



Greater Manchester Green City Region Partnership

Date: 27th January 2021

Subject: GM Retrofit Action Plan

Report of: Councillor Emmott, Portfolio Lead for Green City Region and Harry Catherall, Portfolio Lead Chief Executive for Green City Region

Purpose of Report:

To seek approval for the GM Retrofit Action Plan, produced as an action from the Mayoral Retrofit Task Force.

Recommendations:

The Partnership is requested to:

1. Note and comment upon the draft GM Retrofit Action Plan and its contents (attached at Annex 1).

Contact Officers:

Mark Atherton mark.atherton@greatermanchester-ca.gov.uk

Sean Owen sean.owen@greatermanchester-ca.gov.uk

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1. Introduction/Background

- 1.1 Climate Change is the biggest challenge we have ever faced; it needs action at all levels of society from global to the very local. The science is clear, we need to reduce our greenhouse gas emissions drastically and rapidly if we are to keep global temperatures within safe limits.
- 1.2 For Greater Manchester to achieve our target of carbon neutrality by 2038 we need to prioritise the decarbonisation of heat which, at 2.8mtCO_{2e} per annum, is one of our single biggest sources of carbon emissions.
- 1.3 By 2030, our headline objective is to have reached an average of 61,000 domestic properties being retrofitted per year and all non-domestic buildings should aim to reach an average of Energy Performance Certificate Rating C or Display Energy Certificate B.
- 1.4 Whilst there is an array of renewable heating systems currently available, the poor thermal efficiency of our housing and commercial building stock means that, for many residents, they are not the most affordable option.
- 1.5 To make low carbon heating more affordable we need to both increase the thermal efficiency of our buildings by installing retrofit measures. Retrofit measures can include those which increase thermal efficiency and air tightness and moving to lower carbon heating.
- 1.6 Retrofitting our buildings will also address some of the biggest socio-economic challenges we face as a city region; supporting a fair and just transition to a net zero carbon society. If only 20% of Greater Manchester's 1.2m homes were refortified, the market size is in the region of of£3-5.4bn, creating home grown and inward investment opportunities.

Renovation is about the four C's:

Comfort – a more constant, controllable temperature throughout the home with no draughts

Carbon – significantly lower carbon emissions

Coughs – better health and wellbeing through improved internal air quality and eliminating damp and mould

Costs – reduce long term energy costs and price volatility

2. The Plan

2.1 A Mayoral Retrofit Taskforce was established in June 2021, to accelerate retrofitting of our buildings by overcoming the known market failures.

2.2 The retrofit market does not currently work effectively, because:

- Most people do not know they need to heat their homes differently
- Most people are unaware of what they can do to make renewable heating an affordable reality
- The current supply chain is too small, with many potential suppliers having a limited or an incorrect understanding of what can be achieved.
- Due to a lack of demand, the unit costs are too high, and we are lacking a suitably sized and skilled workforce
- Due to the failings of past initiatives, the supply chain has limited confidence that the market will take off
- Changing heating systems is not a priority for most people and is often an emergency purchase. As such, little thought is given to the options available.

The Retrofit Action Plan seeks to address these barriers.

2.3 The Retrofit Task Force has highlighted three current challenges which, if addressed together, can stimulate greater retrofit activity. These were:

- Insufficient skilled operatives required to retrofit our homes, public buildings, and businesses.

- Lack of innovative funding models and solutions to support the circa 33% of GM residents willing to complete retrofit measures to their homes; and
- The lack of a local, quality assured offer which both informs and demystifies retrofit.

2.4 The three challenges identified are complex and multifaceted, however, so are the benefits we can realise by addressing them. These benefits are not limited to carbon saving; but can also realise many wider benefits outlined in the Greater Manchester Strategy e.g., Improved health, equality, economic inclusion, and alleviation of fuel poverty (157,000 Greater Manchester households (15% of homes) are currently in fuel poverty).

2.5 Additionally, the retrofitting of our homes, buildings, and business to make them more energy efficiently will reduce the risk and exposure from future energy price shocks and energy supply constraints.

