

**Report of Director of Resources and Housing**

**Report to Scrutiny Board (Environment, Housing and Communities)**

**Date: 6 February 2020**

**Subject: Planned Investment to Improve Energy Efficiency in Council Housing Stock**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" 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**

**1. Main issues**

Leeds City Council owns over 55,000 homes in the city and invests over £120m annually in these homes through a combination of improvement projects of varying scale and complexity, responsive repairs and statutory compliance activity. An £80m annual capital investment programme provides the Housing Authority with an opportunity to make a significant impact to the health and wellbeing of our tenants through the provision of good quality homes and the external improvement works undertaken bring benefits not just to the physical structure of building but also offers a regeneration benefit by improving the perception of locality, place and community.

The housing investment programme has historically been driven primarily by the need to meet the Decent Homes standard with a more recent focus on reducing fuel poverty. This has been through the delivery of a series of programmes to renew roofs, windows, doors, kitchens and bathrooms. In the main this approach has been generally well received by tenants as they see an immediate benefit to the investment, current customer satisfaction post-completion of works is above 92%. The current Asset Management Strategy is due for review within 2020 which is timely given the Council's declaration of a climate emergency in March 2019. The revised 5 year strategy is anticipated to be a forward-looking plan aligned to meeting the aspiration to improve our housing stock beyond decency standards, to be an exemplar housing provider, support the council's ambition to reach carbon neutrality by 2030 and tackle inequalities in the city.

In order to meet ambitions of carbon neutrality it is acknowledged that levels of investment will need to be secured which are considerably higher than the funding available through

the HRA. Work will therefore be carried out to quantity that level of required investment. It should also be noted that irrespective of our local ambition to be at the forefront of efforts to decarbonise heating, there is a clear recognition that such activity must be premised on policy decisions being taken at a national level.

## **2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)**

The Housing Investment programme contributes to the Best Council Plan in terms of improving the health and wellbeing of residents by enabling them to live in warm homes. Reducing heating costs increases disposable income for local communities. The investment programme contributes to the energy efficiency and quality of Council homes and aligned to the Leeds Affordable Warmth Strategy 2017 -2030

Reducing fuel poverty plays a key role in achieving the council's ambition to build a compassionate city, tackling poverty and reducing inequalities. The Best Council Plan particularly emphasises improving energy performance in homes whilst reducing fuel poverty.

The capital investment programme is responsive to priority neighbourhoods and therefore supporting local needs and building thriving and resilient communities.

Improving energy efficiency within the City Housing Stock does improve customer satisfaction and has a regeneration effect. Our investment programme will contribute to building community pride and resilience.

The investment programme plays a key role in helping the council to respond to the climate emergency by improving domestic energy efficiency and reducing carbon emissions.

## **3. Resource Implications**

Staffing resources are aligned to deliver the programme of works set out in this report; where required the expertise of external specialist consultants is commissioned. These arrangements are becoming easier to access and more streamlined as we better understand and articulate our requirements to the market. Procurement, project and governance officers are working together with housing to increase our agility in procurement of contractors and consultants to meet the (often tight) timeframes to enable government and other external funding to be secured. The programme of activity set out in this report has been prioritised in the 20/21 housing revenue account (HRA) capital programme.

## **Recommendations**

It is requested that Scrutiny Board (Environment, Housing and Communities): note the contents of this report.

## **Purpose of this report**

1.1 The purpose of this report is to provide an update on the specific energy efficiency activity undertaken within council housing stock, covering two areas:

- The current programme of investment (2019/2020)
- The 2020/21 programme and beyond

## 2. Background information

2.1 In terms of stock profile, the majority of our current stock is aged, built before 1980

65% of the stock dates to prior to 1964

29% to between 1964 and 1980

6% dates to the period from 1990 to the present day.

