

**Report of the Sustainable Energy and Air Quality Team
Report to the Director of Resources and Housing**

Date: 02/04/2019

Subject: Swarcliffe Gas Mains Extension Schemes

Capital Scheme : 16196/SGM/000 & 32022/SWA/000

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Swarcliffe estate contains one of Leeds' largest areas of low rise domestic housing still without a gas main or access to cost effective gas central heating.
2. From July 2018, partners including Leeds City Council, Yorkshire Transformation Holdings, Northern Gas Networks, Communitas Energy and West Yorkshire Combined Authority have cooperated on producing a plan to provide a gas mains to the area to enable 840 households of mixed tenure to have first time central heating installed.
3. As part of this plan, Leeds City Council submitted a bid to round 3 of the National Grid Warm Homes Fund. We have since been informed that we have been successful in the bid and have been offered funding (subject to contract) of £1,530,280 million towards the installation of first time central heating in 840 homes.

Recommendations

The Director of Resources and Housing is requested to:

1. Approve Leeds City Council entering into a grant agreement with the National Grid Warm Homes Fund to draw down and spend the £1,530,280 grant funding on the installation of first time central heating systems in Leeds, primarily in the Swarcliffe area.

2. Inject £1,530,280 of National Grid Warm Homes funding into the capital programme, split between Better Homes Yorkshire towards the cost of installing first time central heating in private sector homes (£1,127,680) and Housing Leeds towards the cost of installation in council owned homes (£402,600)

3. Authorise total expenditure of £2,549,600 split between the installation of first time central heating in council owned homes in Swarcliffe £1,324,324 within our Housing Leeds refurbishment programme and private sector homes expenditure of £1,207,680 within our Energy Efficiency Programme in the general fund.

1. Purpose of this report

- 1.1 To enable Leeds City Council to draw down on £1.53m of grant funding for the purpose of installing first time central heating systems in Leeds, primarily in the Swarcliffe area.

2. Background information

- 2.1 Leeds City Council has for many years worked with Northern Gas Networks and other partners to bring gas mains and gas central heating to formerly all-electric areas. Where possible, the council has also endeavoured to attract grant funding to enable private sector households in these areas to install gas central heating.
- 2.2 Leeds City Council has recently taken part in a successful bid, led by West Yorkshire Combined Authority to round one of the National Grid Warm Homes Fund. This has funded first time central heating in 40 private sector households and part funded it in 500 council properties across the city.
- 2.3 The Swarcliffe estate contains a high proportion of homes heated by electric storage heaters, with many private sector households relying on on-peak electric heaters and obsolete underfloor electric heating. In addition, the area has a high proportion of system built properties which are difficult to insulate. The whole area falls within the 25% area of highest multiple deprivation in the country, with 78% falling within the 10% area of highest multiple deprivation. This means that a large proportion of households in the area suffer from low income and high housing costs, and are therefore susceptible to fuel poverty. We have identified approximately 500 private and 470 council homes in the area that do not currently have gas.

3. Main issues

- 3.1 The Swarcliffe estate contains one of Leeds' largest areas of low rise, all-electric housing still without a gas main, or access to gas central heating, which remains one of the most easy to control and cost effective ways to heat such properties.
- 3.2 As part of the Housing Leeds Investment Strategy 2016-24, Housing Leeds plans to spend £74m on heating and renewable energy schemes within their housing stock, including through their ongoing programme to install gas mains and gas central heating in all-electric properties.
- 3.3 From July 2018, partners from Leeds City Council, including the Sustainable Energy and Air Quality Team, the Mechanical and Electrical Team and the Swarcliffe PFI team, as well as external partners such as Yorkshire Transformation Holdings, Northern Gas Networks, Communitas Energy and West Yorkshire Combined Authority have cooperated on producing a plan to provide a gas mains to the area to enable 840 households, both council and private, to have first time central heating installed.
- 3.4 As part of this process, Leeds City Council submitted a bid for £1.53m to the National Grid Warm Homes Fund in early February towards the cost of installing heating systems in 840 properties in the area.
- 3.5 Leeds City Council has since been informed that it has been successful in its bid to the Warm Homes fund (subject to contract).
 - 3.5.1 The National Grid Warm Homes Fund will provide 30% of the cost of installation of gas central heating in 440 council properties (with the remainder funded by Housing

Leeds. capital funding). The central heating installations will be undertaken by a contractor to be appointed by Yorkshire Transformation Holdings.