2.6 Priority Area 1 will focus on boosting skills to meet the current known requirements and gaps, whilst readying the region to meet the overarching opportunity over the years to come. The regions current training programme indicates that 60% of trainees are existing tradespeople and 40% new to the sector across GM. The sector sees around 1,000 apprentices and 3,000 Further Education learners completing Construction programmes every year. This needs to increase; curriculum changes are needed in existing apprenticeships and there is a need for higher level skills such as Retrofit assessors and coordinators, as well as degree level apprenticeships.

2.7 Priority Area 2 supports improving access to funding and finance. To enable a suitably skilled and scaled market to emerge, we need those who can 'move early' to lead by example, whether in the public, private or third sector. Enabling and supporting building renovation within all tenures, will be critical. The plan recognises some renovation activity is underway, utilising primarily government funding to target our worst performing properties and to realise wider social objectives. While socially desirable, and equitable, this approach excludes 75% of the homes that need to be improved in GM. Collectively, we need to create the conditions which allow more market-based delivery and finance mechanisms to be developed e.g., local climate bonds, property-linked financial products, green rental agreements, and green mortgages to deliver the speed and scale required. The Plan sets out how we will investigate the feasibility of deploying such funds.

2.8 Priority Area 3 supports accelerated deployment. Speeding up delivery through the Greater Manchester 'Places for Everyone' planning framework, standards for new buildings and developments will be set, however, we still need to increase thermal performance, renewable energy generation and low carbon heating in existing homes and buildings. To achieve this, residents, businesses, and stakeholders will need support to help make the right decisions, making sure everyone can benefit from these changes to ensure a fair and just transition. GMCA is taking an active 'market-making' role to help drive up renovation activity.

2.9 We are developing a traded service which will assess homes and provide customers with a customised 'retrofit plan' – giving them confidence about what needs to be done, in what order, and how it could be paid for. This will particularly focus on the 31% of GM homeowners who we know are willing to undertake some form of retrofit in the next 5 years with the right assurances and support. This is in addition to existing plans to invest in retrofitting 7,200 socially rented properties and other commercial, public, and academic building renovation schemes.

2.10 The culmination of the GM Retrofit Plan will be the deployment of an integrated delivery proposition, which seeks to drive forward the upskilling of our local supply chains, piloting, demonstrating and upscaling of funding models and finally a region wide delivery vehicle. The delivery vehicle for the domestic sector is currently being designed, with the public sector delivery model currently being coordinated via the Public Sector Decarbonisation scheme. Both delivery vehicles will integrate current and future skills and workforce propositions alongside future innovative funding solutions,

3. Opportunities/risks

3.1. The key opportunities include:

- Provide clear strategy and policy direction to retrofit our buildings for the region
- Opportunity to encourage inward investment, innovation, research, and development in this area
- Encourage the market to develop solutions and infrastructure to support our transition towards carbon neutrality

- Encourage greater uptake of low-cost effective insulation measures and heat loss through convection, i.e., methods to exclude draughts
- Ability to drive the creation of a transformative retrofit market and supply chain which is fit for purpose, skilled and quality assured

3.2. The key risks include:

- Business as Usual is currently failing to meet the region's low carbon ambition.
- Failure to provide a clear direction and steer on how we retrofit can and will support our low carbon ambition
- Insufficient capacity to deliver across the local low carbon goods and services supply chain.
- Growing the supply chain at a time when the industry has full order books
- The risk of mould if insulation is not correctly installed and or ventilation is not addressed appropriately
- Failure to secure additional funding and leverage investment as result of not having a clear GM Retrofit Plan.

4. Financial Implications

4.1 The implementation of the GM Retrofit Plan will require collaboration across a variety of stakeholders, public, social, and private. To meet the region's ambition there will be a need for additional capacity to be identified to support and deliver, at both a regional and local level.

4.2 The proposed delivery vehicles are currently funded utilising a blend of retained business rates and government grant funding (where applicable and secured). These include Local Green Homes Grant and Public Sector Decarbonisation Scheme. However, these are time limited and provide restrictions on their delivery scope.

5. Recommendations

The Partnership is requested to:

1. Note and comment upon the final draft GM Retrofit Action Plan and its contents (Annex 01).