

<b>Subject:</b>	<b>Creation of a Greater Brighton Retrofit Task Force</b>
<b>Date of Meeting:</b>	<b>20<sup>th</sup> July 2021</b>
<b>Report of:</b>	<b>Chair, Greater Brighton Officer Programme Board</b>
<b>Contact Officer: Name:</b>	<b>Nick Adlam</b>
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<b>LA(s) affected:</b>	<b>All</b>

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to establish a Greater Brighton City Region Retrofit Task Force to ensure the city-region's homes and buildings are fit for a zero-carbon future. This work will be overseen by Lewes District Council, and led by the University of Brighton.
- 1.2 The proposed Task Force not only builds on the region's strength in terms of ability to support immediate challenges, it helps to develop solutions that takes us beyond the 2030 plan for decarbonisation and identifies whole life cycle decarbonisation approaches.
- 1.3 The Task Force has three main objectives. One immediate challenge, and two longer terms objectives:
  - Outline how public sector home and building improvements can take place on a mass scale across the region, while identifying opportunities to boost new skills, create good jobs, and drive investment in low-carbon industries.
  - Identify and promote long-term changes to energy usage, increase private sector engagement with the whole-life cycle decarbonisation agenda.
  - Future proofing our private and public buildings within the region.

These goals are designed to meet Greater Brighton's carbon reduction targets by 2030 and to support a sustainable economic recovery from the pandemic by creating the conditions and supply chain to support the wider decarbonisation agenda.

### **2. RECOMMENDATIONS:**

- 2.1 That the Board expresses support of working together on a city region wide project, led by Lewes District Council and the University of Brighton, to find the best solutions in the decarbonisation of council owned housing stock. The board acknowledges that this agreement is in principle whilst some of the detail continues to be worked through noting that local authority members will need to approve to proceed through their own processes.

- 2.2 The Board agrees for the regional Task Force to be established at speed and delegates the authority for this group to lead on the work.
- 2.3 The Board agrees that the governance arrangements for the Task Force are that it reports back on emerging findings to the Greater Brighton Economic Board in April 2022, with the completed Asset Management Plan and Roadmap in October 2022.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Most local authorities across Sussex have declared a climate emergency and set targets to become carbon neutral. The Task Force would provide evidence not just for work around decarbonising homes but also enable us to better understand the much wider climate friendly economic recovery and regeneration implications of retrofitting. For example, more efficiently heated homes should in turn also help address fuel poverty and address skills gaps.
- 3.2 Approximately 20% of the UK's current carbon emissions result from the energy used to heat and power our homes, making the need to decarbonise local authorities' housing stocks more urgent if targets are to be met. With approximately 28,000 council houses in our locality (35,000 including Wealden and Eastbourne), this will be a significant challenge.
- 3.3 The proposed Task Force is set against existing commitments to decarbonise housing: a combination of local commitments to achieve net zero carbon and the GB10 Pledge to decarbonise homes. The Task Force would provide evidence not just for work around decarbonising homes but also enable us to better understand the much wider climate friendly economic recovery and regeneration implications of retrofitting for whole life-cycle decarbonisation i.e. not just addressing the immediate needs.
- 3.4 The Task Force could include representatives from local and regional agencies, social landlords, building authorities, research expertise, education and skills providers, energy suppliers and industry experts. Collaboration would generate economies of scale as well as provide significant combined purchasing and political power. This would create a unique opportunity to influence and shape education, training, supply chains and the wider future landscape in a hitherto relatively undeveloped market. We would generate much wider economic benefits for our communities as we build back our economies following the pandemic.
- 3.5 This project would not entail new financial commitments and could be initially funded through existing Housing Revenue Account (HRA) budgets. The total cost of the entire project £307,300. It is proposed that councils make a financial contribution proportionate to their stock holding (appendix A). Furthermore, we would work with Greater Brighton partners to seek additional external funding to support the Task Force Challenges.
- 3.6 There is an existing committed HRA spend of approximately £1 billion on maintenance and repairs of council owned homes over the next 9 years to 2030 in the Sussex area. This is roughly £28,000 per home. This compares with the

current approximate £40,000 - £60,000 cost of a whole house deep retrofit. Although this can vary significantly depending on the existing condition, there is potential for retrofit measures to be implemented as part of planned maintenance works. This in turn, if done well, may offset a proportion of future maintenance costs.