- 3.5.2 The National Grid Warm Homes Fund will provide 71% of funding towards the installation of gas central heating in 400 private sector properties (with a further 24% funded through the Energy Company Obligation and 5% funded through Leeds City Council's discretionary fuel poverty fund). The central heating installations will be undertaken by the Better Homes Yorkshire framework.
- 3.6 The Swarcliffe estate contains a high proportion of households heated by electric storage heaters, with many private sector households relying on on-peak electric heaters and obsolete underfloor electric heating. In addition, the area has a high proportion of system built properties which are difficult to insulate. The whole area falls within the 25% area of highest multiple deprivation in the country, with 78% falling within the 10% area of highest multiple deprivation. This means that a large proportion of households in the area suffer from low income and high heating costs, and are therefore susceptible to fuel poverty. We have identified approximately 500 private and 470 council homes in the area that do not currently have gas.
- 3.7 As part of the consultation process with local residents, 290 private sector households have already expressed an interest in the scheme whilst 440 council tenants have not opted out when informed of the project.
- 3.8 Northern Gas Networks and Communitas Energy have been involved in planning the project from the beginning, and have begun their programme to install the mains in February, due for completion in May 2019.
- 3.9 After submitting our initial bid to the National Grid Warm Homes Fund in February, we were required to rework some elements of it to resubmit to them. This has resulted in some changes to the values quoted in the key decision notification. The final values are as stated below.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The project and Warm Homes Fund bid have been raised at the Environment Programme Board.
- 4.1.2 The local ward Councillors for Cross Gates & Whinmoor, Cllr Gruen, Cllr Lennox and Cllr Grahame, have been briefed on the project.
- 4.1.3 The Leeds Affordable Warmth Partnership has been briefed on the project.
- 4.1.4 A number of outreach events and mailings have been undertaken in the area to ascertain resident's interest in the scheme and collect expressions of interest.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Please see the equality and diversity / cohesion and integration screening document.

4.3 Council policies and best council plan

- 4.3.1 The project will support the following priorities of the Best Council Plan 2018/19-2020/21:
- 4.3.1.1 Housing – the project will help to tackle fuel poverty in the area, by providing residents with more affordable heating which is easier to control and use. The project will also help to ensure that the housing in the area is of the right quality by replacing expensive and difficult to use electric heating systems.
 - 4.3.1.2 Health and Wellbeing – the project will help to reduce health inequalities and improve the health of the poorest fastest by making it easier for people to keep warm and healthy in their own homes, particularly as 78% of residents fall within the 10% area of highest multiple deprivation within the country. This will particularly help residents suffering from illnesses such as respiratory and cardio-vascular conditions that are exacerbated by cold living conditions.
 - 4.3.1.3 Safe and Strong Communities – by helping people to heat their homes more cost effectively, the project will help those residents who are suffering financial hardship and struggling to pay their fuel bills.
 - 4.3.1.4 Inclusive Growth – The project will use the Better Homes Yorkshire framework to install heating systems in private sector homes. Better Homes Yorkshire is required to use local supply chains and promote employment opportunities across West Yorkshire.
- 4.3.2 The project will help Leeds to achieve the aims of the Affordable Warmth Strategy 2017-30, to increase the average SAP rating of housing in Leeds to band C by 2020 and to ensure that no properties are below band E by 2030.
- 4.3.3 The project will support the Leeds Health and Wellbeing Strategy 2016-2021 to ensure that Leeds houses are affordable, warm, secure and support independent living.

4.4 Resources and value for money

- 4.4.1 The project to install central heating in 840 properties involves total Leeds City Council funding of £1,019,400, out of a project value of £2,949,600. This is made up as follows:

£1,019,400	Leeds City Council	(Within existing Capital Programme)
£1,530,280	Warm Homes Fund	(New Injection grant)
£379,920	Energy Company Obligation	(Direct to contractor)
£20,000	Private sector landlord contributions	(Direct to contractor)
£2,949,600	Total	

- 4.4.2 In addition to the above funding, the project will attract a further £1.84m of fuel poor network extension grant funding to install the gas mains in the area. This gives a total project value of £4.77m
- 4.4.3 This means that for every £1 spent by Leeds City Council, £3.72 of external funding will be brought into the city to improve the housing stock and alleviate fuel poverty.

