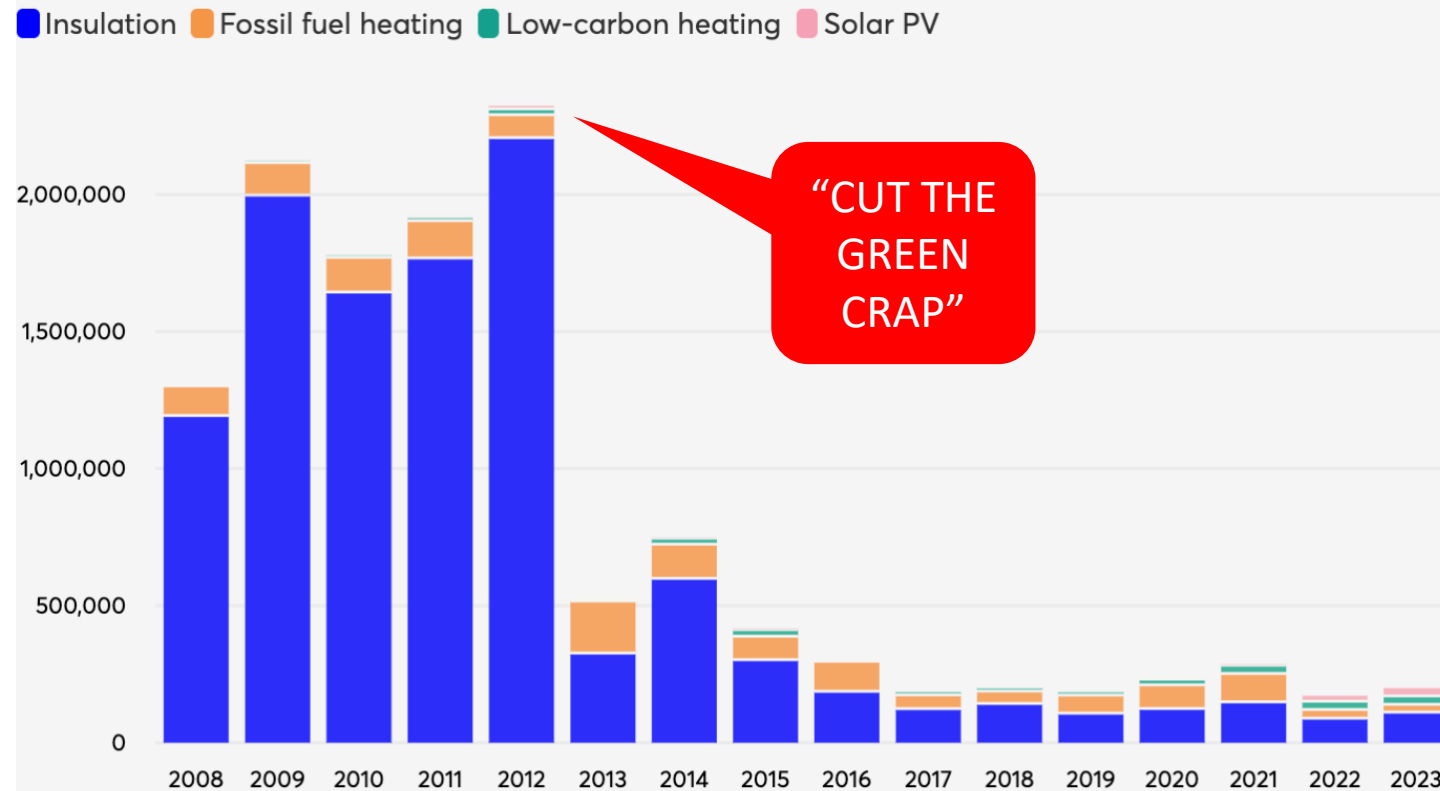


The Devolved Retrofit Pilot

03/12/24

What's The Context?

Heat and energy efficiency measures supported by UK Government schemes



Source: Household Energy Efficiency Statistics • Schemes include: CERT, CESP, Warm Front, RHPP, RHI, Green Deal, GHG, LAD, HUG, SHDF, GBIS, BUS and ECO.

