

Report of Director of Resources and Housing

Report to Scrutiny Board (Environment, Housing and Communities)

Date: March 2021

Subject: Capital Programme 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 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

1. Main issues

Over the last 12 month period housing revenue capital investment has taken a step change, increasing its programme of activity to improve the thermal efficiency of council housing and installation of renewable energy. The drivers underpinning this shift include re-programming due to the pandemic, and the availability of external funding. At the same time we have moved to a 'whole building' approach combining major Health and Safety driven work with thermal insulation to improve both the appearance of, and living environment for people living in council owned accommodation.

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. The HRA capital investment programme will contribute to building community pride and resilience.

The HRA 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

Internal staffing resources are currently lower than required for the delivery of this programme, however a proactive round of recruitment has commenced. Inward investment includes revenue funding for staffing however it has been difficult to source technical staff through external recruitment and some skills and experience have been lost through the organisations voluntary redundancy scheme. There is also a question about the markets capacity to cope with the added demand arising from government funded schemes that have to be delivered in a relatively short period of time.

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 progress to support the decarbonisation of council housing stock since the last report in February 2021.
- Information on current and pipeline energy projects
- Information on future investment needs

2. Background information

Leeds City Council owns over 54,000 homes in the city and invests over £80m annually through its HRA capital programme through which it delivers a range of investment including fire safety, H&S, energy efficiency and lifecycle replacement. This activity varies in scale and complexity and provides the Housing Authority with an opportunity to contribute to improving the health and wellbeing of our tenants, through better living environments, improved thermal comfort savings in utility costs.

Alongside investing in the fabric of the buildings the projects aim to bring about a regenerative effect, extending work to include the immediate environment to improve the perception of place and community.

Following the Council's declaration of a climate emergency in March 2019 the current asset management strategy has been reviewed and is due for presentation to Executive board further into 2021. The revised 5 year strategy is a forward-looking plan that sets out the investment priorities for council housing stock, including a shift in emphasis to support the council's ambition to reach carbon neutrality by 2030. This emphasis on renewable energy and thermal efficiency will require significant inward investment. At the same time the council remains responsible for, and must strike a balance with other priority works funded through the HRA programme, including H&S, fire safety, maintaining decency standards and statutory compliance.

3. Main Issues

3.1 Since the last report in February 2020 there has been a noticeable increase in the volume of activity directly contributing to the decarbonisation of council housing stock. This has been made possible due to the following:

- Following the pandemic and the subsequent reduction of planned activity inside buildings there has been an acceleration in the planning and delivery of decarbonisation projects. The current planned programme of activity in mobilisation/ design/procurement phase totalling £132.4M with £31.1M of activity currently on-site schemes.
- Securing external funding for projects supporting the decarbonisation agenda. A total of £21.2M has been successfully secured for projects included within the programme, with a further £6.9M awaiting confirmation.
- Taking the opportunity created by the asset portfolio having reached 98% decency to re-direct a greater proportion of the HRA capital investment to decarbonisation projects
- A shift in the strategic approach and planning process, moving to a whole building approach. Essential H&S work such as concrete repairs to high rise buildings are now being undertaken in conjunction with energy improvement works to the fabric of the building such as roof replacement and external wall insulation.

3.2 The service has undertaken a joint project with the University of Leeds (UoL) to make better use of its asset management data. A model has been developed which supports investment planning process by providing information that enables investment to be targeted to make the biggest gains in energy performance. For the purpose of this report the council housing portfolio has been organised into three broad categories: high rise building, non-traditional (system build) and traditional build.

Category 1 High Rise Buildings

The HRA portfolio is currently responsible for 107 high rise buildings, (eight of these have gas). Renewable heating has been installed to 35, leaving 64 with electric shortage heating.

Of these, 52 are currently onsite or at design stage, leaving 12 blocks to be planned/ budget allocated for.

Table A_– Energy Projects in High Rise

High Rise	Finished	On Site	Pipeline	In Planning			Househol
Project Name	20/21	21/22	22/23	23/24	24/25	2025+	
Shakespeares Project							297
GSHP Ph1 (Heights East & West)							120
GSHP Ph2 (Westerly Rise & Croft)							92
Roofing							471
High Rise Thermal Efficiency Works - Phase 1							60
District Heating Network - Leeds Pipes							1,200
GSHP Phase 3							92
High Rise Thermal Efficiency Works - Phase 2							99
High Rise Thermal Efficiency Works - Phase 3							60
High Rise Thermal Efficiency Works - Phase 4							297
District Heating Clusters							1,483
GSHP Phase 4							274
High Rise Thermal Efficiency Works - Phase 5							480
GSHP Future phases							1,366

Non-traditional Housing

This category includes 9,931 homes (18.9% of HL total stock - 72.3% are SAP band C or above and 27.7% are SAP band D and below. There are a total of 26 archetypes in this category with 10 archetypes performing at level D.

Planned Investment projects – there are several retrofit measures being installed to improve thermal efficiency including new roofing, external wall insulation and solar panels. The projects are set out below.

