



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

**IMPROVEMENT AND SCRUTINY COMMITTEE – CLIMATE CHANGE,
BIODIVERSITY AND CARBON REDUCTION**

18 SEPTEMBER 2023

Report of the Executive Director - Place

The Council's Role in Decarbonising Derbyshire's Housing

1. Purpose

- 1.1 The purpose of this report is to provide the Improvement and Scrutiny Committee for Climate Change, Biodiversity and Carbon Reduction with an update on the work being undertaken by the Council in supporting the decarbonisation of Derbyshire's housing.

2. Information and Analysis

Background

- 2.1 Carbon emissions from the UK's 29 million homes that result from space and water heating (gas, LPG, oil, coal, etc) and electricity use totalled 96.9MtCO₂e in 2021 and accounted for 24% of all carbon emissions in the UK. Between 2005 and 2021, these emissions fell by 38%, largely due to a reduction in the carbon intensity of the UK's electricity and gas grid, and the gradual installation of energy efficient gas boilers in homes. Although this reduction in emissions is welcomed, the UK's Climate Change Committee states that the UK's legally binding target of achieving net zero emissions by 2050 will not be met without the near-complete elimination of carbon emissions from UK buildings.
- 2.2 The recently published English Housing Survey (2021 to 2022) shows that over the past decade, the energy efficiency of England's housing (measured through Energy Performance Certificates (EPCs)) has continued to improve with the proportion of A-C rated houses increasing

to 47% of the total and the least efficient E-G rated decreasing to 10%. However, it also indicates that houses across the East Midlands Region generally have lower EPC ratings than other regions in England, with 61% needing energy efficiency measures to get to EPC C rated and above.

- 2.3 There is an intrinsic local dimension to the installation of energy efficiency measures and decarbonisation of homes by retrofitting. Property type, age and condition of the housing stock, housing density, conservation or listed status, as well as demographic and socioeconomic factors all influence the type of retrofit that is necessary or achievable for a given house.
- 2.4 The retrofitting of homes cannot succeed without the support and involvement of the homeowner or occupier, a skilled retrofit local workforce, and a specialist supply chain. Retrofitting homes with energy efficiency measures and low carbon heating systems can also be a costly and disruptive undertaking and local authorities are key to the understanding and engagement of all stakeholders, as well as the coordination of funding schemes and are therefore critical to the successful implementation of any retrofit programmes.

Local Authority Delivery of Home Retrofit Measures

- 2.5 Since 2019, there have been four main Government funding programmes for home heat decarbonisation and energy efficiency improvement in England that have involved Derbyshire’s district and borough councils and have focussed on social housing and low-income households. These are detailed in the table below.

Scheme	Eligibility/Tenure
UK Government Social Housing Decarbonisation Fund (SHDF)	Installation of measures to Social Housing - low-income households
UK Government Homes Upgrade Grant (HUG)	Installations and interventions to Off-grid private homes with low-income households
UK Government Local Authority Delivery (LAD)	Installations to private homes - low-income households
ECO 4 Local Authority Flex	Installation and interventions funded by Utility Companies - low-income households

- 2.6 Derbyshire’s district and borough councils have been successful in gaining funding for retrofitting energy efficiency and decarbonisation measures to their own social housing stock through the Social Housing

Decarbonisation Fund (SHDF). There have also been significant amounts of funding awarded through the Local Authority Delivery (LAD) scheme to undertake energy efficiency retrofit measures and low carbon heating interventions in the privately owned and rented housing sector for those in the lower income bracket or for those in fuel poverty.

- 2.7 Funding has also been available through the Healthy Homes Project and the ECO 4 Local Authority Flex funding. This is coordinated by Derbyshire County Council and the funding is utilised by the district and borough councils to improve the thermal performance of low income and vulnerable or fuel poor homes.
- 2.8 As part of early investment to the area during devolution negotiations for the proposed East Midlands Combined County Authority, £9.9m has been approved to help councils across Derbyshire, Derby, Nottinghamshire and Nottingham carry out retrofit work on homes to make them more energy efficient. For Derbyshire, a share of this funding will be granted to the district and borough councils to specifically target low-income homes with poor energy efficiency ratings.
- 2.9 Derbyshire County Council also coordinates the Warmer Derby and Derbyshire Helpline that provides free advice to all residents across Derbyshire on reducing energy bills and improving energy efficiency. Many of the district and borough councils also provide advice through their websites and contact channels.

