

Capital Programme Investment to Improve Energy Efficiency in Council Housing Stock

Date: October 2021

Report of: Head of Strategy & Investment

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

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- To provide assurance to scrutiny board that the climate emergency agenda is a key priority in investment to the council housing estate.
- To provide an update on projects within the 5 year investment programme that will specifically contribute to decarbonisation of council housing, this will include a breakdown of the £133m investment referenced in the March 2021 report to scrutiny.
- To provide an update on the capital investment planned to council high rise buildings that will contribute to the climate emergency agenda.

Recommendations

To note the contents of this report

Background – Investment Context

Leeds City Council owns over 54,000 homes in the city comprising of:

- High Rise flats
- Medium/low rise flats
- Traditional build housing including back to backs
- System Built houses

The council invests over £80m annually in these homes through its HRA capital programme, delivering a range of projects including fire safety, H&S, energy efficiency and lifecycle replacement. There is a five-year commitment to increasing the investment in renewable technologies which will improve the thermal efficiency of homes, decrease carbon emissions, and reduce fuel poverty. The investment also aims to bring about a regenerative effect, extending work to include the immediate environment to improve the perception of place and community.

There are several drivers underpinning the current investment programme, these include:

- Addressing historic under-investment in high rise buildings
- Prioritising properties with low EPC ratings, obsolete heating systems, and health & safety issues (worst-first)
- Properties requiring lifecycle replacement, urgent repairs (fabric-first)
- Properties that meet criteria for external funding/inward investment
- Homes in priority neighbourhoods (fuel poverty, health and wellbeing)

1.1 Breakdown of £133m decarbonisation projects as referenced in the March 2021 Report

Table A – Retrofit projects that will increase thermal efficiency of low performing properties

Investment in Decarbonisation	Finished	On Site	Pipeline	In Planning			Households
				20/21	21/22	22/23	
Project Name	20/21	21/22	22/23	23/24	24/25	2025+	
Shakespeares Project							297
Roofing							471
Air Source Heat Pumps							14
GSHP Programme (Phases 1&2)							212
GSHP Programme (Phases 3&4)			Yellow				366
Roxby Close Thermal Efficiency			Yellow				60
District Heating Network - Leeds Pipes			Yellow				1,200
Westons			Yellow				20
Holtdales			Yellow				190
Fitting the Future			Yellow	Orange			160
Marlborough Thermal Efficiency			Yellow	Orange			99
Moor Grange Court Thermal Efficiency Work			Yellow	Orange			60
Lovells Thermal Efficiency Work			Yellow	Orange			297
Back to backs Insulation - Phase 1			Yellow	Orange			750
District Heating Clusters			Yellow	Orange	Blue		1,483
Low Rise Thermal Efficiency Work - Phase 1			Orange	Blue			60
Low Rise Thermal Efficiency Work - Phase 2			Orange	Blue			56
High Rise Thermal Efficiency Works - Phase 5				Blue			480
GSHP Programme (Phase 5)				Blue			1,366
Back to backs Insulation - Phase 2				Blue			650
Cavity & Loft Insulation	Green	Yellow	Orange	Blue			4,000

1.2 Decarbonisation projects in council high- rise buildings

Capital investment is targeted into lowest performing properties first. The investment programming process utilises a data-led approach taking information from a variety of sources including:

- Internal stock conditions surveys
- Externally commissioned technical specialists' reports
- Information from an investment planning model developed in conjunction with the University of Leeds
- Data on indices of deprivation and priority localities in the city

Decarbonisation projects focus on the fabric of the buildings, this includes external wall insulation (EWI), new roofing, windows, and installation of renewable heating systems.

Table B – A breakdown of retrofit projects in high rise buildings within the council housing estate

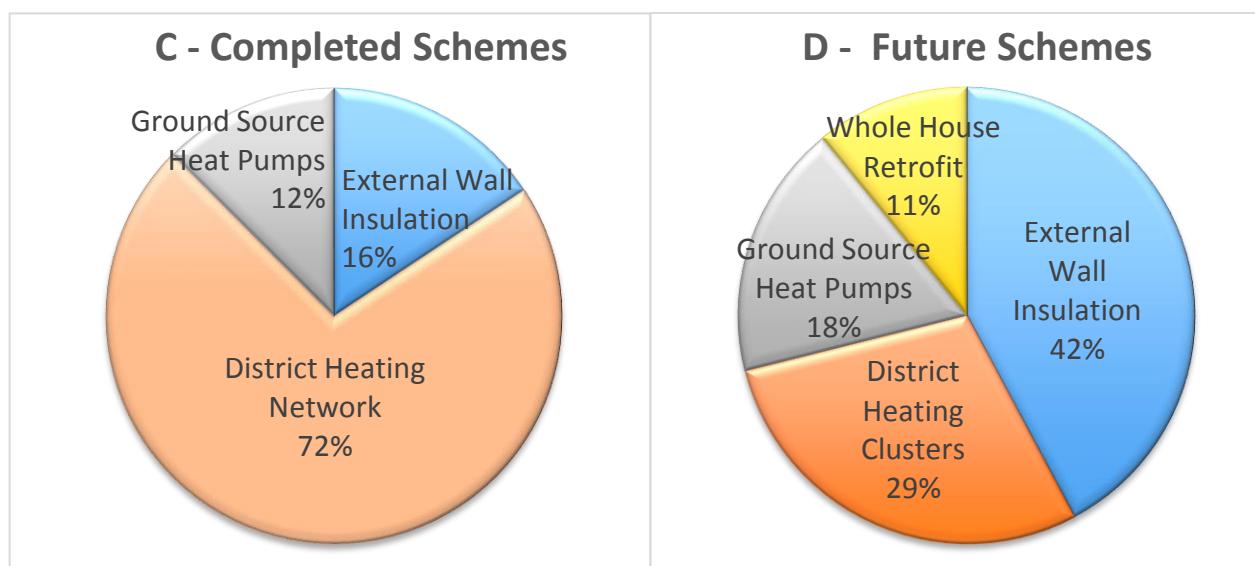
High Rise	Finished	On Site	Pipeline	In Planning			Households
Project Name	20/21	21/22	22/23	23/24	24/25	2025+	
Shakespeares Project							297
GSHP Ph1 (Heights East & West)							120
GSHP Ph2 (Westerly Rise & Croft)							92
Roofing							471
Roxby Close Thermal Efficiency							60
District Heating Network - Leeds Pipes							1,200
GSHP Ph3 (Queenswoods)							92
GSHP Ph4 (Rycrofts)							274
Marlborough Thermal Efficiency							99
Moor Grange Court Thermal Efficiency Work							60
Lovells Thermal Efficiency Work							297
District Heating Clusters							1,483
High Rise Thermal Efficiency Works - Phase 5							480
GSHP Future phases							1,366

