



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Regeneration and Sustainable Development Cabinet Board

20th March 2020

Report of the Head of Property and Regeneration – S. Brennan

Matter for Decision

Wards Affected: All Wards

Swansea Bay City Deal – Homes as Power Stations

Purpose of the Report:

To seek Members approval of the Swansea Bay City Deal ‘Homes as Power Stations’ business case (enclosed at Appendix 1 of this report) and to authorise its formal submission to the Portfolio Management Office in accordance with the City Deal Implementation Plan to secure City Deal funding approval.

Executive Summary:

The Homes as Power Stations (HAPS) programme is a pioneering programme to facilitate the adoption of energy efficiency in new build and retrofit homes across the region i.e. the HAPS approach. The aim of the programme is to demonstrate the viability and benefits of energy efficient homes, scaling up from the pilot development at Hafod, Neath to mainstream the concept in the public and private sectors. The overarching aim of the programme and business plan is

to 'prove' the HAPS concept within public sector led developments in terms of both new-build and retrofitting existing properties. This experience and knowledge will be used to inform future public sector developments across the South West Wales region, and indeed across Wales, and, having 'proved the concept' to target its use in private sector developments.

The City Deal funding will fund a programme team that will help to develop the regional supply chain, administer a regional financial incentives fund, and facilitate a comprehensive monitoring and evaluation programme. It will also undertake marketing / dissemination of the HAPS approach.

Background

The Swansea Bay City Deal¹ is a £1.3bn investment in eleven major projects across the Swansea Bay City Region which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector and the private sector.

City Deal projects are based on key themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. Each project will be supported by world class digital infrastructure and a Skills and Talent initiative that will give local people a pathway to access the jobs that will be created

'Homes as Power Stations' is one of the projects included in the City Deal Heads of Terms document. It is a regional project, led by Neath Port Talbot and will deliver across all four City Deal local authority areas.

¹ <https://www.swanseabaycitydeal.wales/about/>

Project description

The Homes as Power Stations (HAPS) programme is a pioneering programme to facilitate the adoption of energy efficiency in new build and retrofit homes across the region i.e. the HAPS approach. The aim of the programme is to demonstrate the viability and benefits of energy efficient homes, scaling up from the pilot development at Hafod, Neath to mainstream the concept in the public and private sectors.

The Business Plan

A business plan for the HAPS programme has been prepared and is enclosed at Appendix 1 for member's consideration, however a summary is included in the main body of this report.

The overarching aim of the programme and business plan is to 'prove' the HAPS concept within public sector led developments in terms of both new-build and retrofitting existing properties. This experience and knowledge will be used to inform future public sector developments across the South West Wales region, and indeed across Wales, and, having 'proved the concept' to target its use in private sector developments.

The City Deal funding will fund a programme team that will help to develop the regional supply chain, administer a regional financial incentives fund, and facilitate a comprehensive monitoring and evaluation programme. It will also undertake marketing / dissemination of the HAPS

Investment objectives

The investment objectives of the HAPS programme include:

- Future proofing over 10,000 properties in the region to increase affordable warmth and reduce fuel poverty;

- Improving health and wellbeing
- Develop standards and specifications which can be replicated
- Develop a skilled regional supply chain
- Coordinate energy efficiency in housing funding sources

Outputs

It is envisaged in the business plan that the following outputs will be obtained

- Jobs created – 19 construction jobs per £1m invested
- Skills / training opportunities created
- Carbon reduction targets
- Regional supply chain in the renewables sector

Strategic alignment

The Homes as Power Stations programme is aligned to key Welsh and UK Government strategies and policy direction including: Economic Action Plan; A Low Carbon Wales²; Well-being of Future Generations Act; National Development Framework³; Industrial Strategy.

The Homes as Power Stations programme is also aligned to a number of other City Deal projects including Skills and Talent initiative, Digital Infrastructure Project, Supporting Innovation and Low

² <https://gov.wales/prosperity-all-low-carbon-wales>

³ <https://gov.wales/sites/default/files/consultations/2019-08/Draft%20National%20Development%20Framework.pdf>

Carbon Growth as well as the Active Building Centre⁴ at Swansea University which is the UK centre of excellence for transforming construction.

Key milestones

The following key milestones are set out in the Business Plan

Year 1

- To establish a programme team
- Procure an independent organisation to monitor and evaluate the programme
- Integrate existing and related project activity
- Agree targets for new build and retrofit developments

Years 2 – 3

- Continue facilitating the adoption of the HAPS approach for new build and retrofits
- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the Haps concept in public sector led residential schemes to minimise risk.

