

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: JJ/PO/292/2023

Llŷr Gruffydd MS
Chair
Climate Change, Environment and Infrastructure Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

31 August 2023

Dear Llŷr,

Thank you for your letter of 26 July requesting the first six-monthly update on progress towards taking forward several of the recommendations made in the Climate Change, Environment and Infrastructure Committee's report on Decarbonising the Private Housing Sector. My officials are making progress in taking forward several of the recommendations made in the report.

Please find attached a detailed update on the specific questions included in your letter.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive, flowing style.

Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Annex 1

A residential housing decarbonisation route map

1. We would welcome an explanation of the above and seek assurance that you and senior officials within your Department will commit to improving engagement with the DIG to facilitate its work.

The Decarbonisation Implementation Group (DIG) is supported and facilitated by my officials and meets monthly to take forward a range of areas. Through these meetings the group have determined a list of priority areas of focus for the route map that they believe need to be more widely discussed and agreed with stakeholders.

I have received correspondence from the Chair of DIG outlining his concern over the pace of progress and am due to meet with him shortly to discuss this and future ways of working for the DIG.

Meetings have also been recently held (14 August) with the Chair of DIG and senior officials to discuss progress. We are committed to ensuring the work of DIG is progressed and supported. I am however aware that the remit of the DIG has not been formally revisited or refreshed since its inception following the publication of the “Better Homes” report in 2019.

At recent meetings of the DIG, members have actively considered the focus of the group’s remit and purpose and what changes may now be required to ensure the group can best deliver. I am looking forward to discussing this with the chair and hearing the group’s views before reflecting and refining the group’s remit.

2. As previously agreed, please can you:

- **provide an update on progress towards the development of the route map; and**
- **clarify the timescales you are working towards, including whether these have been agreed with the DIG?**

The DIG has considered the development of the route map and over the course of several monthly meetings since January 2023 they have determined the areas they believe need to be considered and developed with wider stakeholders. These include a focus on the following topics:

- Funding;
- Skills;
- Data;
- Pathways;
- Communications and User Experience.

They have also been working to identify the range of stakeholders that need to be assembled to discuss and develop these topics further.

Officials have highlighted to the DIG that the work of the residential decarbonisation route-map will need to be co-ordinated with other key strategic developments. Of particular importance is the publication and consultation on the Heat Strategy. A series of action plans will be developed as part of this work and the overlap between the action plan for the domestic element of the Heat Strategy and the work in compiling the route-map has been emphasised.

Due to this, and to provide further support to the work of DIG, officials have proposed aligning work on the domestic element's action plan and the route-map. This will ensure no duplication or lack of alignment between these workstreams, while also bringing support to the process from consultants already engaged to support the production of the action plan.

Planning is being undertaken, ahead of an initial session with stakeholders (pencilled in for early October). Ahead of this further work is planned to get a common understanding of the areas of focus for the action plan, and the areas that need to be further developed as discreet elements within the route-map.

Regarding funding the DIG, this group was established following publication of the better homes report back in 2019. At the time it was established as a voluntary advisory group considering implementation of recommendations contained in that report. The remit is now developing and evolving and with the elapse of time and the emergence of new areas of work – such as the development of the route-map.

Whether a board or advisory group is funded or not is influenced by its remit purpose, composition, and basis. For instance, most boards where members are paid are recruited via a public appointment process.

Some of the examples that DIG looked at when comparing their work are not constituted as boards. The Heat Strategy, for example, was developed with input from a range of stakeholders who were not paid for their time. Officials undertook an open procurement exercise to commission consultants to produce packages of work, support our stakeholder involvement and draft the overall heat strategy for our review and approval. This approach where resource and expertise are procured to help develop strategies and policy approaches is relatively common but does not constitute a board.

In considering the development of the route-map I considered that DIG, as an established advisory group already channelled to supporting decarbonisation of housing, would be well placed to take forward this work.

3. Can you outline the rationale for the different approaches to funding such groups? We seek assurance that sufficient funding will be made available to the DIG to ensure it can carry out its role efficiently and effectively.

I have outlined above that there are different approaches to funding groups and a difference between using a group to support developing work, as opposed to commissioning an external organisation to provide support.

DIG will now be working with the organisation supporting the development of the Heat Strategy action plan. This resource will now be aligned to support an intrinsic element of the route-map work. Any further consideration of resources will be made as necessary moving forward.

New Warm Homes Programme

4. You have said the replacement demand-led service will be in place for winter. Please could you provide more exact timings?