Decarbonisation Projects

The charts below show the type of work that make up the £133m decarbonisation programme.

Diagram C shows the schemes that have been delivered in the past two years.

Diagram D shows schemes planned to be delivered over the next four years



Carbon savings for completed schemes
12,864 tonnes per annum

Projected carbon savings for future schemes
13,659 tonnes per annum

1.3 Funding and future plans

1.3.1 The shift in emphasis towards renewable energy and thermal efficiency projects will require significant inward investment to allow the council to continue delivering the other priority works it is responsible for. These works are funded through the HRA programme and include H&S, fire safety, maintaining decency standards and statutory compliance.

Table C – Funding breakdown for Housing Decarbonisation Projects

Project Name	External Funding £m	HRA Funding £m	Status
Leeds Pipes	7.0	13.7	Completed
Shakespeares EWI	0.7	3.8	Completed
Holtdales	4.2	4.7	On Site
Clustering for Warmth	6.9	17.1	On Site
Air Source Heat Pumps	0.2	0.1	Completed
TIBB	5.3	4.9	On Site
Westons EWI	0.1	0.2	On Site
GSHP Phase 1*	2.1	0.0	Completed
GSHP Phase 2*	1.7	0.0	Completed
Total External Funding	28.1	44.4	

*Initially funded by HRA. RHI income will be claimed over a 20-year period resulting in a net zero cost to the HRA.

1.3.2 The Strategy and Investment team are currently working on a submission for Wave 1 of the SHDF with the Sustainable Energy and Air Quality team, to support projects at pipeline or planning stage.

1.3.3 External funding streams generally come with demanding timescales for both bid submission and delivery. Potential future funding opportunities have been identified, and preparation work for bid submissions has been included in the planning of projects, optimising the Council's ability to access external funding, such as further waves of SHDF, and ECO4.

What impact will this proposal have?

Wards Affected:
Have ward members been consulted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

2 Installation of renewable heating technologies including Ground Source Heat Pumps will support the decarbonisation of the council housing portfolio. A proactive programme to install a range of energy efficiency measures to improve thermal comfort and reduce fuel poverty supporting Health and Wellbeing.

What consultation and engagement has taken place?

3 Residents are consulted at the appropriate point for each individual project.

The Executive member for Housing was consulted on the 2021/22 capital investment programme and is consulted on individual projects at the earliest opportunity.

Local members are consulted at appropriate points for any work in their respective wards.

What are the resource implications?

- 4 The delivery of the projects is undertaken by the Strategy and Investment team within Housing Leeds. Some additional resources have been secured through government grants to increase resources for the team. A report to enhance resources is currently with the Trade Unions as part of the consultation process. The financing of projects is through a mix of HRA capital finance and government grants.

What are the legal implications?

- 5 There are no known legal implications of the work being undertaken.

What are the key risks and how are they being managed?

- 6 The following are the main risks associated with this programme of activity:

- Risk to inward funding if delivery timeframes are not met including shortage of building materials.
- Risk of balancing other programme priorities including fire safety, H&S
- Risk that the level of resourcing is insufficient to meet programme demands and expectations of stakeholders
- Risk of the procurement process slowing down the delivery expectations of external funders

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 7 This programme will support all three of the Council's Key Pillars as detailed elsewhere in this report.

Options, timescales and measuring success

a) What other options were considered?

The declaration of a climate emergency in March 2019 means that maintaining the status quo is not an option.

We are responding with agility to the availability of government funding which has shortened timeframes and undertaking the programme of work over a longer timescale would reduce the Council's access to this external funding.

b) How will success be measured?

- Through robust monitoring of carbon savings in all housing retrofit schemes.
 - 12,864 tonnes per annum achieved in completed schemes
 - Anticipated 13,659 tonnes per annum in schemes currently being delivered
 - Ensure carbon savings is a key consideration in future schemes
- Improved health and wellbeing and customer satisfaction through better thermal comfort
- Improved affordable warmth, reduction in fuel poverty
- Improved energy performance rating of council owned stock

c) What is the timetable for implementation?

- 8 Currently in Year 1 of a 5-year investment programme that commenced April 2020.