Year 4 – 5

- Continue facilitating the adoption of the HAPS approach for new build and retrofits

⁴ <https://www.activebuildingcentre.com/>

- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the Haps concept in public sector led residential schemes to minimise risk.
- Developing specifications and standards based on lessons learned through monitoring and evaluation to disseminate

Current and proposed regional activity

There are a number of 'HAPS' – approach developments in progress and in the pipeline, including:

Carmarthenshire

A new build 32 unit development in Burry Port using the Pentre Solar energy efficient model of construction. Maximising solar gain with a SAP level of 104 and an air tightness of 0.9m³/hr Passive house levels thermal insulation. The integrated PV panels will generate at least 7,000KwH of energy per year. Battery storage will store up to 150KwH of unused electricity per day. 80% of the space heating requirements of the homes will be supplied from solar energy.

Neath

The HAPS pathfinder project at Hafod, Neath is complete and tenants are due to move in. The technologies will now be evaluated by monitoring their use throughout the year by a range of different occupiers. This process will help to deliver cost effective energy efficient residential schemes

Pembrokeshire

A number of planned council owned new build developments with designs to go beyond Part L of Building Regulations, in terms of energy efficiency with a requirement to achieve an EPC rating of A, including PV solar, over insulation, and battery storage.

Swansea

Six council – owned bungalows in Craigcefnparc, Swansea have been retrofitted with innovative energy saving equipment to help power the homes and keep them warm.

Financial Impacts:

The financial profile is detailed below. It should be noted that the costs are evidence-based projections and will be refined during programme delivery. The City Deal ‘ask’ is £15 million to fund:

- Programme Team
- Regional financial incentives fund
- Regional supply chain development fund
- Marketing / dissemination
- Monitoring and evaluation

This Council will be incurring expenditure of £15m which will be funded via the City Deal grant reimbursement arrangements, terms and conditions of which will be approved by the Joint Committee of the Swansea Bay City Deal.

The remainder of the £505m expenditure will be delivered by partners and will not pass through the Council’s accounts. The Council will however need to capture and evidence this additional expenditure to ensure it can demonstrate that the project is delivering the require outputs and outcomes.

A breakdown of payments is set out below:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
City Deal	£2,000,000	£4,000,000	£5,000,000	£3,750,000	£250,000	£15,000,000
Private	£23,075,000	£47,675,000	£73,050,000	£102,600,000	£129,500,000	£375,900,000
Other programmes	£6,425,000	£14,075,000	£22,200,000	£31,400,000	£40,500,000	£114,600,000
Total	£31,500,000	£65,750,000	£100,250,000	£137,750,000	£170,250,000	£505,500,000

Integrated Impact Assessment:

A first stage impact assessment (Appendix 2) has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The first stage assessment has indicated that a more in-depth assessment is not required.

Valleys Communities Impacts:

The Council has consistently taken the position that the City Deal must benefit all parts of the region in the Valleys. That is highlighted within the business case even if the Valleys initiative is the subject of a separate programme.

Workforce Impacts:

No implications.

Legal Impacts:

The Joint Working Agreement between the participants of the Swansea Bay City Deal requires (at clause 12.3) all councils in whose area the project shall take place to approve the submission of the business case to the Joint Committee before it can ultimately be forwarded on to the UK and Welsh Government. Each participant council will be taking a report of this kind to their respective decision makes.

This Council will also be incurring expenditure of £15m which will be funded via the City Deal grant reimbursement arrangements, terms and conditions of which will be approved by the Joint Committee of the Swansea Bay City Deal and ultimately utilised by NPT.

Risk Management Impacts:

There are no risk management issues associated with this report. The Homes as Power Stations business case includes a 'Main Programme Risks' section in Part 3.3 of the Strategic Case.

Consultation:

There is no requirement for external consultation on this item'

Recommendations:

It is recommended that:

1. Members endorse the Homes as Power Stations business case at Appendix I and authorise its formal submission to the Portfolio Management Office in accordance with the City Deal Implementation Plan to secure City Deal funding approval.
2. That delegated authority be granted to the Director of Environment and Regeneration in consultation with the Leader and relevant cabinet member(s) to approve any amendments to the business case following approval in light of any amendments that may be required by the Joint Committee of the Swansea Bay City Deal
3. Authorise the Director of Environment and Regeneration in consultation with the Director of Finance and Corporate Services and the Leader and relevant cabinet member to enter into any grant agreements or associated documentation that might be necessary to draw down funding from the UK/Welsh Government or the Accountable Body of the Swansea Bay City Deal

Reasons for Proposed Decision:

To enable the Council to formally submit the Homes as Power Stations business case to the Portfolio Management Office in accordance with the City Deal project approval process.

Implementation of Decision:

The decision is for immediate implementation.

Appendices:

Appendix 1 – Homes as Power Stations business case
Appendix 2 – Integrated Impact Screening Assessment

List of Background Papers:

None.

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