**Powys CC, Warm Wales, countywide targeted measures on EPC G, F & E rated properties**

Powys Local Authority Warm Wales, countywide targeted measures on EPC G, F & E rated properties - OPR3.1 with ECO4-Flex

A countywide project targeting Powys CCs worst EPC rated properties (G, F & E) blending OPR3.1 with ECO4-Flex funding to undertake a whole house approach using principles taken from PAS2035 – fabric first, low carbon heating, energy generation, and energy storage.

In September 2022, Powys County Council (PCC) submitted their bid to Welsh Government (WG) for ORP3. Up until this time, PCC had not participated in the programme which funds carbon saving measures for retrofitting its social housing stock. Our internal brief from Senior Management was to tackle ‘worst first’ from an Energy Performance Certificate (EPC) perspective i.e. G, F & E rated properties and maximise funding opportunities to provide the greatest possible outcome. The intention was to address as many properties as possible, raising standards towards ‘net-zero’ carbon targets as laid out in the draft version of the ‘Welsh Housing Quality Standard 2’ (WHQS2). The aim was to achieve this goal utilising ORP3 and ECO4 funding at zero cost to the Housing Revenue Account (HRA). The project team set about developing the application utilising existing partnerships who could support project delivery. PCC have a long-standing relationship with the fuel poverty community interest company, Warm Wales (WW). Via a Service Level Agreement, WW support the delivery of private sector ‘Energy Company Obligation’ (ECO) grants. Similarly, PCC have worked with the Robert Owen Community Banking Fund (ROCBF) for more than 10-years in the delivery of interest-free loans for private sector property renovation and the intension of the submitted project brief was to expand the programme covering all housing sectors to avoid ‘pepper-potting’. Alongside both organisations, PCC developed their application for ORP3.1 funding by blending this with ECO4 and the ‘Cost of Living Crisis fund’, a one-off grant award from PCC. The approach was to focus on fabric first followed by low carbon heating, energy generation and energy storage. Tackling lowest EPC rated properties also attracted maximum ECO4 funding. We estimated the typical spend per property would average circa £30,700. Based on our ORP3 grant allocation and supplementary funding, we envisaged retrofitting 64 properties during 2022/23, to EPC A (or as near as possible) out of our 394 EPC E, F & G rated social homes in PCC’s ownership. The award On 1st of February 2023, PCC received an award letter, grant conditions and deadline for making claim from WG by the 28th of that same month. In advance, WG had written on 16th December stating the grant would be awarded in principle subject to acceptance of terms and their receipt of signed documents. With this assurance in place, throughout the remainder of December and into January, PCC first called tenants of each of the properties submitted in the application to gauge interest, then followed this up with a letter explaining funding detail, likely measures being considered, and delivery timescales. Following grant award in February 2023, other Housing Department members joined the project team. Due to tight timescales involved (28-days) to deliver the project, WG extended the grant claim deadline submission to 28th March 2023. The claim On 28th March 2023, PCC submitted a claim to WG for ORP3.1. The claim looked quite different from the grant application due to several factors which will be discussed below. However, in essence the submission was for 48 properties. The grant claim was made up from a mixture of ORP3.1, ECO4-Flex and funding ‘displacement’, where Powys was able to claim for energy saving work already completed within that same financial year. However, it could not include any responsive maintenance works that also improved energy efficiency.

Challenges:

What didn’t go so well: • Due to the timescales the Council could not allocate sufficient resources to development of the funding bid and plan the project with particular focus on the data available from the Councils asset management system. Consequently, there were issues when cross referencing of data with the Councils asset management system. This meant that a significant number of properties from the grant submission list were ineligible and had to be removed from the project. • During initial tenant engagement, we had significant ‘rejections of measures’ from residents resulting in their removal from the original grant submission list. • Consequently, a secondary property list was drafted targeting properties where low carbon heating (heat-pumps) had been installed but were now over 10-years old. Many tenants had complained regarding high energy bills, so a decision was made to target those properties by installing solar PV and smart domestic battery storage. Unfortunately, during the middle of reassigning these properties, OFGEM (ECO4 scheme administrators) issued new guidance precluding funding of solar PV panels to off-gas-grid properties currently using heat pumps. PCC wrote to OFGEM to complain and ask for justification of this decision, but their decision remained unchanged. • Whilst most residents initially welcomed news of measures proposed, due to lack of resources, the timescales for claiming the grant the level of tenant engagement prior to undertaking works was insufficient, and consequently there were a number of complaints due to a lack of communication prior to installation of any measures. • To access ECO4 funding contractors must be PAS2030 registered and work to PAS2035:2019 standards. This means that as well as being registered with their trade certification scheme e.g. MCS, they are also required to be registered with UK governments TrustMark scheme. This greatly restricted contactors able to work on the scheme. • Only one of the contracting companies working with Warm Wales at that time were prepared to deviate from working with their ‘normal’ clients, i.e. the private sector, and switch to working on public sector properties. This was because ECO4 funding levels were significantly less in the public sector when compared with the private sector and the company were the only one available with a social housing ECO4 funding contract with an energy supplier already in place. • Predicting how much ECO4 funding would be available was limited to a ‘best guess’ as rates energy companies and their agents pay for measures fluctuate. PCC was not privy to rates being paid for measures, this information being commercially sensitive. • Smart domestic batteries require active home internet connectivity to operate. We had not envisaged attempting to work with properties where no internet connection was available (due to lack of infrastructure or signals), or resistance from tenants not wanting internet installation at their homes (where connections were possible), or where residents had internet connection but were reticent to allow a connection to it. • Due to tight timescales involved, communication and the sharing of key data between PCC, WW, contractors, and tenants was flawed, resulting in a further stream of complaints. Complaints were centred around broken appointment times, breaches in H&S, poor workmanship, untidiness, and clashes of personalities between those involved in scheme delivery. • The blending of ECO4 and ORP funding is an excellent idea however the administration and contractual arrangements for ECO4 are bespoke to the scheme, the Council is familiar with tendering and managing a contract to deliver specification requirements, the Council could not apply its customary contract management arrangements to ECO4 works as the works are funded and paid from a different source and managed by a different method. This did cause issues when dealing with ECO4 installers as there was no direct contract between the Council and Installers. What went well: • Given how under resourced and with an exceptionally small window of opportunity, PCC was still able to draw upon its existing SLA with WW to access their established relationships with energy companies (ECO4 funders). Their contractors already held the necessary PAS2030 and PAS2035 and measure specific certification body qualifications required to access and deliver ECO funded measures. Accordingly, Powys has benefited fully from a £1-million grant funded investment programme, maximised by third party funding via ECO4 and addressed some of its works housing stock. • With the withdrawal of funding for solar panels for off-gas properties with heat pumps partway through our project, our partners at WW negotiated with a funder to deliver PV in this situation via an ‘innovation measure’ option. This gave PCC the ability to complete those properties previously removed from the list due to the OFGEM decision. This demonstrated significant innovation, constantly developing the project to ‘fit in’ with often conflicting advice and guidance from OFGEM. • The total number of properties improved in ORP3.1 was 40. The average EPC rating had been raised from a low ‘D’ to an ‘A’ rating. However, this does not yet take account of the smart battery installations currently not recognised by SAP.