



Subject:	Update on Belfast Retrofit Delivery Hub
Date:	11 January 2024
Reporting Officer:	John Tully, Director Organisational and City Strategy
Contact Officers:	Debbie Caldwell, Belfast Climate Commissioner Brenda Roddy, Project Support Officer (Climate),

Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Please indicate the description, as listed in Schedule 6, of the exempt information by virtue of which the council has deemed this report restricted.	
Insert number <input type="checkbox"/>	
<ol style="list-style-type: none">1. Information relating to any individual2. Information likely to reveal the identity of an individual3. Information relating to the financial or business affairs of any particular person (including the council holding that information)4. Information in connection with any labour relations matter5. Information in relation to which a claim to legal professional privilege could be maintained6. Information showing that the council proposes to (a) to give a notice imposing restrictions on a person; or (b) to make an order or direction7. Information on any action in relation to the prevention, investigation or prosecution of crime	
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
----------------	---

Is the decision eligible for Call-in?

1.0	Purpose of Report/Summary of Main Issues
1.1	The purpose of this report is to update Members on the Belfast Retrofit Delivery Hub
2.0	Recommendation
2.1	<p>The Committee is asked to note:</p> <ul style="list-style-type: none"> i. the Retrofit Hub organised three roundtable events in November 2023 on retrofit of commercial and public buildings, creating customer demand, and potential funding approaches; ii. the key takeaways included - <ul style="list-style-type: none"> a. the energy and carbon performance of commercial and public buildings is a key factor in protecting the value of the property and lease/rental incomes; b. demand for retrofit is driven largely by the availability of grants but is also affected by building regulations and the availability of trusted advice; iii. that members highlighted the need for a strategic overview of Belfast’s built environment encompassing the market fundamentals as well as the need address retrofit / refurbishment, embodied carbon and the opportunity to develop a heat network in the city.
3.0	Main Report
3.1	<p>Background</p> <p>At the Climate and City Resilience Committee meeting in November 2023 it was reported that the Retrofit Hub planned to run three roundtable events later that month to explore topics in greater depth. These included:</p> <ul style="list-style-type: none"> 1. retrofit of commercial and public buildings, 2. how to create customer demand for retrofit, and 3. potential funding approaches.
3.2	<p>These were intended to inform three of the ten ‘work packages’ identified by members in earlier meetings:</p> <ul style="list-style-type: none"> 1. Data and information 2. Co-ordination, learning and knowledge exchange. 3. Ensuring the just transition – checking for equality of opportunity 4. Pipeline development & funding options 5. Creating customer demand – Improving understanding, creating the market 6. Building energy performance assessment and monitoring 7. Supply chain development 8. Commercial sector 9. Local Area Energy Plan integration 10. Resilience assessment
3.3	<p>Key findings of the events are summarised below:</p> <p>Retrofitting of commercial and public buildings</p> <p>Commercial and public buildings comprise a significant proportion of city centre property. Commercial tenants (especially for offices) are increasingly seeking to occupy buildings that are energy efficient with low operational emissions – hence the energy and carbon performance is a key factor in protecting the value of the property and in ensuring the marketability (and therefore income) of the property. This is driving down demand for older</p>

