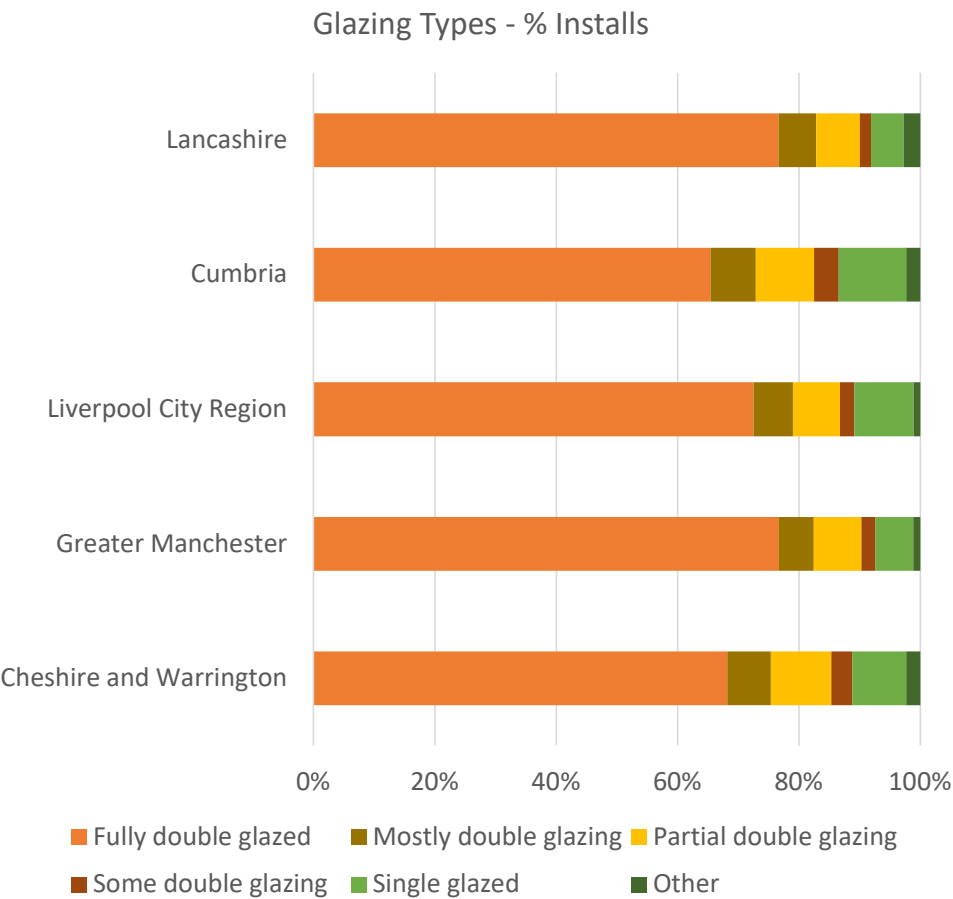
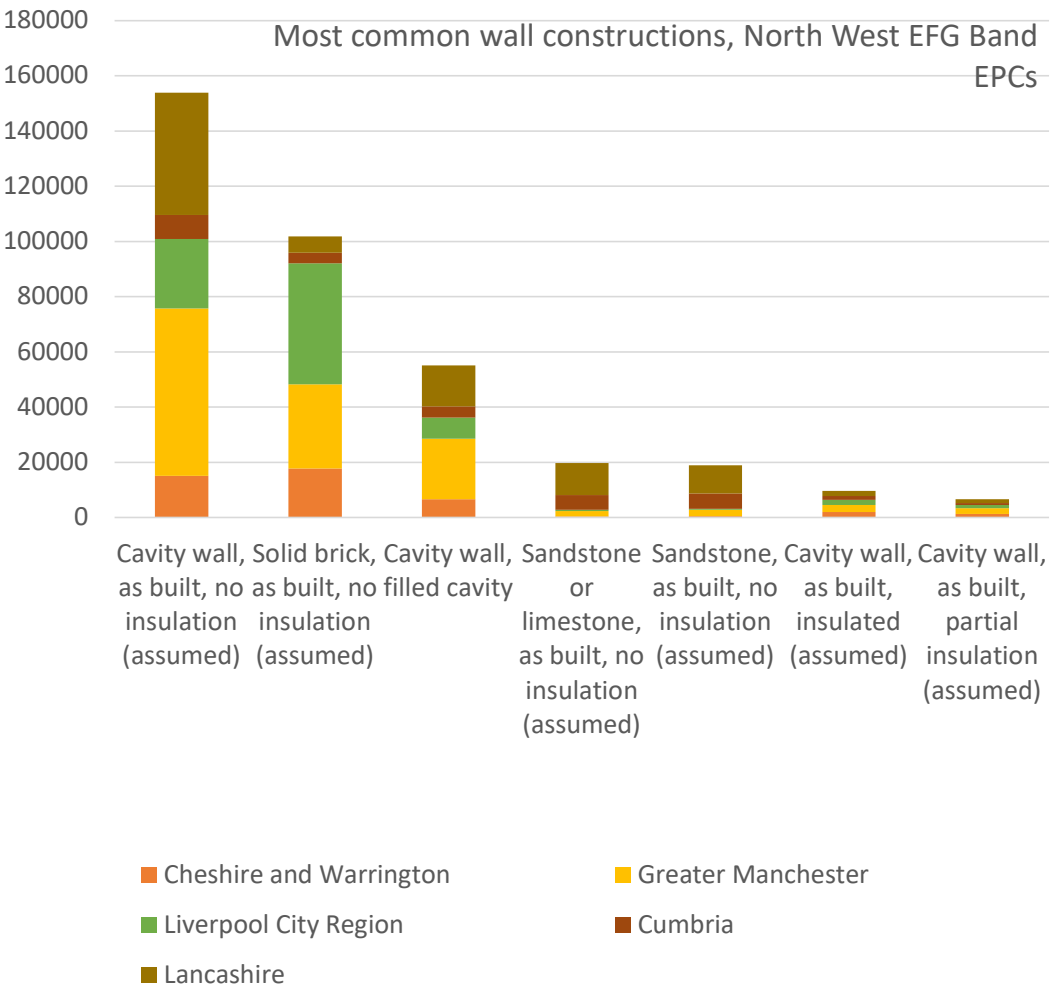
Most significantly, the ECH review called for the establishment of an industry-wide Code of Practice, which resulted in the publication of the PAS 2035 document.

