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Title of meeting:	Cabinet
Subject:	Warmer Homes Project
Date of meeting:	2 nd November 2021
Report by:	James Hill - Director of Housing, Neighbourhood and Building Services
Author:	Andrew Waggott - Energy Services Team Manager
Wards affected:	All

1. **Requested by** the Leader of the Council, the Cabinet Member for Community Safety & Environment and the Cabinet Member for Climate Change and the Green Recovery

2. Purpose

- 2.1 To update Cabinet on the delivery of the Warmer Homes project, funded by the Department of Business Energy and Industrial Strategy (BEIS), which enables free energy efficiency interventions to be made into private residents' homes.
- 2.2 To detail the latest progress made and grant monies spent, in Portsmouth and other local authority consortium partners' areas; the numbers and types of interventions made, including solar panels, air source heat pumps and insulation measures.
- 2.3 To show in detail at the time of writing the report the monetary, carbon and energy savings that have been made by the project; as well as highlighting a number of case studies.
- 2.4 To identify lessons learned from the delivery of the Warmer Homes project to date in order to streamline and improve the delivery of additionally secured and future funding opportunities.
- 2.5 To provide assurance that domestic energy retrofit, as a priority area for the Council, is providing demonstrable benefits to the city; and that the remaining period of the project will enable help to be provided to more households to reduce their carbon emissions and energy expenditure.

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3. Information Requested

- 3.1 The Leader of the Council, the Cabinet Member for Climate Change and the Green Recovery and the Cabinet Member for Community Safety and Environment have requested an update to the progress of the Warmer Homes scheme, funded by the Green Homes Grant Local Authority Delivery (LAD).

4. Background:

- 4.1 Warmer Homes is a project launched in early 2021 funded by Green Homes Grant Local Authority Delivery (LAD) funding from BEIS. An initial £3.1 million was awarded in Phase 1A, before the council was successful a subsequent round of funding under Phase 1B with a value of £6.2 million. The total £9.3 million makes Warmer Homes the second largest LAD-funded scheme in England.
- 4.2 The Warmer Homes consortium, although led by Portsmouth City Council, encompasses a wider partnership of 20 local authorities; primarily made up of councils in Hampshire and West Sussex. The consortium includes Gosport, Havant, East Hampshire, Eastleigh, Winchester, Basingstoke and Deane and other councils across the wider south of England.
- 4.3 The launch for 1A funding was in February 2021, with the project being targeted at external solid wall insulation (EWI) and air source heat pumps (ASHP). 1B funding was launched in March 2021 and included solar panels as an additional measure.
- 4.4 Across both the 1A and 1B phases, the Warmer Homes project set out to achieve 1,200 installations throughout the entire consortium area. Although no specific targets were set for individual local authority areas, it was anticipated that Portsmouth would receive a relatively large number of installations, because of the high level of marketing and communications activity being undertaken by the proactive Switched On Portsmouth team.
- 4.5 The funding can be used to fully fund measures up to a value of £10,000; although it was anticipated that some measures, such as solar panels, would cost less than this.
- 4.6 Funding criteria included households with a total annual income of less than £30,000 and an Energy Performance Certificate (EPC) rating of a 'D' or lower.
- 4.6.1 The targets for individual measures included within the Council's original bids were:
- i. 360 households to receive solid wall insulation
 - ii. 765 households to receive solar panels
 - iii. 75 households to receive air source heat pumps

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4.6.2 The 1A funded elements of the scheme concluded in September 2021; and after an initial extension, the 1B project was extended to a deadline of March 2022.

4.7 In October 2021, an award of a further £8.6 million was made to the Council under 1B funding, in order to further increase the amount of funding available. This funding extension, mainly aimed at solar panel installations, is to be spent before the end of March 2022; and will enable a further 1,155 households to benefit across the whole scheme area, which is addition to the figures shown above in section 4.6.

4.8 The Council has bid for further funding to extend the Warmer Homes project beyond March 2022 from the Sustainable Warmth Grant. This funding is an extension of LAD funding, combined with additional funding for off-gas properties; the Home Upgrade Grant Scheme (HUGS). If successful, the Warmer Homes project would be extended until March 2023, and could in some circumstances fund up to £25,000 to an individual home.

