

Evidence Hearing 9.30am-12.30pm 24 <sup>th</sup> February 2022, MS Teams		
Attendees		
Members	Officers	
Cllr Mark Jones (Chair) Cllr Barbara Masters (Co-chair) Cllr Douglas Johnson Cllr Dianne Hurst Cllr Martin Smith Cllr Paul Turpin Cllr Tim Huggan	Alice Nicholson Laura Chippendale Victoria Penman Mark Whitworth Jill Hurst Georgina Parkin Nathan Robinson Gareth Urwin Andrew Cooper	
Speaker	Organisation	Topic
<b>Wayne Bexton</b> Director of Carbon Reduction, Energy and Sustainability	Nottingham City Council	Fuel Poverty and Energy Efficiency Retrofit Briefing
<ul style="list-style-type: none"> <li>Fuel poverty strategy is key to Nottingham’s retrofit work and it the key document quoted when bidding to funds and ensures this is done in city-wide partnership. Delivering a number of projects under the one “Greener Housing” banner.</li> <li>Approach has been to tackle worst properties first to bring market costs down, based on 10 archetypes. Also looking at less challenging properties in line with Nottingham City Homes (NCH)s maintenance programme, however these do have less benefit and not the focus of the underpinning Fuel Poverty strategy. Archetype enables them to pinpoint and target properties to treat the lighter touch properties as well as more focussed, deeper retrofit.</li> <li>Regional approach wins the day – Nottingham hosts the Midlands Energy Hub (Midlands Net Zero Hub), enabling a route direct from treasury to Midlands for funding to be spent in the region. Nottingham has brought in around £55mil Grant towards this delivery so far by increasing the volume of properties in tenders through collaboration. Including innovation in bids can gain wider source of funding.</li> <li>Maintenance spend is utilised as match funding, and where possible, bringing this forward to prevent future spend. Target financial mechanism is no net increase to HRA or tenants, which often appears unachievable, but bringing in finance officers early to develop and analyse the model assists with buy-in. Intense and ongoing scrutiny is critical to avoid ending up in a negative scenario. The two key pillars are “understand your property stock; understand your maintenance schedule”.</li> <li>Have delivered several Energiesprong projects (RemoUrban, E=0, DREeM) that enabled the setting up of a local manufacturing hub for panels and looked at how de-risk the work legally and financially. Comfort guarantee built in with third party contractor. Nottingham City Council encouraged SMEs to partner with larger companies to participate and de-risk. Cost of guarantees and performance requirements does inflate the cost per property, but this is a relatively small proportion as there is confidence in the product/technology.</li> <li>Currently delivering Destination Zero which focuses on an asset management approach, utilising the HRA to match up future planned maintenance costs to bring forward and deliver now (If we do this now, we won’t have to do it as planned in the future). Really important to get the financial model right. Also focusses on local skills and apprenticeships to boost local economy.</li> <li>Behavioural change is fundamental to achieve energy efficiency performance. Smart controls help but retrofit requires prolonged liaison to ensure properties act how they are designed to. Tenants should be engaged at earliest point possible.</li> <li>Starting to see prices reduce as work is scaled up. Ongoing cost reduction is worked into contractor contracts, and confidence is creeping into the wider market. This will avoid “missing tooth” conundrum with not having an offer for private.</li> <li>Economic benefit of these projects is hundreds of local jobs. Recent Low Carbon Economy Study shows this is the largest growing employment sector regionally.</li> </ul>		
Speaker	Organisation	Topic
<b>Mark Atherton</b> Director of Environment	Greater Manchester Combined Authority	RetrofitGM - Accelerating the renovation of Greater Manchester’s Buildings
<ul style="list-style-type: none"> <li>GMCA, its 10 Manchester Local Authorities and wider partners have co-created the broad retrofit response and development of programmes across Greater Manchester. Programmes are delivered through the local authorities, public bodies, and social landlords. Retrofit is not easy, no-one has all the answers and sharing knowledge is key.</li> </ul>		