4.4.4 Capital funding and cash flow.

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2019 £000's	FORECAST			
			2019/20 £000's	2020/21 £000's	2021/22 £000's	2022-24 £000's
LAND (1)	0.0					
CONSTRUCTION (3)	0.0					
FURN & EQPT (5)	2549.6		785.7	1442.5	321.4	
DESIGN FEES (6)	0.0					
OTHER COSTS (7)	0.0					
TOTALS	2549.6	0.0	785.7	1442.5	321.4	0.0
Total overall Funding (Including funding outside of the Programme)	TOTAL £000's	TO MARCH 2019 £000's	FORECAST			
			2019/20 £000's	2020/21 £000's	2021/22 £000's	2022-24 £000's
Warm Homes Fund	1530.3		515.0	805.9	209.4	
Housing Leeds	939.3		241.2	597.8	100.3	
ECO Fund	379.9		138.7	185.2	56.0	
Private Sector Landlord Contribution	20.0		7.0	10.0	3.0	
LCC Fuel Poverty Fund	80.0		29.2	39.0	11.8	
Total Funding	2949.5	0.0	931.1	1637.9	380.5	0.0
Balance / Shortfall =	399.9	0.0	145.4	195.4	59.1	0.0

Revenue effects

Any revenue implications will be provided for within existing directorate budgets

4.5 Legal implications, access to information, and call-in

4.5.1 The project is a key decision, therefore we published notice of the decision on 7th March, subject to the success of the bid, to be determined no earlier than 5th April.

4.5.2 The decision is eligible for call in.

4.5.3 The funding will be used to supplement the existing Housing Leeds and Better Homes Yorkshire capital programmes, therefore there are no additional legal implications.

4.6 Risk management

4.6.1 The funding agreement contains strict obligations around delivery of the works according to the delivery schedule and includes provision to reduce funding if we fall behind. We have mitigated against this risk in the following ways:

4.6.1.1 We have included more generous timings in our delivery schedule than on previous similar schemes.

4.6.1.2 We have already undertaken a considerable amount of preliminary consultation with local residents, including writing to 400 council tenants and obtaining expressions of interest from 290 private residents.

4.6.1.3 We will be holding monthly operations meetings between all parties involved in the scheme delivery, and will monitor delivery at this stage.

4.6.1.4 We have included in our bid, provision to widen the scheme to outside areas if we find that take-up is lower than expected.

- 4.6.2 The funding will be used to supplement existing council policies and will be drawn down on a quarterly basis as works are completed, therefore any risk to existing Council budgets is limited.

5. Conclusions

- 5.1 Residents of the Swarcliffe estate are amongst the most at risk of fuel poverty in Leeds, due to relying on expensive and difficult to control electric heating, having a high proportion of system built, difficult to insulate properties and being an area of high multiple deprivation.
- 5.2 The Warm Homes Funding will enable residents of Swarcliffe to heat their homes more cost effectively, and will help to alleviate fuel poverty in the area.
- 5.3 The project will bring in £3.74m of external grant funding to help to alleviate fuel poverty and improve the energy efficiency of homes in the Swarcliffe area.

6. Recommendations

The Director of Resources and Housing is requested to :-

- 6.1 Approve Leeds City Council entering into a grant agreement with the National Grid Warm Homes Fund to draw down and spend the £1,530,280 grant funding on the installation of first time central heating systems in Leeds, primarily in the Swarcliffe area.
- 6.2 Inject £1,530,280 of National Grid Warm Homes funding into the capital programme, split between Better Homes Yorkshire towards the cost of installing first time central heating in private sector homes (£1,127,680) and Housing Leeds towards the cost of installation in council owned homes (£402,600)
- 6.3 Authorise total expenditure of £2,549,600 split between the installation of first time central heating in council owned homes in Swarcliffe £1,324,324 within our Housing Leeds refurbishment programme and private sector homes of £1,207,680 within our Energy Efficiency Programme in the general fund.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.