Refer to the link below for the Local Energy North West hub research on contracting and delivery models for PAS compliant retrofit

<https://www.retrofitacademy.org/wp-content/uploads/2021/08/Contracting-for-PAS-2035-Compliant-Retrofit-Guidance-for-Local-Authorities-FINAL-19-08-21.pdf> -



Local Authority Delivery – Energy Efficiency



How to engage?

Supplier networking organisations

Energy Efficiency Awards <https://energyefficiencyawards.co.uk/>

Low Carbon Homes <https://www.lowcarbonhomes.uk/>

Procurement of contracts

Generally – Local Authorities procure through The Chest portal if they tender contracts themselves <https://www.the-chest.org.uk/> and such contracts would appear on Find a Tender. <https://www.findatenderservice.co.uk/>

Procure Plus – DPS

Set up with the Local Energy North West Hub specifically for Housing Retrofit <https://www.procure-plus.com/frameworks/dps-retrofit-programme-delivery-services/> -



Housing Retrofit & Net Zero

- Grant funding opportunities for housing retrofit to 2026 have been outlined in national policy
- Fabric first solutions to reduce demand / improve EPCs a near term goal
- Ambition to drive down the cost of fabric and low carbon technologies
- Gap in public understanding of the challenge and a need for engagement
- Opportunity for growth in housing retrofit sector including skills for new and innovative technologies
- Quality assurance and integrated design a priority