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Part 3

Coordination conundrum: overcoming fragmentation to deliver retrofit at scale

Annum Rafique

Research Fellow

City-REDI. University of Birmingham

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Executive summary

Large-scale retrofit delivery depends on effective coordination across national government, devolved and local authorities, housing providers, the supply chain, and communities. Yet current delivery systems are fragmented: policy and regulatory signals shift frequently, funding and standards are not consistently aligned, and local capacity varies widely. These weaknesses create delays, uneven performance across places, and limited supply chain investment.

Four coordination barriers are most persistent:

- a. Fragmented policy and regulatory architecture
- b. Weak cross-sector coordination and uneven local capacity
- c. Engagement and communication failures across organisations and tenures
- d. Limited delivery capability and resources within many local authorities

Good practice examples of West Midlands Combined Authority's Net Zero Neighbourhoods and Devolved Retrofit Pilot, as well as Bristol City Leap, show that coordination can be improved through:

- Supply chain coordination can be improved through procurement hubs and purchasing agreements.
- Public-private partnerships can enhance collaboration across various stakeholders.
- Build institutional capacity within local authorities

Scaling retrofit will require clearer national direction, standardised frameworks, and stronger regional delivery infrastructure.

Introduction

Delivering retrofit at scale requires coordination across a complex system of actors, including central government, devolved administrations, local authorities, housing providers, private sector contractors, and local communities. Unlike single infrastructure projects, retrofit programmes require simultaneous alignment of standards, funding mechanisms, procurement strategies, workforce capacity, and resident engagement.

Where coordination mechanisms are weak, retrofit delivery becomes slower, more costly, and less equitable. Fragmented policy frameworks, inconsistent funding cycles, and uneven institutional capacity across local authorities often lead to delays and inefficiencies in programme delivery.

Strengthening coordination is therefore critical for transitioning from isolated retrofit projects to sustained neighbourhood-scale and portfolio-scale programmes. This requires integrated governance structures, clearer national

policy direction, and stronger collaboration across sectors and regions.

Further background, methodology, and the overall summary of findings are presented in the main research brief, ***“Unlocking procurement for net-zero - overcoming barriers in social housing retrofits.”***

This brief focuses specifically on financial constraints, while additional companion briefs examine other procurement challenges:

Part 1: Financial constraints - overcoming financial barriers to scaling retrofit, focuses on financial constraints and innovative financing mechanisms.

Part 2: Quality assurance issues - strengthening data, skills, and supply chains for effective retrofit delivery examines quality assurance issues, including data, supply chain, and skills challenges

2. The barriers and challenges

i. Policy and regulatory barriers

Fragmented national policies and regulatory hurdles often disrupt retrofitting efforts. Frequent policy changes and a lack of integration with funding mechanisms, such as the Energy Company Obligation (ECO), create uncertainty for Local Authorities (LAs) and industry stakeholders. Additionally, inconsistent economic incentives and subsidies fail to stimulate widespread retrofit activities, further constraining supply chain development. A stronger regulatory framework with enforceable energy efficiency standards is necessary to drive large-scale retrofitting efforts (Palmer et al., 2018; UKGBC, 2020; Happold, 2021; Nanda et al., 2022).

ii. Challenges in coordination across sectors

Coordinating retrofit initiatives requires collaboration between various stakeholders, including LAs, private companies, and community organisations. However, disparities in resources and capacity among different councils lead to uneven success in securing and utilising funding (UKGBC, 2020). Establishing strong partnerships and collaborative frameworks can help bridge these gaps and ensure more equitable progress across regions.

iii. Engagement and communication barriers

Effective engagement with diverse stakeholders, including landlords, tenants, and contractors, is crucial for the success of retrofitting programs. However, communication barriers between departments responsible for maintenance and improvements create inefficiencies. Additionally, differences in tenure types and psychological barriers among residents require tailored engagement strategies to encourage participation in retrofit initiatives (Palmer et al., 2018; UKGBC, 2020).

iv. Capacity and resource limitations

Many LAs lack the in-house capacity to manage and deliver large-scale retrofit projects due to resource constraints and competing social and economic objectives. While some councils successfully attract investment through local area energy planning, others struggle to access funding and develop the necessary skills pipeline. National lobbying, knowledge-sharing networks, and coalition-building efforts are needed to support under-resourced LAs (UKGBC, 2020; Edmen, 2021; GFI, 2022; Dyson, 2023).

3. Good practice examples

i. West Midlands Combined Authority's (WMCA)'s Net Zero Neighbourhood (NZN) Demonstrator (2022)

The WMCA's Net Zero Neighbourhoods (NZN) initiative is a region-wide programme designed to deliver neighbourhood-scale decarbonisation through a holistic, place-based approach. This initiative moves beyond individual home retrofits to integrated community transformations, tackling barriers to procurement, supply chain engagement, and community buy-in.

