



Swansea Bay City Region Joint Committee - 10 November 2022

Homes as Power Stations (HAPS) Project Update

Purpose:	To inform Joint Committee of the Homes As Power Stations project progress and PAR review outcome as at Appendix A.
Policy Framework:	Swansea Bay City Deal (SBCD)
Report Author:	Oonagh Gavigan (HAPS Project Manager)
Finance Officer:	Chris Moore (SBCD S151 Officer)
Legal Officer:	Tracey Meredith (SBCD Monitoring Officer)
For Information	

1. Introduction

Homes as Power Stations (HAPS) is a pioneering project to facilitate the adoption of the 'HAPS approach' i.e. the integration of energy efficient design and renewable technologies in new build and existing housing stock across the public, private and third sectors in the Swansea Bay City Region.

It is a regional project led by Neath Port Talbot County Borough Council on behalf of the four local authority partners in the Swansea Bay City Region (SBCR): Neath Port Talbot County Borough Council, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council.

The project comprises a number of linked activities, including:

- Establishing a project team to coordinate activity across the region
- Facilitating the adoption of energy efficient design and renewable technologies in new-build homes and existing housing stock supported by a regional targeted financial incentives fund;
- Developing a sustainable, skilled regional supply chain for renewable technologies in homes supported by a regional supply chain development fund;
- Establishing a coordinated monitoring and evaluation of the technologies programme;



The HAPS project will add value to existing and pipeline energy efficiency programmes, through the provision of targeted 'additional' funding. It will aim to establish a sustainable, skilled regional supply chain with the potential to establish the region as a centre of excellence in renewable technologies in housing.

The aim of the project is to 'prove' the HAPS approach through a phased programme of activity, starting in the public and Registered Social Landlord (RSL) sectors, learning lessons from a comprehensive monitoring and evaluation of technologies process, developing a consistent 'standard' leading to the aggregation of the supply chain, disseminating the findings and encouraging the private sector to adopt the HAPS approach in subsequent phases.

Investment Objectives for the project are:

1. Future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty
2. Improve health and wellbeing and reduce the burden on health and social services
3. Deliver a sustainable (commercially viable), cost effective and holistic housing programme (facilitation role) by:
 - a) Taking a 'whole house' approach and developing proven, flexible designs
 - b) Demonstrating the viability of the HAPS approach to the rest of Wales / UK
 - c) Creating skilled jobs, a legacy and mainstreaming the HAPS approach
 - d) Creating a sustainable regional supply chain that retains the creation of design, construction and maintenance jobs

2. Background

The HAPS Business Case was endorsed by Joint Committee in March 2020 and gained Ministerial approval in July 2021.

3. Update

HAPS moved from strategic planning to implementation, following the approval of its City Deal Business Case in July 2021.

A PAR Review took place between 11-13th July 2022.

To date the following activities have taken place:

Staff

Project Manager (Oonagh Gavigan) took up post on 1st November 2021.

A Technical Co-ordinator has been appointed and is due to commence the role 17th October 2022.

The Supply Chain Lead post has been advertised on three occasions with no suitable applications received. Having advertised the post in every Local Authority area in the Swansea Bay region, as well as other platforms, an 'Options Appraisal' is now being carried out to consider other methods available to deliver the work. This may for example include consultancy work or a secondment from another organisation.

Legal

The Primary Funding Agreement between Carmarthenshire Council and Neath Port Talbot Council (as lead) is now in place.

Inter Authority Agreements between Neath Port Talbot Council (as lead) and the three Local Authorities have been drafted and final versions have been circulated to legal teams for comment.

Third Party Agreements, where individual Local Authorities will agree localised schemes and outcomes with Registered Social Landlords (RSLs) and private sector companies is currently being drafted and will follow the themes of the Primary and Inter Authority Agreements. This will be consistent across the region.

Regional Financial Incentives Fund (£5.75m)

This funding allocation will provide targeted funding to facilitate the installation of innovative technologies to determine the best combination of energy efficiency technologies in terms of performance and cost.

A prior notification of this fund will soon be shared to encourage potential applicants to consider how this funding will work alongside other funding streams and maximise the opportunity.

Welsh Government have announced the next phase of their Optimised Retrofit Programme where this will no longer be a competitive process and instead provide a three year allocation to housing organisations. This positive step provides a good opportunity to ensure the next phases of retrofitting homes are planned over a longer period to incorporate the use of HAPS funding, hence maximise impact through both funding streams.