2.2 Our current housing portfolio includes a large numbers of inter-war estates, 1960's built high-rise and non- traditional properties and 1970's sheltered housing schemes, all of which present their own particular challenges. The council has a greater proportion of flats / maisonettes than the city average and a lower proportion of semi-detached and detached properties. Some of this is a consequence of over thirty years right to buy (RTB) with freehold tenure more attractive to purchasers than terraced houses. It has also created a wide spread of privately owned, former council properties mixed in with council- owned properties on estates across the city

## 3. Main Issues

3.1 The council declared a 'climate emergency' in March 2019 with a commitment to achieving carbon neutrality by 2030. Until this point the key strategic drivers for investment in relation energy efficiency in council homes has been aligned to the following council priorities:

*Delivering modern fit for purpose homes and neighbourhoods, reducing fuel poverty, cutting carbon and improving health.*

Over the last 10-15 year period an ongoing programme of investment to improve energy efficiency has been successfully delivered. The schemes within this have included the following activity:

- replacement of inefficient heating systems and boilers with modern, higher efficiency models
- installation of district heating systems into high rise blocks
- installation of 1,000 solar PV panels across the council housing portfolio
- continuous programmes of loft and cavity wall installation
- replacement of single glazing to double glazing

The cumulative effect of the schemes listed above has increased the average SAP rating of homes in council ownership from D to C. The council housing portfolio has a higher average SAP rating than other tenure types within the Leeds area in particular the private rented sector and homes in private ownership.

3.2 Alongside this there is clear commitment within the current asset management

strategy to improve energy efficiency across all council housing stock by 2020 (from a SAP rating of 68 to 70). As at 31st December 2019 the citywide average SAP rating is 70.150 (Band C) The current strategy will be reviewed in 2020 a major theme will be the climate emergency agenda and stretch targets will be set to further improve energy efficiency in existing council homes. The refresh of the asset management strategy will also be utilised to review opportunities to replace some of the lowest SAP stock with new homes that meet current standards. If, alongside building higher energy efficient homes, we can also create additional capacity, the council may be able to access external funding to support this ambition.

In terms of new- build housing, the Council has developed the Leeds Standard, this sets out the councils requirements in respect of all new homes in Leeds The specification primarily focusses on cutting carbon, improving air quality and tackling fuel poverty, and central to this is the well-being of tenants. It plays a key role in ensuring excellence in delivery through design quality, space standards and energy efficiency standards.

3.3 Table A below captures the energy efficiency activity programmed to be delivered in the 2019/2020. The programme is on track on be fully completed by the end of the current financial year.

**Table A - Current programme of investment**

Project	Investment Outcome
Windows	<b>410</b> properties benefited from install of double glazed windows.
Loft Insulation	<b>808</b> Loft insulation installs - increased loft insulation levels from 150mm to 300mm.
RERF District Heating System (Leeds Pipes)	District Heating connections to <b>365 flats</b> within the Burmantofts and Richmond Hill areas of Leeds have been connected to the RERF. This provides heating and hot water replacing old storage heaters with radiators. Results - lower energy bills and controllable heating (customer priority) to the properties in one of the most deprived areas of Leeds. <i>Programme to be fully completed by September 2020.</i>
External Wall Insulation in High Rise blocks	<b>297 flats</b> within Shakespeare Court, Grange and Towers have benefitted from installation of EWI, programme fully completed.
Clyde Biomass District Heating Network	The Biomass boiler at Clyde DHN facility has generated c328, 916 Kwh of heating and hot water, burning biomass pellets which are carbon-neutral. Supported by £20k from Renewable Heat Incentive grant administered by Ofgem.
Solar PV Panel Installation	<b>1216 MWh of electricity generated</b> since March 2019. <b>Prevented 566 tonnes of carbon dioxide emissions</b> £15,291.48 income generated through Feed- In- Tariff.
Energy	41 customer-facing technical officers have received training to