By implementing street-by-street retrofits, homes are upgraded with insulation, green heating solutions, and other low-carbon infrastructure, such as on-street electric vehicle (EV) charging stations and local renewable energy generation. The ambition is to scale this model across the region, securing additional funding to create a network of NZN demonstrators (WMCA, 2022).

- Currently, seven Net Zero Neighbourhoods are in development across the seven LAs of the West Midlands:
- Graiseley (Wolverhampton)
- Brockmoor (Dudley)
- Park Lane Estate (Sandwell)
- Dudley Fields (Walsall)
- Castle Vale (Birmingham)
- Hillfields (Coventry)
- Chelmsley Wood (Solihull)

These demonstrators will develop replicable models, proving how net-zero transitions can deliver social, economic, and environmental benefits at scale.

Key pillars of the NZN approach - The NZN model is built on four interdependent pillars

designed to reduce procurement barriers, improve supply chain resilience, and empower communities (WMCA, 2022; WMCA, 2025a):

- **Comfortable, Energy-Efficient Homes with Affordable Low-Carbon Heating:** Retrofitting homes is central to the NZN approach, with a focus on reducing energy demand, lowering household bills, and cutting carbon emissions. Solutions include heat pumps, district heating, and improved insulation. A key challenge is ensuring these upgrades are suitable for the way people live in their homes. Community engagement plays a crucial role in ensuring designs meet local needs, encouraging homeowners and tenants to participate in retrofit schemes.
- **Neighbourhood Regeneration and Green Spaces:** Beyond energy efficiency, improving local environments is essential. Residents are involved in co-designing improvements to local green spaces, ensuring changes reflect their needs and priorities. Early engagement has identified opportunities such as transforming neglected spaces into pocket parks, increasing biodiversity, and improving community well-being. Securing funding for these projects will help residents take ownership of long-term maintenance and ensure sustainable regeneration.
- **Low-Carbon Mobility and Active Travel Infrastructure:** Decarbonising transport requires practical, resident-led solutions. Improved cycling and walking infrastructure, expanded EV charging, and better public transport connections are all being explored. Resident feedback is critical to identifying the most meaningful and practical changes. Given the complexity of transport planning, strong collaboration with LAs and Transport for West Midlands (TfWM) ensures these improvements align with regional sustainability goals.

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- **Community Energy and Climate Resilience:** Community-led energy projects are key to creating resilient neighbourhoods. This could include solar panels, local energy storage, or shared heat networks, reducing reliance on external suppliers. However, success depends on resident participation and support. Projects must be co-designed with the community to ensure they are practical and beneficial. For example, while a district heating system may be technically viable, its success depends on resident buy-in and clear communication of benefits.

Addressing procurement barriers in retrofit delivery - One of the biggest challenges in delivering large-scale retrofits is procurement and supply chain resilience. A shortage of qualified contractors and materials availability can delay progress and increase costs.

To address this, the NZN programme is working to identify and engage TrustMark-registered contractors, ensuring that all work meets high-quality standards (BCC, 2023). Procurement processes are being designed to widely advertise opportunities and encourage participation from local businesses. Additionally, early engagement with suppliers ensures that materials and technology are available at the scale required for mass retrofit delivery.

Another key priority is building a skilled local workforce. This includes expanding apprenticeship programmes, upskilling workers in green technologies, and supporting SMEs to grow their retrofit capacity. Collaborations with the Chamber of Commerce and local business networks will help strengthen the regional supply chain and reduce dependency on external contractors (BCC, 2023).

To ensure long-term financial sustainability, the NZN initiative is exploring private-sector investment and new funding models. The programme aims to transition from a grant-funded model to a mixed-financing approach, integrating public-private partnerships (PPPs), green mortgages, and local investment funds. This will help scale up the programme and ensure long-term impact without relying solely on government funding (WMCA, 2025b).

ii. Bristol city leap – single supplier framework (2023)

Bristol City Leap is an innovative public-private partnership between Bristol City Council and Ameresco to deliver £1 billion in low-carbon projects over the next two decades. The partnership is key to achieving Bristol City Council's carbon-neutrality goals: its corporate estate by 2025 and its 27,000 social housing units by 2030 (3Ci, 2023). To streamline procurement and project development, the council has adopted a Single Supplier Framework for energy project origination and development, ensuring a structured and efficient approach to supply chain coordination.

Overview – The Single Supplier Framework was established under the Concession Contract Regulations 2016, appointing City Leap Energy Partnership Limited as the exclusive provider of energy project origination and feasibility services for public sector organisations in South West England. The framework facilitates access to funding programs such as the Public Sector Decarbonisation Scheme (PSDS) and the SHDF, ensuring financial support for sustainability projects.

Additionally, it enables the implementation of Energy as a Service (EaaS) models, including Power Purchase Agreements (PPAs) and Energy Savings Performance Contracts (ESPCs), to mitigate financial risks associated with clean energy projects. The framework aims to streamline procurement processes by centralising energy project development, reducing administrative burdens, and improving resource allocation. This approach enhances supply chain coordination, fosters innovation, and generates cost savings while accelerating the transition to net zero (BristolCC, 2024).