<p>3.4</p>	<p>stock. The public sector is also a significant player accounting for an estimated 40% of occupied office space, with interests in letting and selling surplus stock.</p> <p>With increasing legislation and customer expectations around energy efficiency standards, the commercial viability of both private and public office stock will increasingly be linked to the energy performance of the buildings. There is a significant lack of data on these buildings but categories of commercial/public property might include buildings:</p> <ul style="list-style-type: none"> - certified to environmental standards which are already optimising rental income - currently at risk of not meeting market demands for energy performance, but for which a business case for improvement can be made; and - which have no business case for improvement and are therefore at risk of becoming “stranded assets”.
<p>3.5</p>	<p>It is likely there is a sizeable amount of stock particularly in the public sector that would be difficult to retrofit due to the location and the type of asset although this has not been assessed. Members highlighted the need for a strategic overview of Belfast’s built environment that encompasses the market fundamentals as well as the need address retrofit / refurbishment, embodied carbon and the opportunity to develop a heat network in the city.</p>
<p>3.6</p>	<p>Research reflects a trend from commercial and public sector office use towards leisure and residential, with low carbon emissions as a critical factor. More work is required to assess the energy efficiency of commercial and public buildings, whether or not they can be retrofitted and how this might be funded. Financial models include spend to save investment, with suggestions of a city-wide model providing the scale of finance (likely to be in excess of £100M) that investors require.</p>
<p>3.7</p>	<p>Creating customer demand for low carbon retrofit</p> <p>The most significant factor limiting investments in retrofit is the low availability of grants in Northern Ireland (compared to Great Britain and the Republic of Ireland) to support retrofit. This impacts not only the willingness of homeowners to invest but also deters suppliers from investing in developing the retrofit supply chain in Northern Ireland. While building regulations can also drive demand to a certain extent, these are minimum requirements and can only play a role when new building works are taking place. The mortgage will also increasingly drive the uptake of retrofit measures as banks will become increasingly reluctant to lend to F rated properties.</p>
<p>3.8</p>	<p>For households, as well as the upfront cost, the associated disruption and the level of bureaucracy are also key factors affecting willingness to retrofit. Most homeowners don’t know where to start and which installers to use.</p>
<p>3.9</p>	<p>Provision of a trusted source of independent advice and support was identified as a key opportunity to unlock demand for retrofit. An impartial expert service is seen as important in terms of helping homeowners to decide what retrofit actions might be required, with guidance on potential impact, cost, funding options and priority. This would also support to households through the process of identifying contractors, managing works, post completion quality checks and optimising the benefits of works carried out. This in turn could benefit contractors by providing a type of ‘trusted trader’ assurance recognising those working to a high standard and ultimately generating additional business. Examples include a One-Stop Energy Store which was recently installed in the centre of Cork to provide advice and help support the development of energy communities as well as an end-to-end retrofit service being delivered by SSE.</p>
<p>3.10</p>	<p>There is a potential role for the voluntary sector in partnering with public and private sectors to support homeowners and tenants. Fears of disruption and risk could be reduced by taking an area-based approach where households can see neighbours participating and benefitting, with practical support needed to minimise disruption to householders during any works.</p>

3.11	<p>Pipeline development, funding options and supply chain development</p> <p>Some public sector bodies (eg Queens University) have created invest to save schemes which have been successful in creating a revolving fund to improve the energy efficiency of buildings. Queens University have also invested in reducing scope 1 and 2 emissions from their suppliers in order to bring down their Scope 3 emissions.</p>
3.12	<p>The lack of data on the city's housing stock (eg housing type, whether houses have a cavity wall, tenure etc) is also a constraint. A survey could help to map the housing stock and identify the quick wins (eg cavity wall insulation) and potential area based projects. An area-based approach was agreed to be the most likely to succeed however it needs to reflect the priorities of residents which tend to centre around energy costs, comfort and lack of disruption. This would therefore require advance community development and engagement work as well as a commitment from NIHE, Housing Associations and private landlords (private landlords have indicated that they would be willing to invest up to two years rent in retrofit works). There also needs to be clear independent advice available to residents throughout the process.</p>
3.13	<p>Creative funding approaches were also explored for an area-based approach, including one from Living Places that combines some public funding, with long-term institutional investment and "outcome buying" finance. In future the EPC rating is likely to be a key factor in the availability of mortgages as lenders move towards carbon disclosure of their mortgage books.</p>
3.14	<p>Next steps</p> <p>These findings will be incorporated into the Draft Retrofit Programme of work which is still under development with key actions agreed at the next hub meeting scheduled for 30th January.</p>
4.0	<u>Financial and Resource Implications</u>
4.1	None
5.0	<u>Equality or Good Relations Implications/Rural Needs Assessment</u>
5.1	Corporate policies will be followed, and appropriate screening and mitigating actions for individual work packages delivered where necessary.
6.0	Appendices - Documents Attached
	None