Retrofit Policy:

- Changeable
- Narrow focus
- Short term
- Small: 100's homes
- Competitive
- National drive, not local
- Barriers: consumer trust is low, low quality of work, poor capability, inadequate supply chains, etc.

What's The Problem?

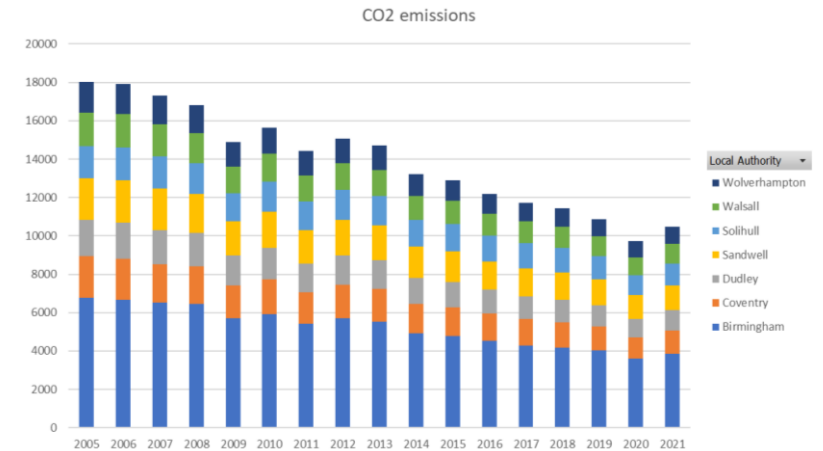
Carbon Not Falling Fast Enough

- WM2041 Net Zero target
- Slow progress on residential & public building retrofit, not enough for Carbon Budgets.

High Fuel Poverty and Indecent Homes in WM

- Highest rate of fuel poverty in England (20.6% >70%)
- 55% of Lower Layer Super Output Areas (LSOA) are in top quintile of fuel poverty ranking nationally
- 2nd highest percentage of EPC D-G homes (62%)

Underheating/fuel poverty ↔ indecent homes, D&M,
excess winter deaths



Devolution – Overview

- Agreed **three-year Retrofit Pilot** for the West Midlands
- Opportunity to **shape funding**
- Open to innovative approaches: **place-based, cross-tenure**
- **Domestic** and **Public** Sector buildings
- Funding: April 2025 > March 2028 **3yrs**
- Grant funding **allocative for LAs** (likely for HAs and PSBs too)
- The Catch: LAs, HAs and PSB will **not be applying to national schemes** within 7 Metropolitan Authorities

West Midlands Combined Authority deeper devolution deal	
HM Government	
West Midlands Combined Authority	
West Midlands Combined Authority Trailblazer deeper devolution deal	
Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including public consultation, the consent of the West Midlands Combined Authority and its constituent local authorities, parliamentary approval of the secondary legislation implementing the provisions of this deal, and accompanying accountability arrangements.	
15 March 2023	
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Part 5: Additional Details on the Buildings' Retrofit Pilot

Functional responsibilities

63. In March 2023, as part of the announcement of the launch of the trailblazer deeper devolution deals, the government announced that a pilot of retrofitting buildings would be one of the five key themes of the deal. HMG is working with Mayoral Combined Authorities (MCAs) to design the scope of the pilot and test the approach to trailblazers.

64. The MCAs' functional responsibilities for the buildings' retrofit pilots are:

- retrofitting social housing; and all other residential buildings focusing on households at risk of fuel poverty in the local area; and
- Decarbonising public sector buildings managed by the MCAs or their constituent authorities and, where deemed reasonably practicable by the DESNZ Secretary of State, by wider public sector actors.

Monitoring and evaluation

65. The MoU committed HMG to 'agree further details on monitoring and evaluation arrangements for the buildings' retrofit pilot, as part of the wider work on the outcomes framework' by spring 2024.

66. Effective monitoring and evaluation (M&E) enables HMG to understand how a policy is delivered in practice, and the extent to which it has met its intended objectives. It provides transparency and accountability for how taxpayers' money is spent and captures lessons learned for future policy decisions. The monitoring and evaluation of the buildings' retrofit pilot will seek to understand how the funding and scheme design has facilitated retrofit in the MCAs and its co-benefits, and feed into future policy decisions on devolution and buildings retrofit.