The key milestones we are working to are:

• Invitation to Tender published	August;
• Selection of preferred bidder	Mid October;
• Assurance Gateway	w/c 23 October;
• Intention to Award letters (2 week standstill period)	Mid November;
• Contract Award	End November;
• Mobilisation starts	End November.

The complexity in the transition between the new and old contracts will, in large part, depend on whether there are new suppliers or not. My officials are in discussions with the current Nest suppliers to begin arrangements for demobilising Nest. The extension to the current Nest contract to the end of March 2024 will ensure there will be no gap in provision between the new and existing programmes.

5. When and how will you determine what the 'low income threshold' will be?

The low income threshold will be set in line with 60% of the Households Below Average Income, HBAI statistics. The threshold values, which will be equivalised across different household types, will be calculated annually and published on the scheme website.

6. Can you clarify whether and how the new Programme will make provision for an area-based approach to improving home energy efficiency? If not, why not?

We will be working with the successful bidders during the first year to further develop the scheme to accommodate communal and small-scale area-based schemes, such as the treatment of a terrace of houses or a block of flats where that is the most appropriate intervention.

7. When will you be in a position to provide a more detailed explanation of Part 2 of the Welsh Government's approach to improving home energy efficiency?

We have confirmed that with Part 2, we will develop an integrated approach across all tenures and income levels to drive decarbonisation. We have recently launched a consultation on a Heat Strategy for Wales which includes our assessment of many of the priority areas for action on the decarbonisation of homes and an indicative timeline for their implementation. A more detailed action plan will be developed later this year. The Decarbonisation Implementation Group and stakeholders on the Heat Strategy advisory panels will be contributing to its development.

All-Wales building stock model

8. Please can you provide an update on your discussions with TrustMark, including any outcomes? Can you clarify when and how an All-Wales stock model will be utilised to identify households?

We continue to discuss with TrustMark the best route forward in terms of securing an All Wales Stock Model. We have not yet concluded these discussions.

TrustMark work with us on a number of projects including as a trusted partners delivering data collection and management around the ORP and IHP programmes, and as the body responsible for PAS 2035.

The proposed stock model work involves gathering new data pertaining to real-world energy performance of Welsh homes in a systematic and scalable manner. The project would see the deployment of the Built Environment Scanning System (BESS). This real-world, as-built, condition data, will form a new data asset that is directly linked to ongoing policy implementation. The resulting insights can be used to make data-driven decisions regarding decarbonisation measures and policy developments.

Housing Net Zero Carbon performance Hwb

9. Please can you clarify when the services offered by the Hwb will be expanded to support private landlords and homeowners and the additional funding required to meet the cost of this?

The Hwb will have free to access areas that will help inform how private landlords and homeowners can decarbonise their homes using case studies and learning from the decarbonisation of social housing. This will be available at no extra cost and will develop alongside the areas developed for the social housing sector (which will be behind a membership access log-in). The expected timeline for the initial website will start to see content from January 2024, with the open access advice and guidance being available from July 2024. The Hwb will also link to and highlight other sources of information (such as the Climate Action Wales) and have links to other UK hubs.

Financial solutions for the 'able to pay'

10. Please can you provide an update on progress towards the development of financial solutions for the 'able to pay', including Property Linked Finance, since your response to our report in April 2023.

We are currently working with the Development Bank Wales on a pilot project for the owner-occupied sector looking at loans for the 'able to pay'. We are currently waiting on a funding decision regarding FTC monies to support the pilot. We are also in contact with the Green Finance Institute and discussing with stakeholders options in regard to financing decarbonisation.

Heat Strategy for Wales

11. Please can you provide an update on progress made towards the development of a heat strategy? Can you confirm the Welsh Government will be publishing the strategy before the end of 2023?

The [Heat Strategy for Wales consultation](#) was published on 16 August, alongside a review of the publicly available evidence. The consultation will close on 8 November and we aim to publish the response analysis early 2024. Its preparation involved a range of interested parties, including those representing consumers. The impartial literature confirms the electrification of heat is the most appropriate solution for most homes and can be implemented with moderate amounts of preparatory work.

This heat strategy supports our aspiration for a net zero public sector by 2030 and it supports the decarbonisation of our homes, our industry and our businesses in line with our statutory responsibilities by 2050. It is a strategy for the long term, reflecting the scale of the challenges and the range of interventions needed to drive change.

Our strategy will outline how we aim to break down barriers to low carbon heating in Wales, and the UK Government's role by, for example, releasing funds for insulation and rebalancing electricity costs.

As we reflect on the first phase of the Strategy development, the focus now shifts to the development of the Action Plan. To launch this phase, Action Planning workshops and thematic advisory sessions will be organised.