Energy Efficiency Retrofitting Programme (EERP)

Social Housing Retrofitting Programme

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Introduction

Government policies and priorities to increase housing supply and at the same time retrofit existing housing stock are laudable but have evolved from different origins. Housing supply is a function of the national housing market and the economics of supply and demand. Retrofit of existing housing stock on the other hand has its origins in the global climate debate. Both are priorities, but are they achievable with current arrangements and resources?

This Briefing examines the Energy Efficiency Retrofitting Programme (EERP) in the context of the competing Government priorities. It assesses progress on the implementation of EERP to date, capacity of the Local Government sector to meet the CAP 24 targets for 2030 and identifies both positive and negative issues impacting policy implementation. In addition to Local Government senior management teams, the Briefing will be of interest to senior policy makers across government, the Department of Housing, Local Government and Heritage (DHLGH), and the Department of the Environment, Climate & Communications (DECC), all of whom have an interest in the achievement of the CAP 24 targets.

Background and Context

Local Government has a stock of over 146,000[1] social housing units as of 31st Dec. '22. Following a review of the 2013 EERP in 2021, DHLGH made a funding stream[2] available to Local Authorities to undertake a deep retrofit of 36,500 social housing units to bring them up to a Building Energy Rating (BER) of B2 or Cost Optional Equivalent (CoE) by 2030.

Retrofitting a total of 36,500 social housing units between 2021 and 2030 is an ambitious target made more challenging when set against the Government's housing supply policies and objectives. It is also consistent with Action BE/24/7(TF) of the Climate Action Plan 2024 (CAP 24) Annex of Actions, which provides for at least 2,400 dwellings to be retrofitted in 2024 and a minimum of 1,900 air to water

[1] https://www.noac.ie/wp-content/uploads/2024/04/NOAC-Annual-Report-2023.pdf
[2] Housing Circular 07/2024, Dated 14th March '24.

heat pumps installed. In effect, Action BE/24/7(TF) is a subset of the overall CAP 24 target[3] of retrofitting up to 500,000 properties by 2030, 36,500 of which are in the social housing category. DHLGH is designated as the lead agency for the action with Local Authorities designated as the main stakeholder. Table 1 below details the CAP 24 Action inclusive of the interim KPI target to 2025.

Theme: National Residential Retrofit Plan	**2025 KPI:** Equivalent of 120,000 dwellings retrofitted to BER B2 cost optimal or carbon equivalent 45,000 existing dwellings using heat pumps	**2025 Abatement Potential:** 0.9MtCO2eq. Note: abatement potential and KPIs are shared by all four measures	
Action Number	***Actions***	***Steps Necessary for Delivery***	***Output***
BE/24/7(TF)	**Continue rollout of Social Housing National Retrofitting Programme with retrofitted properties required to reach BER B2 or equivalent and incorporating heat pump deployment targets**	Increase the number of retrofits in 2024 when compared with the previous year and annually as required to deliver a total of 36,500 by 2030 while also supporting the deployment of heat pumps in 80% of those homes retrofitted.	At least 2,400 dwellings refitted and a minimum of 1,900 heat pumps installed

Table 1. Climate Action Plan 2024, Annex of Actions

Housing supply has been high on the political priority list for the best part of a decade with the Local Government sector along with the Housing Agency, newly created Land Development Agency, and AHB sector among others, tasked with increasing the supply of social and affordable housing to meet the needs of local communities and society in general. In contrast, the main driver of the revised EERP lies in the wider climate agenda and specifically, the Low Carbon Development Act, 2015, Low Carbon Development (Amendment) Act, 2021 (the Climate Act), and subsequent iterations of the National Climate Action Plans.

To address the supply side, an increase in resources from DHLGH allowed for mobilisation by the sector and was accompanied by a range of new Departmental schemes and initiatives. Although progress was made, the onset of the Covid-19 pandemic and the refugee crisis arising from the Russia/Ukraine war has continued to generate debate as to the rate of the progress. Additional downstream consequences of homelessness, illegal encampments, and direct provision centres are also currently being grappled with by various agencies of State.

[3] Climate Action Plan 2024, Chapter 14, Built Environment.

With so many resources now focussed on the Government priority of increasing supply, the Climate Act and Climate Action Plans introduced an additional Government priority of upgrading and retrofitting existing housing stock to a minimum BER B2 or Cost Optional Equivalent. Not only does this require additional resources separate from the supply side, but it requires access to staff and private sector contractors with expertise and skillsets in energy efficiency and management, expertise that's not widely available currently.

It would be unfair to categorise the relatively new retrofitting priority as a pivot away from the Government's supply priority. It is not. Rather, it's an additional Government priority and one that creates its own challenges for DHLGH and the Local Government sector when set against the political priority of an increase in supply.

