

**SOCIAL CARE, HEALTH AND HOUSING
CABINET BOARD**

12 MAY 2016

**REPORT OF THE HEAD OF COMMISSIONING
AND SUPPORT SERVICES – A. THOMAS**

SECTION A – FOR DECISION

WARD(S) AFFECTED: all

**HOUSING RENEWAL & ADAPTATION SERVICE
EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)**

PURPOSE OF REPORT

This report is to seek approval from members to progress with an application for European Regional Development Fund (ERDF) funding for an Energy Efficiency and Renewable Energy scheme for Neath Port Talbot as part of a regional Western Bay bid in collaboration with the City & County of Swansea

EXECUTIVE SUMMARY

This report provides details of funding that is available to increase the Energy Efficiency of existing Welsh housing stock through the ERDF – Priority Axis 3 – Renewable Energy & Energy Efficiency.

A fund of approximately £40m is available for West Wales and the Valleys region, applications are to be submitted on a regional basis, proposals must be aimed at households that are classed as in “severe fuel poverty” (spend over 20% of their income on fuel).

The ERDF will contribute 67% of the costs to install a range of energy efficiency and renewable measures to improve a property’s overall thermal performance, reduce carbon emissions and save on the home owner’s fuel bills. The remaining 33% of the costs will need to be raised by the region.

PROJECT PROPOSALS

The proposal is to work collaboratively with the City & County of Swansea to deliver the 'Swansea Bay Energy Efficiency & Carbon Emission Reduction Scheme' by utilising each authority's core resources and specialist technical expertise. This approach has worked successfully in delivering other key regeneration and energy efficiency projects across the region. Initial discussions have taken place with C&CS and they are fully supportive and committed to the submission of an application for funding.

The proposed scheme will run for a period of 6 years and will be fundamentally aimed at supporting residents in areas of deprivation and severe fuel poverty. The scheme will offer and promote the uptake of energy efficiency and renewable energy measures to improve the overall thermal efficiency of residential dwellings whilst reducing each property's carbon emissions.

The project will run until 2023, with approximately 5 years of work being carried out on site.

It is projected that over 4,000 energy efficient and / or renewable energy measures will be installed across 2,000 hard to treat designated properties through the Western Bay region, it is estimated that a lifetime carbon reduction of over 80,000 tonnes will be achieved on completion of the scheme.

The proposed project will consist of:

- NPTCBC – Improvements to 1000 properties - 200 properties per year for 5 years**
- C&CS - Improvements to 1000 properties - 200 properties per year for 5 years**

A bespoke package of energy efficiency measures will be identified for each property based on recommendations listed on an Energy Performance Certificate (EPC) following an individual property survey, a whole house approach will be utilised to determine the most suitable measures available in order to raise the EPC rating by 2 bands.

To achieve the uprating of the EPC by two bands each property will require the installation of a combination of works from the list below:

- External Wall insulation
- Loft insulation
- Boiler replacement
- Solar PV panels
- Draft proofing
- Low energy lighting

Alternative and additional funding opportunities will be utilised wherever possible to meet up to 33% of the costs to deliver the scheme which are not covered by ERDF funding, additional funding streams could include but not limited to:

- Feed In Tariffs
- Renewable Heat Incentive
- Energy Company Obligation
- Welsh Government – Arbed Warm Homes funding
- Welsh Government – Specific Capital Grants - Renewal Area funding
- Welsh Government – Vibrant & Viable Places funding
- Homeowner contributions
- Home Improvement Loan Scheme
- NPTCBC contribution

A key driver for the scheme will be the provision of energy efficiency support and advice on behavioural changes in order to maximise the savings benefit for individual householders whilst also bringing the property out of a severe fuel poverty status.

All identified energy efficiency / renewable energy measures will be installed using approved materials and in line with current statutory regulations such as building regulations and any necessary measure specific regulations such as PAS2030:2014

The contractors appointed to carry out the scheme employ local people and will utilise approved manufactures and material suppliers based in Wales, both Swansea & Neath Port Talbot have frameworks of approved contractors that have been through the necessary procurement processes.

