

Briefing

Net Zero Wales plan & Net Zero Wales Carbon Budget 2 (2021-25)

29 October 2021

The Welsh Government launched its [Net Zero Plan and second Carbon Budget](#) on 28th October, calling for a 'decade of action' to tackle the climate change emergency. It sets out 123 policies and proposals for the next phase of the journey towards a 'greener, stronger, fairer Wales.'

The plan covers housing but also every other area that assists the Welsh Government in reaching decarbonisation targets. It is split into five parts, beginning with the context setting - the overall vision for Wales in 2025 and beyond to 2050. This includes the latest emissions data and a broader view of Wales' consumption emissions. Part 2 looks at how to tackle the climate emergency and what is already being done to join up action and generate solutions. The third chapter looks at those sectors which are emitters, including housing, and sets out the pathways for each of these sectors. The final two parts of the plan look at monitoring and reporting and sets out the next steps.

Residential Buildings

The policies, plans, and commitments relating to homes sit in Chapter 3 under Residential Buildings, covering social homes but also the private rented sector and owner occupied.

Five strategic principles are outlined for the housing sector:

- Taking a test and innovative approach to whole home decarbonisation
- Recognising we will learn and iterate as part of our no regrets approach
- Using the social housing sector to lead the way and set the highest standards
- Foundational economy principles at the heart of everything
- Starting with new-build homes in the social sector, progress has been rapid in building houses with high energy ratings, using low carbon construction methods and innovations.



The plan outlines the work that is already taking place on decarbonising homes, including the **Innovative Housing Programme** (IHP) where £155mn has been invested into building 2,000 homes, and the **Optimised Retrofit Programme** (ORP) where nearly 2,000 social homes are being retrofitted across Wales. The IHP programme is now being mainstreamed into core housing capital programmes, and £70mn will be spent on ORP over the next two years.

The commitment to build 20,000 new, low carbon, social homes has been reiterated in the plan, and it has also been stated that by 2025, the Welsh Government will expect around 148,000 homes to receive retrofit measures to reduce heat loss. We have gained clarification from the Welsh Government on this figure, who state that it covers the broad spectrum of energy efficiency measures in all tenures. There is no split within the numbers by tenure, it is intended to flag a direction of travel for this carbon budget.

Policy 44 of Wales Net Zero Plan is the **Welsh Housing Quality Standard** (WHQS), which will improve the energy efficiency for existing social homes. £108mn as a minimum per annum will continue to be invested to support social landlords to meet the new WHQS standard, which will be established based on evidence from ORP. It will focus on fabric first principles and seek to bring homes as close as feasible to EPC A or equivalent within a decade.

The plan does state that *'by 2023 a PAS 2035 survey and a clear plan for individual homes will be required.'* This is not a date or requirement that has been agreed within the Welsh Government. We have queried this with the Welsh Government who are investigating the matter.

Looking at new homes, policy 45 commits to making further changes to energy efficiency in 2025 to **Building Regulations Part L**, with the requirement for new homes to produce a minimum of 75% less carbon emissions than ones built to current requirements. Social homes will lead by example, with the standards set out in the **Design Quality Requirements** (DQR). The plan recognises that further greening of the electricity grid and the use of onsite renewable energy with energy storage and intelligent controls will be needed in order to reach targets.

Behaviour change is identified as an important mitigation factor, with the Welsh Government investing £350,000 with University College London to understand pull and push factors to win hearts and minds about having low carbon measures installed in homes. Investment will be increased nationally in the Energy Wardens Scheme which has been trialled by a collaboration of social landlords in north Wales.

What this means for housing associations

The plan does not set out any new or surprising policies for the social housing sector in reaching decarbonisation targets. The housing policies outlined in the plan, including the Optimised Retrofit Programme, WHQS, and Part L Building Regulations, are policies that housing associations have helped shape and are ambitious to work towards.



The plan highlights that the social housing sector will lead the way and set the highest standards, and it outlines what initial support has been available to help the sector in doing so. The existing £108mn for WHQS is recognised as being a minimum. In order for housing associations to be able to reach ambitious EPC A targets, a transformation is needed in the way that we fund the homes that we retrofit. With the first Welsh Government budget of this term fast approaching, we will be pushing to see funding put in place that is necessary to deliver on the bold ambitions contained in this plan.

CHC's response to the announcements were as follows:

"It is absolutely right that the Welsh Government sets out a clear vision for how it wants to tackle the climate crisis and make Wales Net Zero by 2050. It confirms what we already know – that housing plays a leading role in meeting this ambition, and we are reassured that the Welsh government shares this view. But while this is a view shared, any plan must have in place the right funding to make it deliverable. We look forward to this Welsh government's first budget as an opportunity to ensure that funding matches the ambition."