Energy Efficiency Retrofit Programme (EERP)

So, what is the EERP?

It's a funding stream that was introduced in 2013 with the aim of funding the retrofit of social homes requiring insulation and energy upgrade works. By the end of 2021, over 74,000 homes had benefited from 'shallow retrofit'[4] works. Due to commitments under the October '20 Programme for Government[5] however, the EERP was reviewed and in 2021, a target of 36,500 retrofits to BER B2/CoE standard by 2030 was set[6] for social housing units.

Funding to meet the revised target is now available at €34,000 per unit and an element of flexibility has been introduced in recognition of differences in type and scale of works for differing house types. Mid-terrace and apartment type properties could attract a maximum of €42,350 with up to €48,850 for an end of terrace, detached or semi-detached property. The purpose of the increased funding is to ensure the fabric of the house is upgraded and an energy efficient heating system installed i.e. heat pump. In recognition of some units requiring less than the funding allocation and others requiring more, Local Authorities are allowed to average out the costs and claim accordingly up to the maximum of €34,000 per unit.

An acknowledgement of the revised EERP ambition can be seen in the exchequer spend for the different periods. A total of €166m was spent for the shallow retrofits between 2013 and 2020 which

[4] Housing Circular H7/2024, Dated 24th March '24.
[5] Programme for Government: Our Shared Future published on 29th Oct. '20.
[6] Housing Circular H7/2024, Dated 24th March '24.

contrasts with €162.7m spent in the three-year period 2021 – 2023. In respect of the latter period, a total of 5,766 houses were retrofitted. For 2024, a minimum retrofitting target of 2,500 houses has been set by DHLGH accompanied by a preliminary allocation of €90m (inclusive of €5m for project management fees), representing an increase from €77m allocated in 2023. Each Local Authority has been notified of the minimum target they are required to achieve this year.

It should be noted that the €34,000 per property allocation is for 'eligible energy efficiency'[7]works on houses built before 2009 across a range of BERs and comes with strict conditions in respect of the works. EERP works that are not eligible, overdesigned, over specified and/or works that bring homes to a rating higher than a BER B2/CoE, will not be supported.

Of necessity, a considerable amount of technical and survey work is required. It includes undertaking pre works BER certification for all properties, pre works surveys to inform the works to be carried out to achieve the minimum B2/CoE, post BER certification, reporting of pre and post works energy usage and carbon emissions, and the completion of the energy upgrades in line with technical specifications.

Housing Circular 7/2024 dealt with the EERP and was issued to Local Authorities on 24th March '24 with a requirement that a Works Programme be submitted by 28th March '24 and all works to be completed and funds claimed by the 6th Dec. '24. Appendices to the Circular provide additional clarification on the works allowable under each of the elements to be upgraded including periodic inspection reports and air tightness tests.

Analysis and Comment.

Retrofitting of 36,500 housing units by 31 Local Authorities between 2021 and 2030 represents a major challenge requiring significant administrative support, technical expertise, and financial resources, particularly when set against the demands of addressing the housing supply issues. As a major capital project more suited to a multi-annual programme, Local Authorities are being asked to design, procure, complete the retrofits, and claim all outstanding DHLGH grants within a narrow 8-month window on an annual basis.

As a process, it appears overly bureaucratic and cumbersome and raises questions as to its sustainability.

[7] Housing Circular H7/2024, Dated 24th March '24

Minimum flexibilities are built into the programme and restrictions on allocation of grant funds for units retrofitted to a standard higher than BER B2/CoE would appear to limit Local Authority ambition, as they will have to fund the additional cost themselves. This may not always be feasible, particularly for smaller Local Authorities with minimal discretionary income to allocate to the project. Nor does it facilitate certain house types or retrofitting innovations that may result in a better outcome either for the tenant in terms of addressing fuel poverty, or a greater decrease in carbon emissions. It would be better if Local Authorities demonstrating such ambition were rewarded accordingly.

Greater flexibility will equally be required for technical innovations. The Sustainable Energy Authority of Ireland (SEAI) has been designated as a Centre of Excellence[8] for district heating. Starting from a very low base with minimal exposure to district heating schemes in the country, the coming years is likely to witness some growth in this space. Assuming such an option can be made available to social housing schemes, it would be important for a timely and adaptive application of the retrofitting programme by DHLGH and Local Authorities to such schemes.

Ireland's National Biomethane Strategy[9] has set a target for the annual production of 5.7TWh of biomethane gas by 2030. As with district heating above, the relevant agencies of state need to be flexible and responsive in their application of the retrofitting scheme as these new technologies and decarbonised energy sources come on stream.