Households who are 'able to pay' for Energy Efficiency Improvements

- 2.10 On average, 63% of households in the UK own their own homes and in Derbyshire, apart from the energy efficiency tips and advice content on the Council's website, social media channels and the limited public events held by organisations, such as Marches Energy Authority (MEA), little work has been done with homeowners who can potentially afford to pay for their own energy efficiency or decarbonisation improvements.
- 2.11 This 'able to pay' demographic, that currently is not part of any Council initiative for improving the energy efficiency or decarbonising of their homes, could, if engaged and take action, have the biggest impact on the overall reduction of the housing sector carbon emissions across Derbyshire.
- 2.12 Approximately 61% of Derbyshire's homes are EPC rated D or below indicating that they are energy inefficient, which demonstrates the scale of the housing energy improvement and decarbonisation requirement in

Derbyshire. Data shows that in all Derbyshire districts, except South Derbyshire, annual emissions from domestic gas consumption are higher than the England average. Almost a fifth of homes in Derbyshire are not on the gas grid and are often heated using less efficient oil, LPG, or coal. Evidence also suggests that households in areas with less deprivation emit more emissions as they tend to use more heat energy.

2.13 In 2021, the Council published its 'Climate Change Strategy: Achieving Net Zero 2021-2025' that set out the strategic priorities and actions that would support the journey to net zero. One of the five priority areas of the strategy is Decarbonising the Domestic Sector, with two of the priority actions for the Council being:

- With the district and borough councils, develop and implement an approach to supporting the decarbonising of homes, recognising the specific opportunities and challenges faced by renters and homeowners.
- Develop an information sharing campaign to educate homeowners and renters on how to improve the energy efficiency of their property.

2.14 To better understand the 'able to pay' sector and deliver on these actions, officers from the County, district and borough councils, under the Vision Derbyshire umbrella, along with officers from two Nottinghamshire councils and Midlands Net Zero Hub, collaborated on a three-month project engaging with residents and community groups to understand what support they would need to enable them to make their homes energy efficient. Officers received training through the UK:100 Local Climate Engagement Programme that provided expert advice and support to enable the delivery of effective engagement activities.

2.15 The local engagement activities included online meetings and consultations, face-to-face events and interviews with structured questions, as well as an online survey that was completed by 1,216 residents.

2.16 This engagement around the 'able to pay' sector was completed in January 2023 and analysis of the findings showed some key points for consideration:

- 47% of homeowners engaged with have **not** undertaken energy efficiency improvements to their home in the last five years
- **98%** of homeowners engaged with are interested in adding energy efficiency measures into their homes

- there is considerable **confusion** amongst homeowners surrounding the cost, effectiveness and disruption caused by energy efficiency improvements.

2.17 The engagement also showed the barriers preventing homeowners from improving the energy efficiency of their home. The top five are:

1. 67% believe energy efficiency work is too expensive.
2. 38% are worried about getting it wrong and making expensive mistakes.
3. 35% do not know where to start and need advice on how to make their homes more energy efficient.
4. 18% believe there is a lack of qualified and experienced tradespeople to do the works required.
5. 16% believe they might not live in the house long enough to get the benefit of the investment.