How the framework improves supply chain coordination – The Single Supplier Framework has minimised procurement risks for public sector entities (BristolCC, 2024; Nolden et al., 2023), including:

- **Pre-Approved Supplier Selection Reduces Procurement Delays:** The framework eliminates the need for repeated tendering by appointing Bristol City Leap as the exclusive supplier. This allows LAs and public institutions to engage directly with a trusted provider, significantly reducing procurement lead times and facilitating faster project implementation.
- **Centralised Approach Aligns Regional Suppliers with Demand:** The framework ensures that local businesses and contractors are integrated into large-scale projects by centralising procurement. This alignment enhances efficiency, reduces costs through bulk procurement, and strengthens the local green economy by fostering regional supplier engagement in net-zero initiatives.
- **Standardised Procurement Process Ensures Transparency:** The framework includes a clearly defined process for public sector organisations to access services, identify project requirements, and consult with Bristol City Leap.

- **Economies of Scale Reduce Project Costs:** By consolidating demand for low-carbon technologies, the framework enables bulk procurement, lowering unit costs and improving financial predictability. This results in more cost-effective project delivery and greater budget certainty for public sector organisations investing in decarbonisation.

iii. WMCA's devolved retrofit Pilot's procurement strategy (2025 – 2028)

The WMCA has recognised the need to streamline procurement processes and remove barriers to accelerate social housing retrofit initiatives. The WMCA Devolved Retrofit Pilot's procurement strategy aims to streamline procurement, improve cost efficiency, and boost local supplier engagement by adopting a regional, outcomes-focused approach. This model ensures that funding is distributed fairly among LAs, HAs, and public sector bodies, eliminating the inefficiencies of competitive national grant applications. WMCA has introduced a place-based procurement strategy as part of its Devolved Retrofit Pilot (2025-2028) (WMCA, 2025c).

Key Features:

- **Removing competitive bidding** - Unlike previous schemes where LAs and HAs competed for limited retrofit funding, WMCA's devolved funding model ensures direct allocation based on regional needs.
- **Direct engagement with regional suppliers and SMEs** - Traditional procurement models often favour large national contractors, sidelining local SMEs. WMCA's strategy prioritises regional suppliers, encouraging small and medium-sized enterprises (SMEs) to participate in retrofit projects.

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- A managed support service will be provided to help smaller HAs and public sector bodies navigate the procurement process. This approach supports local businesses and ensures job creation and skills development within the West Midlands.
 - **Long-term market stability and innovation support** - By providing long-term funding certainty, the strategy ensures predictable demand for retrofit services, allowing the suppliers to invest in workforce training and expand operations and for the contractors to innovate and deploy new retrofit technologies. It also helps the housing providers to plan retrofit projects over multiple years rather than responding to short-term funding cycles.

Expected outcomes and benefits - The procurement strategy adopted by the WMCA for housing retrofits is expected to (WMCA, 2025b):

- Reduce costs: Bulk purchasing power lowers the cost of retrofit materials and services.
- Improve efficiency: Non-competitive procurement eliminates delays caused by multiple bid applications
- Increase SME participation: Regional suppliers gain better access to contracts, creating jobs and skills training opportunities.
- Ensure long-term market stability: Retrofit companies can invest in scaling up operations by removing short-term funding uncertainty.
- Accelerate Net-Zero goals: Retrofitting social housing and public buildings will reduce carbon emissions and alleviate fuel poverty.

4. Lessons learned

i. Supply chain coordination can be improved through procurement hubs and purchasing agreements

Supply chain constraints have significantly slowed retrofitting efforts. To address these issues, LAs should develop regional procurement hubs that aggregate demand and streamline the supply of energy-efficient materials. Establishing bulk purchasing agreements can also help reduce costs and ensure the timely delivery of critical components such as insulation, heat pumps, and solar panels. Additionally, fostering collaboration between housing providers and manufacturers will improve market predictability and reduce bottlenecks in material availability.

ii. Public-private partnerships can enhance collaboration across various stakeholders.

Public-private partnerships can play a key role in coordinating retrofit delivery by aligning investment, procurement, and technical expertise. Strong partnership frameworks can improve project development capacity and reduce administrative burdens for local authorities.

iii. Build institutional capacity within local authorities.

Strengthening technical expertise, knowledge-sharing networks, and delivery support structures can help local authorities coordinate complex retrofit programmes more effectively. Regional collaboration platforms can also help smaller councils access resources and expertise.

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Annum Rafique

Research Fellow

City-REDI. University of Birmingham

IPEC website: <https://www.ipecc.org.uk/>

IPEC LinkedIn: <https://www.linkedin.com/company/93121184>

IPEC email: contact@ipecc.org.uk