- Main challenge is that finances don't stack up at the moment. GM have been working with BEIS looking at Net Present Value (NPV) of decarbonising buildings and current NPV is negative but the social NPV may change to positive with the energy price increase and upgrade in carbon price in the Green Book.
- 18 months work has been undertaken to develop approach with additional learning from other demonstration programmes. Aiming to achieve goal of Net Zero by 2038, but this presents conflict in timeframes with National Strategy, and does not match up with Central Governments pathway thinking. More attention on "no regret" solutions is needed.
- Undertook a whole public and domestic stock analysis to identify archetypes and suitable interventions, as well as on people's current beliefs and willingness in relation to retrofit activity. While scale of change is not happening quick enough and the need is to get more people retrofitting, this still identified significant number of properties that can be focussed on in the next few years.
- Homeowner engagement is key, sooner the better. A lot of information out there already so generic feedback is good starting point, but there are regional differences so is also necessary to test assumptions and willingness with local population. Research has shown people are more willing to retrofit as they move home or alongside other renovations.
- A Retrofit Taskforce was then set-up, bringing together regional stakeholders (developers, skills providers, social landlords, commercial owners, finance bodies) into a group to accelerate retrofit. Their action plan is due to be released next month, which will focus on boosting skills, overcoming the barriers of finance, and speeding up delivery.
- Strong confidence in demand is needed to underpin development of wider skills development and job creation. In-depth research with Universities, Academia and Employers to understand the retrofit skills landscape, gaps and future employment needs has enabled the develop of the Retrofit Skills Hub and proposed an integrated education pathway from schools through to higher education for people to move into this sector. It's anticipated that long-term demand for retrofit skills is unlikely to reduce in the next 30 years, so this provides the opportunity up upskill and reskill rather than see job loss and provide employers with long-term confidence to invest in developing skills.
- GM has already piloted Demand Aggregation for PV, but only about 25% EOI's led to installation due to the absence of a low-cost finance offer alongside it. Climate Bonds and Property linked finance, a concept where financing for retrofit stays with the property and not the individual when ownership changes, is also being looked at.
- The next step in GMs approach is to target willing-to-pay to create a market and certainty for supply chain to invest in and increase employment in the sector by solidifying demand. RetrofitGM is an offer aimed at willing-to pay customers, which looks at targeted customer engagement and creating informed customer base, provide an unbiased assessment of the measures needed and likely cost, offer a project management service, support delivery of the works and undertake quality assurance to provide certainty and confidence to homeowners. Also continuing to support grant and other financial mechanisms to be focussed onto social housing and public buildings.

Speaker	Organisation	Topic
Lewis Sharman	People Powered Retrofit	Community-led Retrofit Services

- People powered Retrofit are a Greater Manchester based community organisation who deliver a one stop shop for retrofit born out of a partnership between Carbon Co-op and URBED. Started as a BEIS funded pilot project, incorporating in 2021, raising £750k and gaining 350+ members. They have now began trading and scale up.
- They provide 4 key services; End to end service for homeowners; Training offer to develop retrofit skills; Supply Chain development; and a replication service for other organisations wanting to build similar services.
- Research has told them that some people want to get in technical detail, others are less bothered about knowing the details, others have had ~~some~~ assessment work done but are not clear how to move their retrofit project forward. Research also showed that reducing energy bills was not the number 1 priority of their members, in fact reducing carbon emissions and staying warm were the key drivers for wanting to act. Climate resilience and improving for future generations were also in the top 5 priorities.
- Mapping and research enables you to target resources for maximum results and benefits, as well as develop pilots. One size does not fit all so iterative and flexible development will enable the approach to learn, evolve, and succeed.
- Currently focussed on working with the willing; innovators and early adopters who are more engaged in net zero retrofitting. To do this, they undertook analysis on personas and mapping to understand potential clients based on profiles, and plan how to target resources.
- 3 key personas were identified as willing-to-participate, Climate pragmatists tend to be family's wanting a comfortable home, civic minded retirees who want to leave a legacy and secure comfortable home for retirement and climate idealists, where climate concerns are the key motivator and are more likely to undertake deep retrofit.