2.18 Across all engagement activities, homeowners were asked to suggest how councils and communities can work together to improve Derbyshire's existing homes so that they are more energy efficient and fit for the future. The key themes and issues that emerged are:

- **Support with funding is needed** either in the form of grants, low-cost loans, free bespoke advice or through discount on materials
- **Derbyshire-specific advice and information** is needed, as general UK-wide advice available does not seem relevant particularly in rural areas, where buildings are older or household that are off the gas grid.
- **Sharing of local experiences** through community events, local case studies or Eco-Homes events will support reassurance and confidence.
- **Bespoke house-specific advice** is required, as many people have visited national websites or received advice through an EPC which they consider to be too generic and not worthwhile acting on.
- **Home energy assessments and guidance from a trusted and impartial provider** - either through a local authority or one recommended by a local authority. Many responses suggested this could be free with others saying they would be happy to pay for a trusted, reliable service
- **Advice for homes in protected areas** as the general perception is that most energy efficiency measures for listed buildings or houses in conservation areas are not allowed.
- **Finding reputable traders with availability to do the work** was an issue as there is a lack of confidence in the suitability and quality of

work. There was also a lack of knowledge of **quality assurance schemes** which needs to be addressed.

- 2.19 In addition to the public engagement activities, subject matter experts, businesses and organisations with the skills and experience to retrofit homes, were consulted with. The feedback indicated that the retrofit sector is already under high demand from the work generated by the social housing retrofitting programmes, and that there is a significant need to develop the supply chain and give businesses the confidence to invest in training and skills development. This investment should also include developing technologies, increasing the number of installers, and ensuring there are sufficient qualified energy assessors and coordinators to support a growing retrofit sector. The skills shortage is a national issue and significant action is needed at the national and regional level to address this market challenge, to promote skills and training development and to give the sector confidence to invest in this area.
- 2.20 At present, supply chain development is being supported through mechanisms, such as the Green Entrepreneurs Scholarship Fund, which supports individuals to retrain with skills to enable them to enter the field of low carbon and green energy, and through national and regional training schemes coordinated by the Midlands Net Zero Hub, such as Home Decarbonisation Skills Training, and Heat Pump Training Grants. The Council has also commenced engagement with the county's main academic institutions and training providers to better understand how the skills shortage can be addressed.

Moving 'the able to pay' Housing Sector Forward

- 2.21 Using findings from the engagement carried out with residents and community groups, and from discussions held with wider stakeholders, a Homes Fit for the Future Action Plan (2023-2025) was developed that sets out actions which can be co-delivered by residents, local authorities and other stakeholders. The draft Action Plan was shared with interested groups and individuals in April-May 2023 for review and comment.
- 2.22 Seven responses were received from individuals and four from groups (Wirksworth Community Land Trust, Sustainable Hayfield Energy Group, High Peak New Deal and Transition Belper) on the draft Action Plan. All were broadly supportive of the content and approach of the Action Plan, with comments and suggestions integrated into the final version of the Action Plan where possible. The Action Plan is included in Appendix 2, which will now be delivered collaboratively with the delivery

partners indicated against each action. Progress will be reported through the Council's Climate Change and Environment Programme Board and annual climate change performance reporting to Cabinet.

- 2.23 In addition to the Action Plan development, in April 2023, the Council supported a bid led by the Nottingham Energy Partnership (NEP) to the Department for Energy Security & Net Zero's **Local Energy Advice Demonstrator (LEAD) Fund**, which is designed to support the development and implementation of local approaches to home energy efficiency retrofitting advice and support. NEP's bid was on behalf of all Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) local authorities, with NEP being the accountable body.
- 2.24 In August 2023, the Department for Energy Security & Net Zero's announced that the collaborative bid had been successful and £0.563m of funding will be provided over the next two years to deliver support to an estimated 3,000 homeowners across Derbyshire and Nottinghamshire, focussing on:
- Off-gas grid homes
 - Homes in conservation areas
 - Wider poorly performing homes (rated D-G).
- 2.25 This support will be largely delivered by NEP and Marches Energy Agency. In addition, the project aims to deliver the following outcomes:
- A growing network of Trusted Traders by producing case studies of retrofit projects alongside installers that have a track record of satisfied customers.
 - A full review and update to the [Everybody's Talking About Climate Change](#) website to enable it to be used as an online One Stop Shop for retrofitting information for Derbyshire and Nottinghamshire residents.
 - A library of detailed retrofit plans for different property archetypes.
 - A webinar series on a range of retrofit topics, including DIY sessions that can be accessed by residents across the D2N2 region.
- 2.26 Delivery of the LEAD project will greatly support the delivery of the Homes Fit for the Future Action Plan, particularly the first action to "Explore options for delivering an impartial energy advice and support service ranging from a simple advice service to a service managing and co-ordinating homeowners retrofit". The LEAD project will allow for approaches to the delivery of such advice and support to be developed and tested with the 'able to pay' housing market sector and will underpin