67. M&E will be based on aims and objectives jointly agreed between DESNZ, DLUHC, and the MCAs, and agreed ways of working together to monitor and evaluate the delivery of the pilot. 68. DESNZ and the MCAs will ensure the M&E activities are undertaken to a sufficient level of rigour, by ensuring appropriate quality assurance processes are in place, in line with government social research and statistical standards.

Where is Funding Coming From?

Funding Stream	National Pot (indicative)	WM Quantum	WM Budget
Warm Homes: Social Housing Fund (WH:SHF)	£1,290m	7.8%	~ £170m based on May 2024 estimates
Warm Homes: Local Grant (WH:LG)	£500m	6.0%	
Public Sector Decarbonisation Scheme (PSDS)	£1,008m	3.6%	
Total	£2,808m	~5.9%	

Ambitions for the Pilot

- Get the pilot **recommissioned by 2028**
- Unlock **long-term, sustainable market** for retrofit
- Champion **flexibility** and a **place-based, cross-tenure** approach
- Stimulate innovation, new offers, market growth and capacity building
- Build **evidence base** and **capacity** for place-based retrofit with real-performance data
- **Outcomes** for carbon, FP, VfM, health and wellbeing, skills, housing regeneration, economy, transport, etc.
- Benefits of **wider outcomes**
- Leverage **private investment** at scale in holistic outcomes



IMPORTANT!

- Discussions with government are **ongoing**
 - While we have a good idea of how we would like all this to work, **none of this is finalised** – lots to work out still
 - Our approach has been shaped through engagement with LAs, but all of you have the **opportunity to input your views** – we want to make the pilot work with your aims as best as we can
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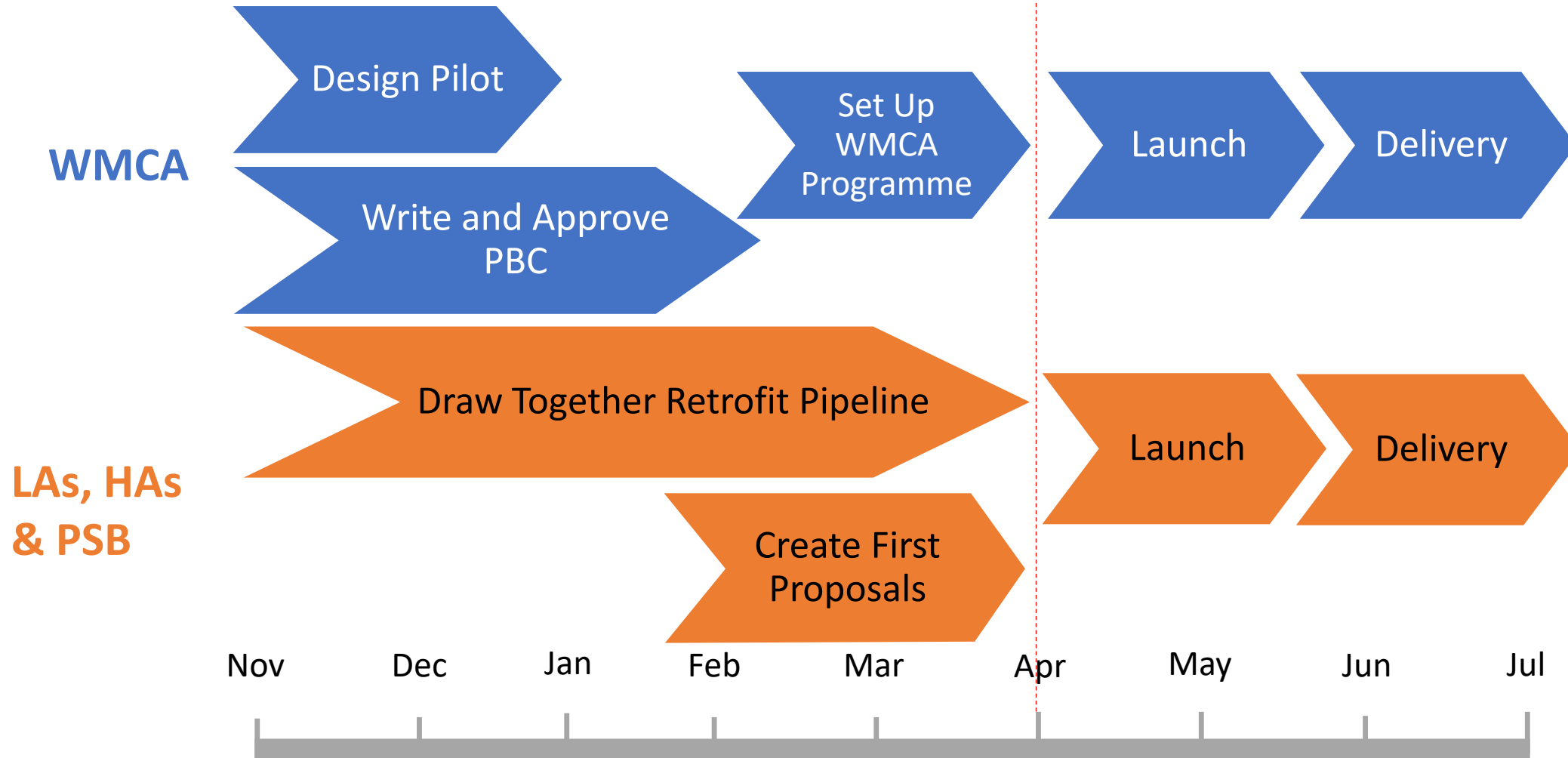
Approach for the Pilot