- Knowing who clients are, and where they are based allowed community-based social marketing. This focussed approach has also shown a far lower need for marketing in order to bring clients on board. They found that the pandemics impact on reducing in-person engagements did not impact ability to on-board clients
- They work with the supply chain for an open-source approach, identify quality contractors and ensure the delivery matches the design. Have mapped local contractors and building training courses to support employers engage in this market.
- It is critical that you engage and respect existing supply chain expertise and networks, ensure there is the provision for practical training and knowledge sharing, as well demonstrating demand from “good” clients to provide confidence to those investing time and skills.
- Approach is Fabric First, however the whole house is assessed for different solutions and to ensure future compatibility. They also have a preference for low impact materials, such as wood-based insulation over plastic.
- The end-to-end service for homeowners provides support from initial advice, planning and design development to procurement and delivery support, and final handover. This is provided by Retrofit Advisors, Retrofit Surveyors (who PPR deem equivalent to qualified Retrofit Assessors and Retrofit Co-ordinators), architects and contractors. Retrofit Surveyors mitigate the risk to PPR as a consultancy by providing quality assurance. URBED have carried design liability, contractors carried delivery liability and need to install according to design.
- Clients are happy to pay for advice and key services and they have high levels of client satisfaction, assessment fees range from £500-£1,000. Project values range from £5k-£100k currently being delivered, and this appears to be aligned with other home improvements such as moving house or renovating/extending. For those with less disposable income, they encourage planning and “starting the journey” at the lower end.

Speaker	Organisation	Topic
Chris Bryan	Savvi Lettings and Property Management	Private Landlord Perspective
<ul style="list-style-type: none"> <li>• As a private landlord, there are various obstacles in the way of proceeding with Net Zero retrofit that determine why or why not someone might proceed with this.</li> <li>• Main challenge is the split between cost and benefit – cost is to the Landlord, but do not receive the direct benefit (reduced global emissions and lower costs for tenants). Net Zero retrofit works are believed to be considered improvement works are also not tax-deductible in the same way repairs are therefore they also pay capital gains tax. Policy change would do more to support this.</li> <li>• Some low carbon technology, such as air source heat pumps, can also lower the EPC rating, as the calculations are based on cost-effectiveness, not carbon efficiency, presenting a conflict between Net Zero ambitions and National policy on EPC improvements. Due to this, heat sources wouldn't be the priority if retrofit was being considered, focus would be on fabric first, as these both reduce carbon and improve EPCs.</li> <li>• Properties that open onto streets, public land or other properties having external wall insulation also need to consider 'land-grab' as this would change the property boundaries and building footprint.</li> <li>• Tennant behaviour doesn't change as often aren't knowledgeable how to reduce energy consumption within the property and seeing wasteful behaviour, such as heating with windows open, is common.</li> <li>• It's not currently common for tenant to approach landlords to discuss shared costs for retrofit works but believes the majority of private landlords would consider this approach with measures such as percent contribution. There is a risk tenants could end up paying their own contribution, and the landlords as well through increased rent due to increase property value, however this could be addressed through an agreed period of frozen rent.</li> <li>• Banks are now asking Landlords for EPC schedules on mortgaged properties ahead of changes on EPC rental requirements to de-risk future investments, as below EPC C will become unrentable and therefore un-mortgageable as a Buy-to-let.</li> <li>• In the future, there may be the opportunity for landlord to change letting business models, but currently, demand outweighs supply, meaning that properties with low EPC scores are in equal demand to properties with high EPC scores, and increasing attractiveness of properties is not business critical. As EPCs and fuel prices rise and attitudes change, this may become more emphasized. Landlord will move with the market force.</li> <li>• Equity release on a retrofitted property to be able to fund the next property could be an option, but there would need to be understanding around the valuation differences between equity release value and resale value, as well as local comparable, to ensure the business case stacks up</li> <li>• When considering new investments, issues around retrofit, Net Zero and climate change are likely to become considered factors, and mortgages with 'green' benefits, such as lower interest rates with a commitment to undertake energy improvements, could further encourage landlords to undertake retrofit.</li> <li>• Landlords would need prolonged engagement and education on both the obstacles to retrofit and the solutions available before being able to proceed with retrofitting the tenure at scale.</li> <li>• Emphasising how energy efficiency, and therefore low energy costs, supports sustained tenancies and stable business revenue so would be a positive benefit to encourage landlords to undertake retrofit works.</li> </ul>		