the longer-term (post 2025) approach to supporting residents on this agenda.

3. Consultation

- 3.1 An update was provided to the Improvement and Scrutiny Committee for Climate Change, Biodiversity and Carbon Reduction on 28 November 2022 (Minute No. 44/22) on the work being undertaken by the Council to understand the motivations and barriers experienced by homeowners when considering actions to improve the energy efficiency of their homes, and to co-design and co-deliver a programme of activities to support homeowners to undertake energy efficiency work.
- 3.2 The Homes Fit to the Future Action Plan was developed using findings from engagement activities carried out with Derbyshire's residents and community groups between October 2022 and January 2023. The draft Action Plan was also shared with interested groups and individuals in April-May 2023 for review and comment.

4. Alternative Options Considered

- 4.1 **No action:** Taking no action to support homeowners who are able to pay to undertake energy efficiency measures would not support the urgent need to reduce greenhouse gas emissions to reach the Council's target to achieve net zero emissions across the County by 2050 or address the current market failure in the retrofitting industry of engaging with this sector of the housing market.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

- 6.1 N/A

7. Appendices

- 7.1 Appendix 1 – Implications.
- 7.2 Appendix 2 – Homes Fit for Future Action Plan.

8. Recommendation

That the Committee:

- a) Notes the work being undertaken by the Council in supporting the decarbonisation of Derbyshire's housing.

9. Reason for Recommendation

- 9.1 To ensure the Committee understands and supports the work being undertaken on the above.

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Implications

Financial

- 1.1 The delivery of specific actions in the Homes Fit for the Future Action Plan may have financial implications for the Council. These will be considered on a case-by-case basis.
- 1.2 There are no financial implications associated with the Council's involvement in the Local Energy Advice Demonstrator project, other than officer resource and time which is funded from the established Climate Change revenue budget.

Legal

- 2.1 There is no statutory obligation on the County Council to undertake work to support homeowners to undertake energy efficiency measures on their homes.
- 2.2 The delivery of specific actions in the Homes Fit for the Future Action Plan may have legal implications for the Council. These will be considered on a case-by-case basis.

Human Resources

- 3.1 The delivery of specific actions in the Homes Fit for the Future Action Plan may have human resource implications for the Council. These will be considered on a case-by-case basis.

Information Technology

- 4.1 The delivery of specific actions in the Homes Fit for the Future Action Plan may have information technology implications for the Council. These will be considered on a case-by-case basis.

Equalities Impact

- 5.1 The delivery of specific actions in the Homes Fit for the Future Action Plan may have Equalities Impact implications for the Council. These will be considered on a case-by-case basis.

Corporate objectives and priorities for change

- 6.1 Through supporting homeowners to improve the energy efficiency of their homes, the Council's current and future planned approach to housing decarbonisation supports three of the key priorities in the Council Plan ('resilient, healthy, and safe communities,' 'high performing, value for money and resident focused services' and 'a prosperous and green Derbyshire).
- 6.2 It also supports the Council's commitments to tackling climate change, as set out in the Derbyshire County Council Climate Change Strategy (2021-2025).

Other (for example, Health and Safety, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 **Environmental Sustainability** - Deliver of the Homes Fit for the Future Action plan will improve environmental sustainability through reducing greenhouse gas emissions from the domestic sector.
- 7.2 The delivery of specific actions in the Homes Fit for the Future Action Plan may have other implications for the Council. These will be considered on a case-by-case basis.