Table B – Energy Projects in Non-traditional Properties

Non-Traditional Archetypes	Finished	On Site	Pipeline	In Planning			Households
Project Name	20/21	21/22	22/23	23/24	24/25	2025+	
Air Source Heat Pumps							25
Bodmins & Westons							20
Holtdales							190
Fitting the Future							250
Low Rise Thermal Efficiency Works - Phase 1							60
Low Rise Thermal Efficiency Works - Phase 2							56
Cavity & Loft Insulation							4,000

Traditional build -this category includes 35,265 traditional built homes- equating to 67.1% of total stock and includes 18 archetypes. 71.4% are SAP band C or above and 28.6% are SAP band D and below.

Planned Investment projects - The lowest performing archetype are back-to-back properties - TIBB1 (Transformational insulation in back-to-back) project will bring 750 up to Grade C. The remainder will be picked up through TIBB2.

Table C – Energy Projects in Traditional Build Properties

Traditional Archetypes	Finished	On Site	Pipeline	In Planning			Households
Project Name	20/21	21/22	22/23	23/24	24/25	2025+	
Back to backs Insulation - Phase 1							750
Back to backs Insulation - Phase 2							650

3.3 Current investment and Future ambition

3.3.1 Within the HRA asset management strategy there is commitment to improve the energy performance of the council housing portfolio and to increase the use of renewable energy sources for the benefit of the environment and council tenants.

3.3.2 The benefits to tenants of investment in renewable heating and measures that improve thermal efficiency of buildings include the following:

- Improved thermal comfort through increased control over heating temperatures
- Improved supply of hot water
- Radiators installed into all rooms within the dwelling
- Reduced utility costs, up to 50% reduction in bills
- Reduced damp and condensation in homes

3.3.3 The LCC housing portfolio has an average SAP rating of C which is higher than the private rented sector and homes in private ownership in the city. 82% of council stock is at level C and above. There were 1,692 properties rated at E,F&G. Following investment into some of our poorest performing properties this number has reduced to 1,538 (across a range of archetype). Planned improvement works will reduce this figure by 208.

3.3.4 The model enables the service to estimate the cost of improving the lowest performing homes (from the SAP group D,E,F,G) to an average of SAP C is circa £32.5 million. The majority of properties could be retro-fitted to this standard with only 0.06% (25 properties) unable to reach this standard with current treatments available.

3.3.5 In order to reach SAP level B the model indicates that a budget of circa £1.1bn is required. This will only upgrade 58% of council stock to band B, the remaining 42% can only achieve a maximum SAP C based on affordability, practicality and availability of current efficiency measures.

4.4 Partnership Work

The service is working with a range of partners to deliver energy projects into council housing, this includes:

- Groundwork Yorkshire - engaging Green Doctor services to enable tenants to access advice on fuel tariffs and other energy efficiency measures.
- Leeds Beckett University –measuring levels of embodied carbon to inform the option appraisals process and the fitting of heat/humidity sensors to capture the benefit of energy projects
- Connecting environmental schemes with cycle routes through joint working with Highways
- Installing Electric Charging points in council homes
- A review of green spaces and gardens to increase tree planting, biodiversity and food growing.
- Replacing all lighting with LEDs, offering discounts on the most efficient appliances, creating ‘tool libraries’ for individuals to use, etc.
- Sustainable Energy and Air Quality Team– to secure additional funding / grants
- Joint working with Parks and Countryside- identifying HRA land for tree planting initiative - tree canopy data now included in the GIS mapping portal to inform Solar PV installation.

4. Corporate considerations

4.1 Consultation and engagement

The annual budget for the capital programme was approved by the Executive board in February 2021. In the main the investment programme is data led based on stock conditions data and the Leeds decarbonisation model. 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.

Equality and diversity / cohesion and integration

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

The cash savings to tenants will vary depending on the nature of scheme, tenant lifestyle and affordability. There are wider, less measurable benefits including income, improved health and wellbeing and more sustainable tenancies. Installation of renewable energy also addresses high levels of dissatisfaction in high rise blocks with electric storage heating as identified in the STAR survey.

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.

A key focus has been on employment and skills outcomes, including apprenticeships and work experience or visits for people at school or college, and we have a positive relationships with Employment and Skills colleagues who provide excellent support for many of our bid evaluations. Where we use external procurement frameworks we work closely with them on these commitments, tying in with any framework requirements. During the tender process contractors are expected to make a commitment on:

- Creation of jobs and apprenticeships and work experience opportunities
- Improving the local environment and tackling the climate emergency
- Using local SMEs and suppliers, being Mindful Employers, sponsoring community events
- Waste management targets
- Planning transport and logistics and site activity to minimise carbon impact
- Providing residents with low energy or resource saving devices and advice
- Woodland creation and improving green spaces.

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 The following are the main risks associated with this programme of activity:
- Risk to inward funding if delivery timeframes are not met
 - Risk that the level of resourcing is insufficient to meet programme demands and expectations of stakeholders
 - Risk of balancing other programme priorities including fire safety, H&S
 - Risk of the procurement process slowing down the delivery expectations of external funders

5. Conclusions

A number of programmes are currently onsite and in the pipeline to support decarbonisation of council housing. 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 documents¹

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.