With regard to implementation, a perhaps unintended consequence of the EERP and its structure, is the negative impact on the traditional housing maintenance function, particularly for smaller Local Authorities with little discretionary income to allocate to maintenance. Where elements of the retrofit programme are not covered by DHLGH, the only option is to divert scarce resources from their maintenance budget, thus negatively impacting the overall function to the detriment of the housing stock.

Between 2021 and 2023, a total of 5,766 units (inclusive of 674 units under the separate Midland Retrofit Programme (MRP)) were retrofitted under the revised EERP, and DHLGH has set a target of at least 2,500 for 2024. Assuming the 2024 target is achieved, that would bring the total to 8,266 units by the 31st Dec. '24. That leaves 28,234 units to be retrofitted between 2025 and 2030 i.e. just over

[8] Climate Action Plan 2024, Annex of Actions BE/24/16(TF)
[9] https://www.gov.ie/pdf/?file=https://assets.gov.ie/294685/3de4b66e-ff15-410e-9211-260e08d93b14.pdf#page=null

4,700 per annum. Table 2 below details the number of retrofits undertaken and estimated. It also indicates the manner in which Local Authorities have been building capacity in this space but given the rate of increase, it is difficult to see how the 2030 target can be achieved under current arrangements and structures.

Year	Retrofitted Units
2021	1,038
2022	2,283
2023	2,445
2024	2,500*
2025	4,700*
2026	4,700*
2027	4,700*
2028	4,700*
2029	4,700*
2030	4,700*

Table 2. Social Housing Retrofits 2021 – 2030. (*) denotes estimated target.

As Local Authorities have been gradually building capacity, units selected for retrofitting have generally fallen under the category of 'less difficult or costly'. This will not be the case going forward and as the sector has yet to achieve the capacity to retrofit circa 5,000 units per annum, it will be left with a glut of the most expensive and technically difficult retrofits at the end of the decade. It would be better therefore for every effort to be made now to increase flexibility and funding of the scheme, reduce bureaucracy, and accelerate development of the capacity within the sector.

Local Authorities need to be mindful of other consequences of the failure to meet the targets. A baseline review of the Local Property Tax funding stream was undertaken in 2023 owing to differing Local Authority circumstances in terms of geographic areas, population, service needs and the ability to raise local revenue. The outcome was a restructured funding mechanism with LPT allocations predicated on various indicators and weightings. Of the indicators and weightings, 7.5% of the fund is based on two main national policy priorities i.e. housing targets based on NOAC key performance indicators, and climate targets based on SEAI carbon emission targets.

NOAC key housing performance indicators in this context are social housing stock, housing vacancy, average re-letting times, and long-term homeless adults. It should not be assumed that the LPT allocation is not impacted by failure to meet the EERP targets as they are all interrelated. A failure to implement a housing maintenance programme has impacts on the overall housing stock, percentage of housing vacancies, and average re-letting times. Equally, delays to the EERP programme will make it more difficult to achieve the carbon emission targets.

Aside from policy and maintenance issues, a separate but related opportunity presents. SEAI operates a Warmer Homes Scheme[10] (WHS) that provides free energy efficiency upgrades for eligible homes, typically homeowners in fuel poverty. In many cases, the homes are located in older social housing estates where the former tenants purchased the property under a Tenant Purchase Scheme.

As the various schemes are currently structured, a Local Authority will procure and engage a private contractor to undertake the retrofits in the social houses, as will the SEAI. However, the SEAI does not approach or administer the WHS on an estate-by-estate basis, nor do the two agencies generally liaise or coordinate with each other regarding a scheduling of the retrofits. This results in multiple procurement processes and differing contractors mobilising on the same site at differing times. It does not lend itself to efficiency or effectiveness.

An exception to this practice occurred in the Strandmill Estate in Portmarnock. In this case, Fingal County Council consulted and engaged with the private householders, coordinated with the SEAI, procured one contractor to undertake the works, and managed the contract while drawing funding from the differing sources. Other Local Authorities, notably Monaghan County Council, are pursuing similar strategies and while it requires additional consultation and work at the outset of the project, the benefits in terms of reduced emissions, householder comfort, air quality, and positive impacts in respect of fuel poverty, are far greater than the standard procedure.

Conclusion.

Is EERP a positive development and does it represent progress in retrofitting the national housing stock? Absolutely. But concerns remain as to its rigidity and ambition. It is clear that the 2030 targets will not be achieved under the current trajectory. Should the necessary adjustments be made to the scheme now however, there is every possibility that the programme can be ramped up sufficiently to meet the statutory obligations.

[10] https://www.seai.ie/publications/Scheme-and-Application-Guidelines.pdf

What is also clear is that collaboration between agencies has the capacity to extract greater gains than agencies operating alone. However, that requires public sector agencies to extend beyond the comfort zone of their traditional operating environment and approach their functions and duties from a broader climate perspective rather than the narrower remit of their establishing legislation.