- Collaboration and Flexibility
- Place-based and for West Midlands priorities
- Non-competitive and outcomes focused
- Long-term market building
- Innovation supporting

WMCA Role: co-ordination of learning, programme admin/reporting, data management, research and intel, sponsor market dev., attract investment (LNZA)

LA/HA/PSB Role: deliver devolved retrofit funding, build pipelines of place-based retrofitting, M&E reporting, develop retrofit market

Pilot Timelines Until Launch



Pilot Post Launch

- Monthly rolling windows for proposals **from April**
- **Up to 12 months** to draw down funding and **three years** to deliver projects
- Timings TBC

Monitoring and Review

- Regular project review/reporting
- Change management process
- Data capture and evaluation

Capital Delivery

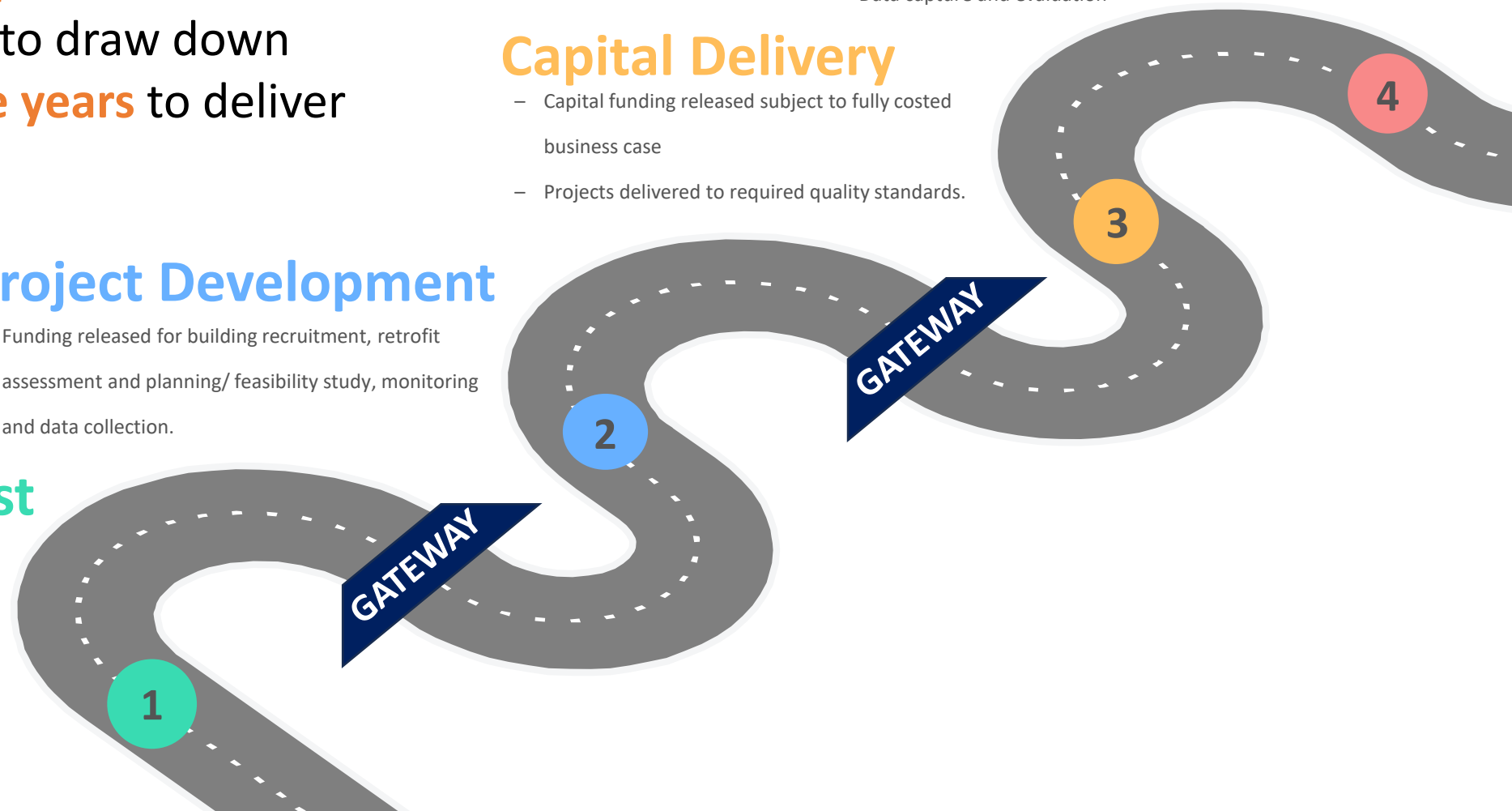
- Capital funding released subject to fully costed business case
- Projects delivered to required quality standards.

Project Development

- Funding released for building recruitment, retrofit assessment and planning/ feasibility study, monitoring and data collection.

Expression of Interest

- Proposal for project(s) and target outcomes
- Alignment and prioritisation check at board





Outcomes and Funding

Retrofit Pilot Outcomes

Primary DESNZ Outcomes (key targets):

- Fuel poverty reduction (domestic buildings)
- Lower carbon emissions (domestic & public buildings)

Secondary DESNZ Outcomes:

- Improved VfM
- More comfortable and healthy homes (H&WB)
- Growth in local supply chain (capacity and capability)
- Market development and innovation (WTP & ATP offers, research for future climate resilience)
- Pilot learnings/evidence-base building (real-world data)
- Partner organisation capacity and capability building
- MCA capacity and capability building
- Unlock retrofit across more of building stock/use classes/tenures

Outcomes: very simplified overview

Funding allocation
(e.g. £100m)

Outcomes
(e.g. 20,000 tCO₂
abated in homes)

=

Average cost
(e.g. £5,000/ tCO₂)

NOTE:

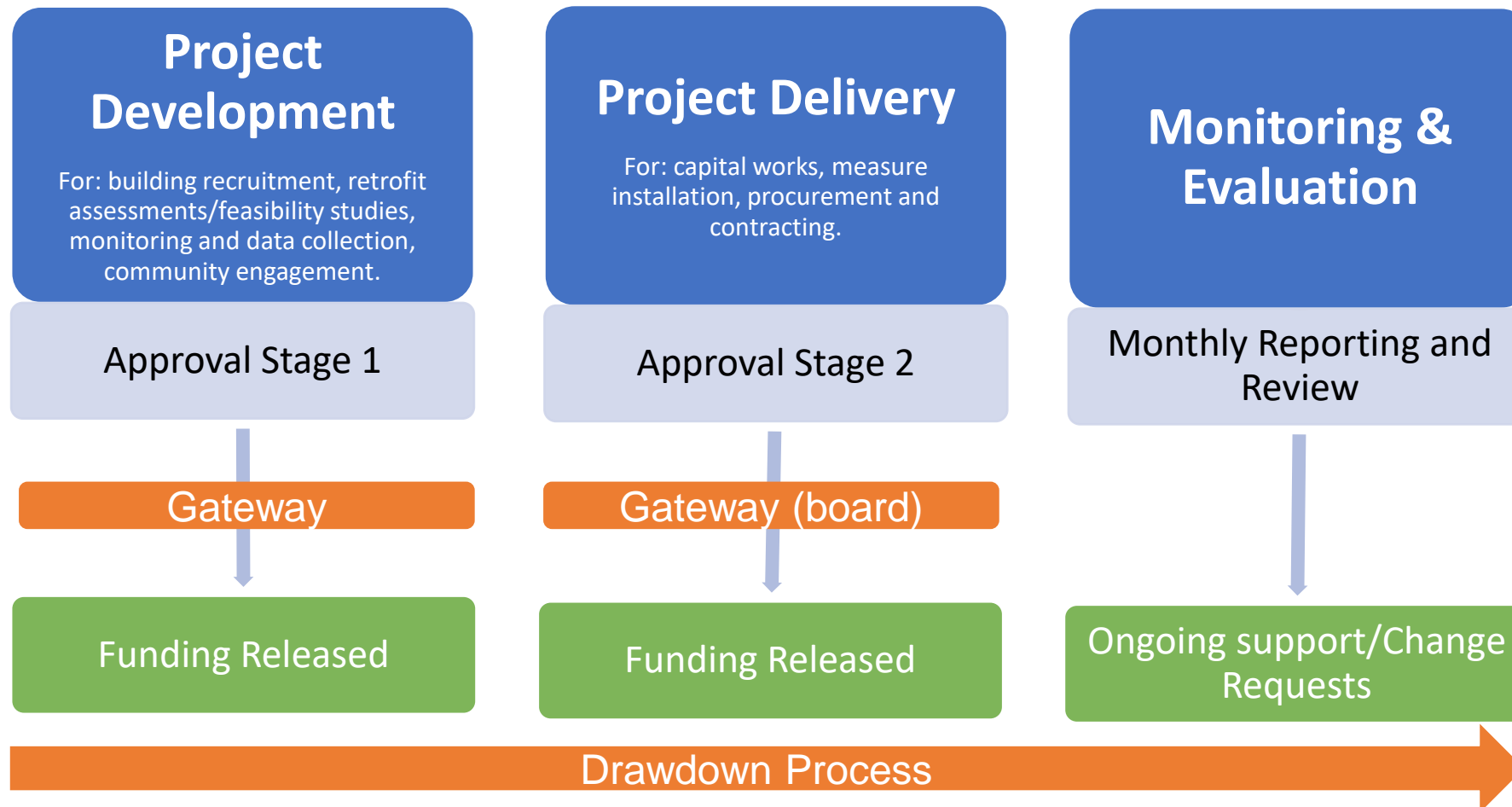
Each project will need to work out the best way to meet these outcomes. E.g. a more intensive approach for a smaller number of properties, or a lighter touch approach to a larger number of properties. It could also mean using additional funding (existing repairs budgets, solar PV finance) to make grant funding go further