4.9 The Council has reviewed the Government's recently published *Heat and Buildings Strategy* and *Net Zero Strategy*. It is encouraging that domestic heat decarbonisation is seen as a key priority, and that policy direction has been set with regards a phase out of gas boilers; however, it is clear that there is a significant funding gap to enable households to cost effectively move from a gas boiler to a heat pump solution.

5. Key Impacts

5.1 Warmer Homes, having had its deadline extended from September 2021 to March 2022, is still a live project. As such, all figures are accurate at the time of writing this report, although installations are currently proceeding at a rate of around 15 households per day.

5.2 The table below shows the numbers of households supported by the Warmer Homes scheme to 22nd October 2021 and the types of measures installed:

Households with Measures Installed	Portsmouth Total	Total Across All Authorities
Solid Wall Insulation	35	274
Air Source Heat Pump	1	2
Solar Panels	201	398
All Measures	237	731

5.3 Using industry standard figures, it is possible to extrapolate the impact to households of these measures by cost and carbon:

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5.3.1 Average annual savings in household energy bills of around £350; totalling £255,850 to date.

5.3.2 Average year one mitigation of 1.3 tonnes of carbon emissions; totalling 950 tonnes to date.

5.4 Although easy to analyse the numbers above as statistics, it is important that the human impact of these measures be detailed. Appendix A highlights a number of case studies showing the transformative effect that large energy efficiency interventions can have on households.

5.5 £4.6 million spent on capital measures into properties, with the majority of spend going to SMEs in the local supply chain. Please see Appendix B for a case study on how this funding has helped to support local companies.

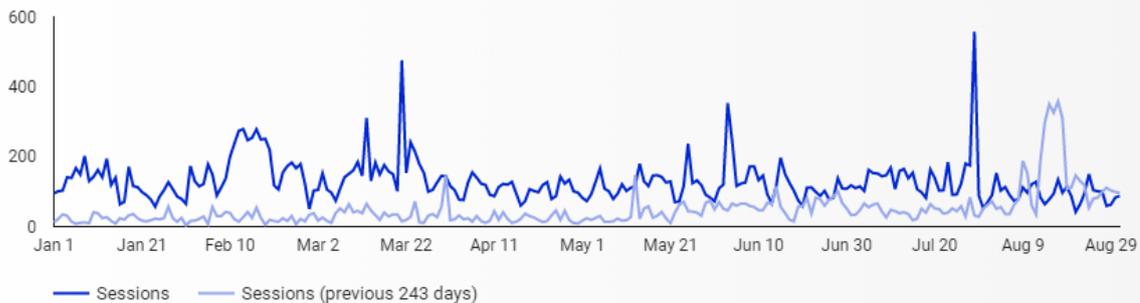
6. Secondary Impacts

6.1 As well as the primary deliverables detailed in Section 5; the Warmer Homes project has also been successful in delivering a number of other beneficial outcomes to the Council and its partners.

6.2 The LAD funding allowed for a significant marketing budget to be utilised for a range of activities to encourage uptake of the scheme. This helped to significantly build the brand recognition of Switched On Portsmouth through posters, lamppost banners, social media advertising and other collateral.

6.3 Promotion of Warmer Homes led to an increased demand of the overall Switched On Portsmouth service. This included successful applicants who were also found to be eligible for a home energy visit and additional small measures; but also those who, ineligible for Warmer Homes, none the less contacted the service and received other support. These impacts are detailed further in the Switched On Portsmouth Impact Report (2020-21).

What do website visits look like over time?



6.4 The funding helped to develop the Council's supply chain within the local area; helping to improve readiness to deliver further domestic energy efficiency projects of this nature.

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- 6.5 Improvements were made to the Switched On Portsmouth website (www.switchedonportsmouth.co.uk) including content, videos and wire frame.
- 6.6 The cross-local authority consortium has helped to foster relationships with a number of other councils. It was this partnership which allowed for the successful ambitious Sustainable Warmth Grant bid to be made; strengthening the bid by giving greater scope and scale to the potential spend.
- 6.7 Improvements have been made to the Council's understanding of how best to target properties most efficiently for schemes such as Warmer Homes. This includes improved data and analytics including best advertising channels and property characteristics derived from Lidar, GIS and EPC data.