### Officer and Member Comments

- Policies and strategies need to be informed by understanding of the complex finances that sit behind homeowner and landlord participation in retrofit beyond just the capital cost of works, such as tax implications, property value and saleability, and what financial mechanisms could address these deeper complexities.
- Reflection on size of teams in other Local Authorities working on this agenda compared to Sheffield. We do have commitment to increase resources, however it would be good to understand how other LA's are structured to support and fund further positions. How can we learn from this difference in practise to gain more resource behind us to deliver this? Could we develop revenue-generating services alongside delivery to ensure we can access resources when needed and not in delay?
- Climate change is the golden thread through everything we do. Sheffield has the expertise within the Council, and significant work is being undertaken towards the Net Zero agenda, however we need to change the way we are structure and the way we work to tap into that and move away from siloed working.
- There appears to be regional difference in levels of collaboration to increase buying power for more successful bids. Some LA's have been very proactive in seeking grant, as well as being proactive in bring regional energy hubs into the process. Can members influence the regional response and improve collaboration with partners?
- There are clearly a lot of opportunity, but we need to be clear exactly what this is in Sheffield to focus and move this forward.
- The vision needs to be stepping this up, but also improving how we communicate with and engage residents about the work that is happening now as well as what could or needs to happen moving forward.
- Officers spend a lot of time chasing funding and trying to shoe-horn an approach to match that, we are looking for clarity on funding approach/intentions moving forward.
- We are also already understanding details analysis and research into archetypes and stock, clarity is needed on the policy approach once this work concludes, are we going for low hanging fruit for numbers or tackle the worse performing conditions?

Summarised points for consideration:

- Engage with residents early to test generic assumptions, barriers, and willingness of local population.
- Understand our property stock; Understand our maintenance schedule.
- Clarify approach to funding to enable Officers maximise the benefit of available resources and get bids 'in the bottom drawer'
- Regional collaborative approach is critical to increase buying power for successful grant bids.
- Development an informed homeowner offering for those able and willing to act now can begin to address homeowner occupant tenure.
- Addressing cost and education is critical to address Private Rented tenure and engage landlords to participate in retrofit.
- Building skills and supply chain will be crucial to enable delivery at scale and at an affordable cost

### Outcomes

Key Considerations for Final Session	Work in Progress
Clarify Council approach to funding to enable Officers maximise the benefit of available resources and get bids 'in the bottom drawer', including how we can utilise opportunities such as Levelling Up.	
Regional collaborative approach is key to increase buying power for successful grant bids and maximise skills development.	Housing have engaged with NE Energy Hub and Sheffield City Region, but hasn't gained traction or resulted in collaborative bids as other LA's haven't wanted to collaborate
Address cost and benefit is critical for Private Rented Tenure, improving out engagement, having the right tools to support action and engage landlords to participate in retrofit.	Updating private sector condition data to further understand energy performance and hazards.  RLB* Roadmap to be replicated for Private Tenure (*Rider Levett Bucknall <a href="#">Sheffield - RLB   Europe</a> )  Increasing prevalence of largescale absentee landlord is likely to be a particular challenge.

<p>Engage with residents early to test generic assumptions, barriers, and willingness of local population.</p>	<p>SCC has been successful in gaining a place on a Climate Engagement Programme which will increase the level of skills within the organisation to engage with communities on climate change specifically.</p> <p>Comprehensive resident engagement plan scheduled for development late 2022</p>
<p>Understand SCC and City property stock and archetype; Understand our maintenance schedule.</p>	<p>RLB commissioned to develop Road Map to Zero for SCC housing to develop</p> <p>Improving intelligence on Council homes through stock condition and EPC surveys, specific feasibility studies on boiler houses.</p>
<p>Target ready-to-act through the development of an informed homeowner offering for those able and willing to act now can begin to support retrofit in homeowner occupant tenure, enable scale up of activity, and development of the sector with a view to drive down costs.</p>	<p>Sharing information, provide technical advice and support, help with grant, energy cost/companies and contract etc but do not yet have the full end-to-end offering</p>
<p>Building skills and supply chain will be crucial to enable delivery at scale and at an affordable cost. The Council has roles in procuring housing works, setting regulatory standards and in supporting the development of skills</p>	<p>Increased Housing staff resources, skills development around decarbonisation and Net Zero, including PAS 2035 qualifications.</p> <p>Opportunity Sheffield have prioritised Green skills and working is commencing to engage with local providers to try and get them to expand their offers, particularly around retrofitting.</p> <p>Sheffield City Council and South Yorkshire Mayoral Combined Authority (SYMCA) working with colleges and independent training providers to develop retrofit curriculum, as well as through the <i>Executive Member</i> for Inclusive Economy, Jobs and Skills who sits on the Education, Skills and Employment Board and through officer liaison.</p> <p>Skills identified as a key area in the draft 10 point Plan to enable progress towards a net zero Sheffield</p>

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