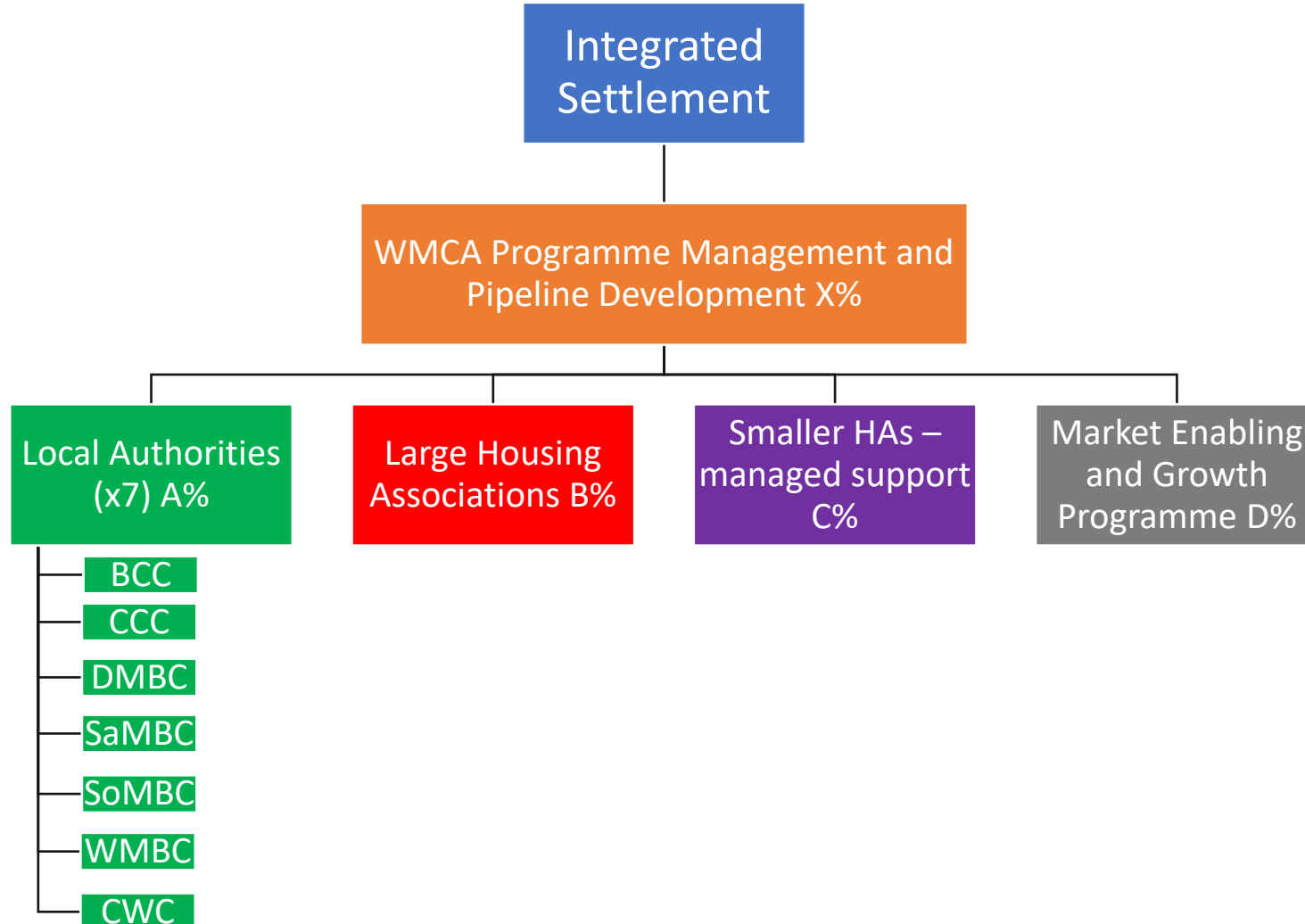
Funding Allocation & Drawdown

Proposed Funding Drawdown Model

- Organisations with a funding allocation to bring forward projects that meet fund requirements/outcomes
- Projects developed collaboratively through gateway process (go/no-go)
- Specific governance arrangements TBC, but likely through a monthly Programme Board (PBC being developed)