- 3.7 It is recognised that this is not just a public housing sector challenge. Analysis has been undertaken on all the published Energy Performance Certificates, showing the range of energy ratings from D to G and estimating the number of retrofit measures recommended to improve those ratings. Out of the 508,447 homes in the region, 262,015 have had an EPC issued, with 74,846 falling within A-C and 187,169 D-G. 246,432 do not have an EPC (48.4%). If we carried over the D-G split and assume the same for the un-surveyed properties, we can assume there are upwards of 490,000 homes that need to have some form of retrofit intervention to raise their EPC to C and above over the next decade.
- 3.8 In addition, we can demonstrate that mains gas is the current dominant heating fuel (est. 85% in Brighton and 93% in Crawley) with the remainder on electric heating i.e. storage heaters. Boiler sales nationally hit an all-time record high last year with 1.75 million installed, that's a rate of 6,318 per working day. Adjusted for the share of UK housing in Crawley and Brighton, that's 15,215 gas boilers installed per year at a rate of 55 boilers installed per working day.
- 3.9 There have been past programmes of decarbonising which have had varied degrees of success, with national initiatives starting and stopping. However, there appears to be a new national impetus to decarbonise homes, with some new funds to support it, including:
- The Green Homes Grant a £2 billion programme of grants to homeowners to support implementation of retrofit measures between now and March 2022.
  - Green Homes Grants skills training competition
  - The Social Housing Decarbonisation Fund
  - Ten Point Plan for a Green Industrial Revolution

### **Supply chain and skills**

- 3.10 The ability of local supply chains to deliver and service these grants and accompanying increased demand is a real concern but helping to develop and shape them does provide us with an opportunity for wider economic benefits. Working across authorities with a shared approach has the potential to generate sufficient demand and certainty so that a healthier local retrofit supply chain is developed. This can support the de-carbonisation of local authority housing, and of housing in other tenures, including housing association properties.
- 3.11 Retrofit takes place in homes situated within a particular locality, and is therefore reliant on local labour, skills, and material supply chains for its implementation. Lewes District Council commissioned a report into the local supply chain which confirmed that there was a shortage of appropriately qualified contractors. It concluded that existing companies need to develop skills and scale up, and that new entrants to the industry should be found.
- 3.12 By supporting research to provide an evidence base for a clear and well understood policy environment, local authorities can demonstrate commitment

and provide certainty to supply chain companies and building owners considering investment in retrofit.

- 3.13 A further important consideration is that this work will dovetail and seek to integrate with the Decarbonisation Academy work being undertaken by Coast to Capital and can be expanded. Ultimately, through analysing our spending and stock requirements, the overall objective of this collaboration is through engaging experts, understand how we can better maximise the longer term positive wider economic and societal benefits through Initiatives which will create local jobs, benefit local businesses.

### **Economic Analysis**

- 3.14 Providing detailed analysis of the potential economic impact of the retrofit measures described is somewhat complicated. This is because each EPC certificate would need to be assessed to understand the measures required on a case-by-case basis to provide accurate estimates. As such, below we present some very initial indicative analysis that merely seeks to highlight the scale of opportunity that may be available for the City Region by focusing on the immediate objective (1) of the Task Force.

#### Potential Job Creation

- 3.15 The Institute for Public Policy Research (IPPR) produced a key document<sup>1</sup> in July 2020 which sets out that, by 2035, up to 275,000 jobs could be created in England by decarbonising social housing stock.
- 3.16 To highlight the potential scale of opportunity locally, the Greater Brighton City Region has an estimated 1.34% of all construction jobs in England<sup>2</sup>. If we apply that proportion to the IPPR's analysis, then it suggests that up to 3,678 additional direct jobs could be created in Greater Brighton by 2035.

#### Potential GVA Uplift from Employment

- 3.17 Based on further analysis by IPPR North<sup>3</sup>, an average annual GVA uplift per direct job created has been calculated. Applied to the 3,678 additional direct jobs that could be created in Greater Brighton, this suggests GVA uplift from new employment of more than £183.9 million per year in the City Region. It should be noted that this is initial indicative analysis that has not accounted for additionality or other external factors. For example, it is highly likely that some of the jobs will be taken by people living outside of the City Region and so earnings will leak from the local economic area. Equally, some jobs may displace existing activity and so not represent a net gain. The decarbonisation of social housing stock will also help reduce the energy bills of our communities. The New Economics Foundation<sup>4</sup> estimates that there would be an average annual bill saving of £418 per home retrofitted. If we apply that estimate to all 28,797 local authority-owned

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<sup>1</sup> All Hands to the Pump: A Home Improvement Plan for England, July 2020; IPPR

<sup>2</sup> ONS Business Register and Employment Survey (2019 data) – accessed 05/03/21

<sup>3</sup> Northern Powerhomes: A Green Recovery Plan to Decarbonise Homes in the North, November 2020; IPPR North

<sup>4</sup> A Green Stimulus for Housing: The Macroeconomic Effects of a UK Whole House Retrofit Programme, July 2020; NEF

homes<sup>5</sup> in Greater Brighton, then this suggests overall savings of over £12 million per year across the City Region that would directly benefit our residents.

### Fuel Poverty

3.18 Fuel poverty also remains a significant issue. An estimated 13.4% of all households in England are classed as being in fuel poverty<sup>6</sup> with an average gap of £216 per year to get those households out of fuel poverty.