efficiency Training	advise vulnerable tenants on how to improve energy efficiency in their homes
Targeted activity in Priority Neighbourhood Areas (PNN)	<b>Invested in 1250 PNN properties.</b> Following a detailed review of stock conditions data for all council properties in PNN areas. Investment directly targeted into properties to generate the biggest gains in energy efficiency including gas central heating, loft and cavity wall insulation, EWI and double glazed windows.
First Time Gas Central Heating	<b>500 properties</b> (part funded £750k generated through Warm Home Funds). This scheme involved replacing high cost (electric storage) heaters with affordable warmth through gas central heating Whilst not reducing carbon emissions this scheme resulted in better controlled heating, improved energy efficiency and higher satisfaction for tenants.
Ground Source Heat Pump Pilot Project	A feasibility study/pilot scheme is currently in development for the installation of a new heating system two high rise blocks in West Leeds using ground source heat pumps (relatively new technology to the UK ) - installation planned during 2020 subject to pilot scheme review and potential wider roll- out.
High Rise Roof Replacement	£710k planned investment for the High Rise Roof Replacement programme (including improved insulation to 120mm thickness). <b>16 blocks planned - 9 completed to date.</b>
Green Doctor visits	Increasing energy advice to tenants via Green Doctor Energy visits – with <b>1250 consultations since Aug 2017</b>

### 3.4 Table B - Forward Plan – 2020/21 Investment Programme

Planned Projects	Investment Outcome
Roxby Close (Burmantofts)	High rise block (60 flats) to benefit from concrete repairs project. Alongside the concrete repairs, EWI will be installed to improve energy efficiency reducing energy bills and offering a regeneration benefit within a priority neighbourhood area.
Technical Innovation in Back To Back's (TIBB1)	<b>£3m</b> planned investment (matched by £3m government funding) bringing an innovative approach to installation of a bespoke EWI to <b>800</b> back to back properties. Pilot scheme in Harehills in 2018/19 programme was successful – now moving to roll out and increase volumes. Priority areas Harehills, Holbeck and Beeston.
Leeds Pipes	Completion of an exemplar project bring heating and hot water to multi-storey flats in Richmond Hill and Burmantofts will be completed this year – Total number of flats benefitting 1,380.
Air Source Heat Pumps project	<b>£100k</b> planned investment (supported by <b>£200k</b> government funding) to install <b>100</b> air source heat pumps to council homes (low rise flats and houses) that currently have inefficient heating.
District Heating Clusters Phase	Phase 2 – Develop a procurement strategy in collaboration with external consultants for the design and delivery of a further six

Two Programme	DH clusters to serve up to <b>30 high rise blocks</b> resulting in six energy centres with installation over a 5-6 year programme. This will replace inefficient electric heating with a controllable wet systems.
Fitting For The Future	£5.2m investment programme (£2.6m ERDF, £1.1m private investment and £1.5m HRA) to install EWI, solar PV and batteries on 250 system built council homes.
LED lighting	Project in development to replace incandescent light bulbs with LED lighting to <b>300 properties</b> during void turnaround period.
Windows	<b>£1.9m</b> investment to install double glazed windows in council homes.

- 3.4 The council has engaged the University of Leeds to make recommendations on the use of the Housing Revenue Account (HRA) capital programme to maximise energy efficiency. Table C below sets out the energy efficiency (SAP rating) of our current housing stock by archetype. The ambition is to steadily improve SAP rating over a period of investment years across all archetypes. The recommendations from this commission will tell us both how much investment is required and where to target this to make the greatest gains in relation to energy efficiency, carbon reduction and tackling fuel poverty.

Table C - Archetype of Housing Stock	Average SAP	% of Stock
<b>SAP Band C</b>	<b>71.517</b>	<b>59.79%</b>
1945-1964 Traditional Terrace/Semi/Detached Houses	69.766	10.16%
1965-1974 Traditional Houses	71.973	3.11%
High Rise Flats	69.996	13.44%
Medium Rise Flats	72.097	7.47%
Post 1944 Low Rise Flats	72.448	17.38%
Post 1974 Traditional Houses	72.451	4.90%
Pre 1945 Low Rise Flats	71.890	3.33%
<b>SAP Band D</b>	<b>68.140</b>	<b>40.21%</b>
Bungalows	68.703	5.44%
Non Traditional Houses	68.342	13.40%
Pre 1945 Traditional Houses	68.144	6.85%
Pre 1945 Traditional Semi-detached Houses	68.178	9.31%
Pre 1945 Traditional Small Terrace Houses	67.337	5.21%