7. Lessons Learned

- 7.1 Warmer Homes is the first time that the Council has delivered a multi-authority energy efficiency project of this scope and scale against such tight timescales. As such, there are significant opportunities to learn lessons through its implementation; to improve the efficiency of the roll out of the extension of LAD 1B funding and the Sustainable Warmth Grant, as well as potential future programmes.
- 7.2 Energy efficiency is a national issue, and the Council is keen to share the learning from their experiences of delivering one of the largest LAD-funded schemes in the country. A lesson-learned report has been shared with BEIS to critically analyse the successes and barriers of the Warmer Homes project in order to help the funders and other authorities in future funding rounds.
- 7.3 Targeting properties on the basis of EPC data alone is problematic, as it only provides basic property characteristics such as 'solid wall'; which often fall out of the scheme on the basis of the household costs being too high. Work is being undertaken using funding won from the South West Energy Hub's Capacity Building Grant to improve analytics of Lidar and GIS data for improved targeting of properties.
- 7.4 Initial uptake of the project was lower than expected and the scheme was marketed more cautiously in the early stages than was actually appropriate given the timescales. Marketing could have been implemented earlier and more extensively; and will be in future schemes.
- 7.5 Initial customer uptake was hampered by the Covid lockdown and reluctance of households to have contractors enter their homes. The supply chain was also affected by the pandemic, either through materials shortages and/or staff isolation.

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- 7.6 Many of those who could have been helped with the scheme, assumed that it was a scam or 'too good to be true'. Significant efforts needed to be made to overcome this through brand recognition and communicating case studies.
- 7.7 Earlier development and engagement could have been made with the supply chain, particularly where grant funding led to a significant over demand of work versus supply. Measures such as external wall insulation were extremely difficult to get delivered due to supply chain issues. A longer timescale on 1B and Sustainable Warmth Grant, as well as the development already done, will significantly improve delivery of this future funding.

8. Next Steps

- 8.1 The Council will continue to treat the delivery of domestic energy retrofit as a priority area of activity, as identified in the *Energy and Water at Home Strategy (2020-25)* and *Home Energy Support Service*. This is both to alleviate fuel poverty, reduce household bills, create local green jobs and reduce carbon emissions.
- 8.2 The Switched On Portsmouth team will continue to deliver the Warmer Homes project under funding from the extension of LAD 1B and Sustainable Warmth Grant; taking into account the lessons learned from the project so far.
- 8.3 The Switched On Portsmouth team will on behalf of the Council, continue to build on its partnership relationship with other local authorities within the Warmer Homes consortium to ensure success of the Warmer Homes project and future schemes involved domestic energy retrofit.
- 8.4 The Switched On Portsmouth team will on behalf of the Council, continue to build on the Warmer Homes project by exploring new funding opportunities as they arise.
- 8.5 The Switched On Portsmouth team will continue to build a brand and reputation for delivering support in Portsmouth; both through Warmer Homes and the other services on offer to households in the city.

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Signed by James Hill - Director of Housing, Neighbourhood and Building Services

Appendices:

- Appendix A: Case Studies of Residents supported under Warmer Homes
- Appendix B: Case Study of Local Installer working on Warmer Homes

Background list of documents: Section 100D of the Local Government Act 1972

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The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The Energy and Water at Home Strategy (2020-25); March 2020	https://democracy.portsmouth.gov.uk/documents/s26302/Energy%20and%20Water%20at%20Home%20Strategy%20report%20with%20appendices.pdf
Home Energy Support Service – Update to the Report of October 2020 (January 2021)	https://democracy.portsmouth.gov.uk/documents/s29329/Home%20Energy%20Support%20Service%20progress%20update%20from%20October.pdf
Switched On Portsmouth Impact Report (2020-21)	https://switchedonportsmouth.co.uk/wp-content/uploads/2021/08/20_21-Switched-On-Impact-Report_WebReady.pdf