Local Authority	No. Households <sup>7</sup>	No. in Fuel Poverty (at 13.4% of all Households)	Av. Gap in Fuel Poverty (£ per year)	Annual Fuel Poverty Cost (£)
Adur	28,320	3,795	£216	£819,694
Arun	73,188	9,807		£2,118,353
Brighton & Hove	126,757	16,985		£3,668,855
Crawley	45,489	6,096		£1,316,634
Lewes	45,415	6,086		£1,314,492
Mid Sussex	62,890	8,427		£1,820,288
Worthing	50,619	6,783		£1,465,116
<b>Greater Brighton</b>	<b>432,678</b>	<b>57,979</b>		<b>£12,523,432</b>

As shown, this suggests that there is currently a fuel poverty gap of over £12.5 million in the City Region. This would also be at least partly addressed by decarbonising and retrofitting social housing stock in Greater Brighton, although it is recognised that private sector housing would also need to be considered to ensure fuel poverty issues are eradicated in the years ahead.

## 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The Climate Change Emergency is too big for organisations to address individually. Collaboration and the development of a Task Force pools resources and addresses the urgency of the challenges in head. Individual members are not able to make changes on such a large scale, creating such significant decarbonisation rates within our current funding levels.
- 4.2 Demolishing existing and building new homes, is not feasible due to financial, political and logistical challenges. Construction activity also results in carbon emissions - with approximately 11% of global carbon emissions being created from the manufacture and installation of the materials used to create our buildings. Therefore, a programme of retrofitting housing stocks is required.

<sup>5</sup> MHCLG Local Authority housing data 2019/20 – accessed 05/03/21

<sup>6</sup> Annual Fuel Poverty Statistics in England 2019, published 04/03/21; BEIS

<sup>7</sup> ONS 2018-based Household Projections by Local Authority (data shown is projection for 2021)

- 4.3 Private homes, commercial property all have their part to play in the decarbonisation agenda. This has not been addressed by The Greater Brighton Economic Board at present and is a gap which isn't easily addressed.
- 4.4 The Task Force will develop a well-planned programme, at scale with clear and consistent spending plans and performance targets, would provide certainty and confidence to the local supply chain. It would enable suppliers and installers to invest in development of skills and capacity, avoid the stop-start nature of past programmes and create a local industry better equipped to serve the owner-occupier and private-rented markets. If individual authorities were to commission research and evidence gathering, this may result in more bespoke and targeted information but could result in the duplication of resources, particularly financial.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 An informal discussion with leaders was held on January 26 2021 where there was willingness to look further into collaboration. The South East Energy Hub have also expressed interest and support for wider collaboration. If agreed, both the project and working group would conduct relevant and appropriate stakeholder engagement to inform this work as it moves forward, including liaising with tenants.

## **6. CONCLUSION**

- 6.1 Greater Brighton has always been in the vanguard of developing cross-authority initiatives. The above proposal would put the region ahead of the game both in terms of maximising economic benefits from early development of the decarbonisation market and in contributing to the Government's wider green agenda.
- 6.2 Collaboration across authorities, academic institutions and other bodies would facilitate a holistic approach. Management of this through a working group, established with appropriate terms of reference, and following established project management principles would ensure the most efficient use of resources.
- 6.3 In summary, local authorities are facing a of range of practical and political challenges which on their own they cannot fix: the need to deliver a zero carbon agenda in a short period of time, limited funds which will only get smaller, limited staff, and all within an economy that has been fractured and needs to be repaired. This proposal meets these challenges head on. It will allow us to collaboratively harness some of the UK's best resources and develop innovative and disruptive solutions to what we need. If we succeed, we will kick start the green revolution, create a new local economy, accelerate the transformation to zero carbon and create better communities. It will be difficult but we think the close partnership approach with local authorities, academia, and business will be put us in a much stronger position instead of trying to work it out in isolation.

## **6. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 6.1 There are no direct financial consequences associated with the establishment of the Greater Brighton City Region Retrofit Task Force. This Task Force Challenges would not entail new financial commitments and potentially could be met from existing Housing Revenue Account (HRA) budgets subject to approval for each partner. The total cost of the entire project £307,300 and it is proposed that councils make a financial contribution proportionate to their stock holding as detailed in appendix A of this report.

*Finance Officer Consulted: Rob Allen, Principal Accountant Date: 05/07/21*

Legal Implications:

- 6.2 With reference to the recommendations in this report, the board has the power to appoint task and finish working groups which are time-limited (six months, with the option to extend for a further six months) in order to carry out the type of work proposed by this report.

Lawyer Consulted:

Joanne Dunyaglo

Date: 05/07/2021

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Project Proposal: Creation of a Greater Brighton Retrofit Task Force