3.5 This information will also feed into the refreshed strategy and inform our forward programme of investment over the next 5 year period. Although the recommendations are not available yet, we anticipate that these will contain some ambitious and challenging actions, such as:

- Options to switch c40, 000 homes away from natural gas by 2030, either through the gas grid switching to hydrogen or by retrofitting with heat pumps.
- Completion of an aggressive insulation programme to ensure that all homes, regardless of age and construction type, are as well insulated as possible.
- Major programme of renewable energy deployment, particularly solar PV combined with batteries, to decarbonise power use within homes.
- A review of green spaces and gardens to increase tree planting, biodiversity and food growing.
- Ideas for Housing Management to make cutting carbon easier for tenants, such as establishing electric vehicle car clubs, replacing all lighting with LEDs, offering discounts on the most efficient appliances, creating 'tool libraries' for individuals to use, etc.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

The annual budget for the capital programme is approved by the Executive board. The 20/21 programme will be submitted for approval to the meeting in February 2020. In the main the investment programme is intelligence led based on elemental stock conditions data. Tenants and elected members are consulted on and kept updated on the delivery programme. All procurement of external resources to support delivery of the capital programme is undertaken in line with the Council's contract procedure rules and governance framework.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 Equality impact assessments are undertaken for all projects and major schemes of work.

4.2.2 The cashable benefits to tenants will vary depending on the nature of scheme and tenant lifestyle, affordability and how they choose to heat their homes. There are wider, less measurable benefits including more disposable income, improved health and wellbeing and more sustainable tenancies.

### **4.3 Council policies and the Best Council Plan**

#### **4.3.1 Climate Emergency**

The Capital investment programme for the council housing portfolio will support the climate emergency agenda by:

- Improving the SAP rating of all council homes, therefore, reducing the carbon footprint.

- Encouraging a mixed economy of energy solutions better quality homes and standards which will help reduce energy consumption.
- Utilising external funding to install innovative energy efficiency measures.
- Improving energy awareness for council house tenants across the city.

#### **4.4 Resources, procurement and value for money**

- 4.4.1 All procurements are undertaken in accordance with the council's contract procedure rules.
- 4.4.2 All contractor costs are subjected to rigorous financial review by in-house quantity surveyors to ensure value for money is achieved.

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

- 4.5.1 This report does not contain any exempt or confidential information.

#### **4.6 Risk management**

- 4.6.1 There is a risk that any changes in the availability of external funding could adversely impact on the council's ability to deliver a future programme of energy efficiency activity. The demands on the capital programme are extensive and it should be noted that investment in energy efficiency activity does mean less activity elsewhere unless supported purely through external grants. There is also a risk that the procurement process can impact on our ability to meet key milestones and deadlines to qualify for funding be that upfront or retrospective claim back funding.

### **5. Conclusions**

- 5.1 A number of programmes have been underway over the last five years to improve energy efficiency in council housing stock. The total investment in relation to this has been circa £84m, with just under 25,000 homes benefitting from specific investment such as double glazed windows, improved boilers and loft installation and new roofs. In addition /this includes investment in establishing an infrastructure to deliver district heating network systems.

Further work is planned to ensure council housing stock contributes to the ambitions of carbon neutrality by 2030 our investment plans moving forward will be clearly to this strategic priority and energy efficiency which will be key theme in the revised asset management strategy. This will include stretch targets to ensure that the SAP ratings continue to improve in council housing stock.

### **6. Recommendation**

It is requested that Scrutiny Board (Environment, Housing and Communities) note the contents of the report.

## 7. **Background documents**<sup>1</sup>

None

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<sup>1</sup> 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.