A coordinated approach to housing regeneration and community engagement will be utilised to identify and deliver wider community benefit projects as part of the overall scheme. The delivery of these additional projects will foster trust amongst residents on the proposed housing

regeneration scheme and its value to them as a community, community benefits could include:

- Contractors carrying out free work within the community
- Creating apprenticeships,
- Continued work for local contractors.
- Regenerated areas of the borough.
- Money saving measures installed, more money to spend within the locality

The scheme will also offer opportunities to work with partner organisations to provide additional support to residents, examples of such organisations can include but is not limited to:

- Communities First
- Care & Repair Agencies
- Welfare Rights
- Crime prevention teams
- Credit Union
- Disabled Facilities Grants Services
- Fire service and arson teams
- Police and anti-social behaviour teams
- Fly tipping

PROJECT COSTS

At this early stage the estimated average cost per property to achieve the objectives of the fund will be in the region of £12,000 per property.

Neath Port Talbot CBC estimated total project costs:

- £12,000 x 200 properties = £2,400,000 per year
- £2,400,000 per year over a 5 year project = £12,000,000

The ERDF will contribute 67% of the total cost works, the local authority/region will be required to raise the remainder of the funding, external funding sources will be utilised wherever possible to meet the 33% funding short fall as mentioned previously in this report.

Neath Port Talbot CBC estimated annual shortfall in funding:

- Annual cost of project – £2.4m (200 properties)
- Annual ERDF contribution – £1.6m (67%)

- Annual shortfall in funding – £800,000 (33%)
- Total shortfall in funding over 5 years - £4m

It is estimated that the shortfall in funding per property will be in the region of £4,000.

The City & County of Swansea have agreed in principle to cover the funding shortfall on their project after external avenues of funding have been exhausted.

Due to the scale of the project it is envisaged that the cost of Solar PV's will be reduced from the market average due to economies of scale and will lower the average cost of the work to each property.

INCOME GENERATION

The scheme will allow for the generation of fees from professional services delivered through the project by our in house surveyors, these include the carrying out Energy Performance Surveys, Asbestos surveys, chartered surveying reports, preparing the OFGEM/ECO compliance paperwork and carrying out site supervision.

PROJECT LOCATION

Currently information is being gathered for different areas within the borough to determine which is the most suitable and also meet the criteria and objectives of the fund.

The properties need to be classified as “hard to treat” construction types such as solid stone and would ideally have south facing roofs; the properties identified will also need to be assessed and be classified as in severe fuel poverty.

NEXT STEPS

A very basic outline proposal of the project was been submitted to the Welsh European Funding Office (WEFO) who have agreed the project can move to the next stage, a more detailed project proposal is now required to be prepared and submitted which will be followed by a full business case. A representative from WEFO has been allocated to assist the team in the preparation of the project proposal and business plan.

A detailed feasibility study and professional specialist advice will be required for the renewable energy proposals.

RISKS AND PRESSURES

There is no guarantee the application is going to be successful, a number of factors can affect its progression and success such as:

- **European Referendum**
- **Welsh Elections**
- **Finding suitable properties**
- **Raising the 33% funding**
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CONCLUSION

If approved by members, it is proposed to prepare the next stage of project proposals to submit to the ERDF officer for consideration, and to continue to carry out a feasibility study for suitable areas of the borough to include within the project proposals.

CONSULTATION

There is no requirement under the Constitution for external consultation on this item.

RECOMMENDATION

It is recommended that members approve the outline project proposal and agree to the preparation and submission of a detailed project proposal for ERDF funding to support a housing energy efficiency & renewable energy regeneration scheme. A final scheme proposal will be submitted to the cabinet board for approval.

REASON FOR DECISION

To enable the application for ERDF funding to progress.

LIST OF BACKGROUND PAPERS

None

OFFICER CONTACT

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