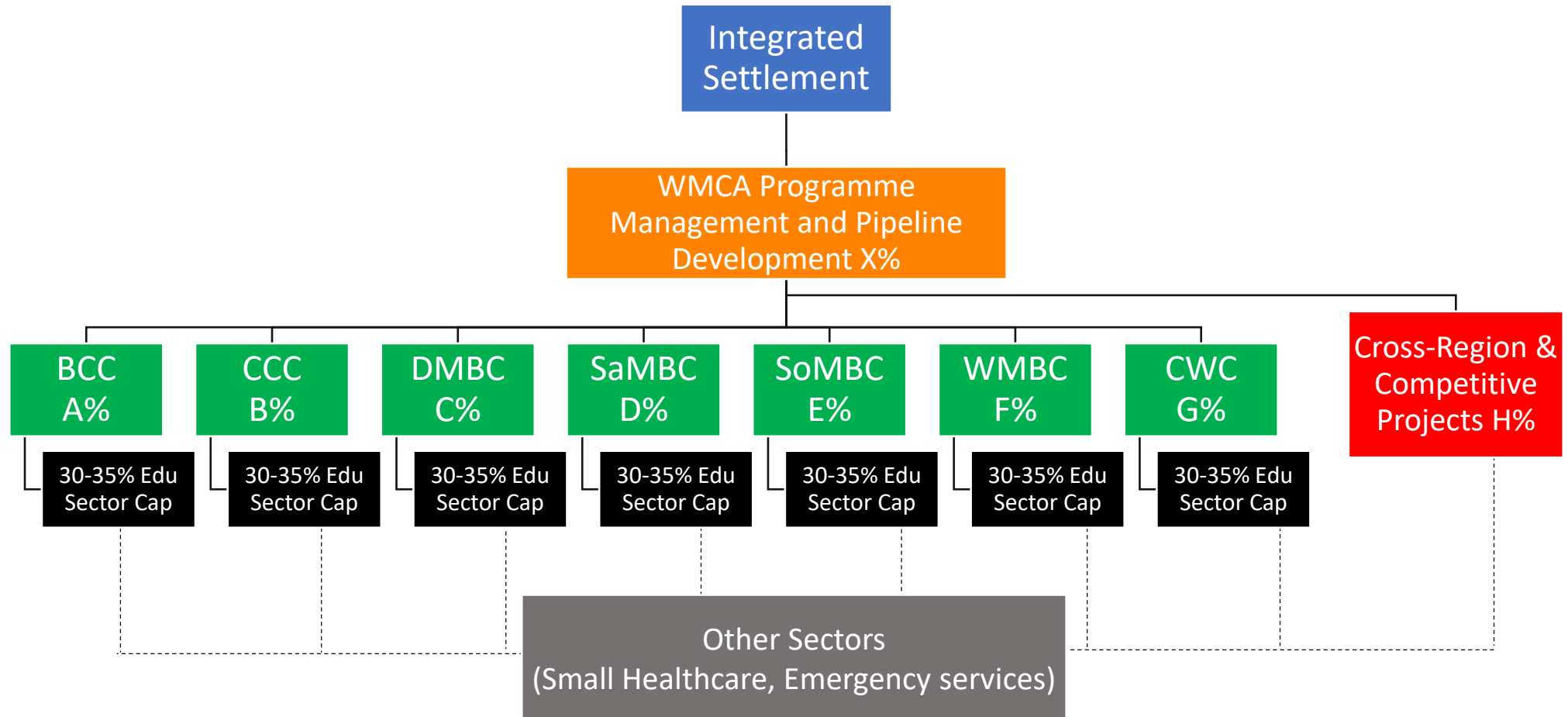


Proposed Funding Structure (domestic)



- LAs will have own nominal funding allocation based on need (quantums TBC). Funding also to be allocated to HAs.
- Looking at managed support for smaller RPs (<1,000 homes)
- Market enabling and innovation funding to be top sliced – aiming to build market capacity and activity

Proposed Funding Structure (public)



What Next?

- LA, HA and PSB to develop their pipelines (develop projects/programmes) ready for submitting to WMCA from April 2025. Ongoing discussions with LAs/HAs/PSBs taking place now on **priorities and projects over next three years**.
 - **Seeking to engage suppliers using pipelines next year** (March). We expect LAs/HAs will already be speaking to supply chain and have existing partners.
 - **WM HAs PLEASE COMPLETE FUNDING ALLOCATION SURVEY:**
<https://forms.office.com/e/c1pxCrz506>
 - WMCA to develop:
 - Programme Business Case
 - Scheme guidance and associated documents
 - Online resources (FAQ, scheme info, etc.)
 - Negotiate outcomes framework and targets
 - Events to Engage: [Energy Capital collab days](#), webinars, supplier events, etc.—to be confirmed soon.
-

More Information

George Simms, SMART Hub Lead

Ben Copson, Energy Project Manager (devolved retrofit pilot)

Submit Qs to our central inbox:

Devolved.Retrofit@WMCA.org.uk