The pending ECO4 Flex funding also presents an opportunity to add value to the HAPS funding through ensuring the funding streams are coordinated to ensure those most likely to experience fuel poverty and those vulnerable to the effects of a cold home could potentially benefit.

The funding application for 'HAPS Financial Incentives Fund' will be a two-step process where an initial submission of an 'Expression of Interest' will be followed by a full application.

Applications for new build proposals will be separate to schemes for existing homes, taking into consideration the different process each scheme will undergo.

A working group has been formed to finalise the scoping of the application criteria and scoring, this will be supported by representatives from the Technical Advisory Group who will provide input and direction from their area of expertise.

Regional Supply Chain Fund (£7m)

This funding allocation will support the development of a sustainable regional supply chain for renewable technologies in homes. The aim of the fund is to diversify the regional economy by supporting product development to create a regional centre of excellence for

renewable technologies. There is a need to develop a consistent approach and aggregate the supply chain in order to develop a skilled and sustainable regional supply chain to support energy efficient homes.

Work in this area will take direction in accordance with findings from the Monitoring and Evaluation of houses that have adopted the HAPS approach. Ensuring financial support is provided to technologies that are proven to perform is vital to build consumer confidence.

Work is ongoing to ensure this funding opportunity is complementary to the forthcoming UK Shared Prosperity Fund to support businesses within the region to diversify, expand and collaborate to meet the HAPS project aim of creating a regional supply chain.

As highlighted above, various options are being considered to take forward this specialist area of work to ensure the demand, supply and skills agenda is progressed simultaneously and collaboratively.

Procurement of Monitoring and Evaluation of technologies Plan (£1m)

Many of the technologies are relatively new and therefore the project will procure an independent organisation to evaluate the effectiveness of the design and technologies to ensure on-going learning and evaluation.

The evaluation budget is set at £1m and will therefore ensure comprehensive and accurate sets of data and results are available to inform the project as it progresses.

Areas that will be included in the evaluation of technologies include:

- Technology performance
- Environmental conditions
- Fuel costs / fuel poverty
- Energy savings
- Behaviour
- Health (improvements in health and well-being)

The specification of the contact has been finalised and is now in the final stages with Legal and Procurement Teams in readiness for publication via sell2wales.

Skills

Wyn Pritchard from Neath Port Talbot Group of Colleges represents the HAPS project on the regional Skills Solution Group. In addition, Wyn is the Chair of the Optimised Retrofit Group hence well placed to provide support and direction to address skills gaps that have been highlighted by both Welsh Government and the Regional Learning and Skills Partnerships.

Neath Port Talbot Council has met with NPTC Group of Colleges to discuss some of the strategic steps and opportunities that should be considered. This area of work again requires collaboration and alignment with other groups and discussions with regards to the wider topic of Skills for Net Zero.

Several funding options are available and are being considered to specifically address the competency levels of installers and maintainers of the technologies associated with HAPS, as well as future need. Without addressing and ensuring there is a process in place to

support skills development, there will inevitably be a hesitancy within the private sector (in particular) to adopt the HAPS approach.

PAR Review – Report included as a separate document.

A PAR Review Appendix A took place between 11th – 13th July 2022 where the project received an Amber / Red Delivery Confidence Assessment rating.

Since this PAR has returned a Delivery Confidence Assessment of Amber/Red, it is expected that an Assurance of Action Plan (**AAP**) be undertaken in early **Q4 CY2022**.

The Next Assurance Review **PAR** will take place in 12 months' time – **approx. July 2023**.

Nicola Pearce as SRO commented;

The PAR Review has further highlighted the complexities associated with the HAPS Project and was a useful process, particularly to highlight areas where further consideration is required. The team are making positive progress in recruiting additional staff and addressing the capacity issues which have been problematic. I also feel confident the 'under the surface work' carried out by the project manager has given the HAPS project the firm foundations on which to build and ensure the project is able to progress confidently at pace, incorporating the Review Team recommendations.

4. Financial Implications

Risks will be managed through monitoring and evaluation at both Project and Programme level and reported, via the Swansea Bay City Deal's Programme Management Office, to the Joint Committee, where appropriate.

Specific Programme financial risks are outlined within the strategic case component of the Homes As Power Stations Business Case (Part 3.3 & 4.9).

The procedures around the management of City Deal funding are detailed within the Joint Committee Agreement.

5. Legal Implications

There are no legal implications associated with this report.

6. Alignment to the Well-being of Future Generations (Wales) Act 2015

The SBCD Portfolio and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

Background Papers: None

Appendices:

Appendix A: Homes as Power Stations Project/Programme Assessment Review Report