

Capital Housing Investment Programme Update

Date: 16 March 2022

Report of: Director of Communities, Environment and Housing

Report to: Executive Board

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

- This report is to provide Executive Board with an update on the improvement work being undertaken and planned for delivery to improve the quality of council housing stock across the city.

Recommendations

- a) For the Executive Board to note the contents of this report including the investment activity underway to improve the quality of council housing across the city.
- b) For Executive Board to support the forward programme of investment, which will be implemented by the Head of Strategy & Investment, to continue decarbonising the council housing portfolio and improving the quality of homes in council ownership.

Background – Investment Context

Leeds City Council owns over 54,000 homes in the city comprising a mix of archetypes including:

- High Rise flats
- Medium/low rise flats
- Traditional brick build housing, including semi-detached back to backs
- System built houses

The council invests over £80m annually to maintain and improve the quality of council homes. This investment covers a range of essential activity including Energy Efficiency, Fire Safety, Health and Safety, installation of adaptations and routine lifecycle replacement. The £80m funding is through the Housing Revenue Account (HRA) and every opportunity is taken to supplement this with grant funding. This enables more projects to be delivered and enables HRA funding to stretch further and be directed into other priority areas.

Investment is targeted based on the following criteria:

- Addressing urgent Health & Safety issues and improving Fire Safety
- Replacing obsolete and outdated systems that are expensive to run and maintain.
- Improving homes in priority neighbourhood areas

Climate Emergency

The current programme includes several decarbonisation projects designed to improve the fabric of housing through a variety of retrofit measures.

This programme of decarbonisation contributes to the council's climate emergency declaration of 2019.

There is over £100m planned and in delivery between 2020-2025. This includes external wall insulation (EWI); new roofing; windows, and installation of heating and hot water systems using renewable technologies. A data-led approach is taken to prioritise investment using information from stock conditions surveys, technical specialists' reports, and data on indices of deprivation across the city.

Successful delivery of these projects has and will continue to enable:

- Improvement to the quality of council housing.
- Successful bidding for grant funding, with over £21m secured to date and a further £9.6m Government funding confirmed in February 2022.
- Improvement to the EPC rating of lowest performing properties (D and below).
- Reduction in carbon emissions from council housing by 53,000 tonnes per annum.
- Improvement to the health and wellbeing of tenants through better thermal efficiency and more affordable warmth.

1.1 Projects currently on-site

1.1.2 Roxby Close

Roxby close is situated the Lincoln Green area, very close to the city centre, and part of the Burmantofts ward, this is a priority neighbourhood area. This £2.0m project includes several improvement measures including concrete repairs, external wall insulation, balcony replacement to 60 flats. The project commenced November 2020 and is scheduled for completion at the end of January 2022. Roxby is one of nine high rise buildings in this locality and the ambition is to extend the work to the remaining buildings including some maisonettes. (*Appendix A1&A2*).

1.1.3 District Heating Clusters (DHC's)

This £24m project will contribute significantly to the Housing Leeds strategy to replace all electric storage heating in high rise buildings with renewable heat technology. The project will achieve economies of scale through clustering 26 high-rise buildings into 6 clusters. The HRA contribution is £16.6m with the remaining £7.04m funding secured through grant funding (ERDF). To minimise disruption to tenants and VFM, sprinkler systems will also be installed to each of the 26 buildings at the same time. Delivery will take place over a three-year period, work commenced in August 2021 with completion planned for March 2024. The clusters include the following:

Table 1- District Heating Clusters (DHC)

District Heating Clusters					
Cluster	Buildings in Scope	Ward	Postcode	No. of Flats	
1	Brecon Court	Gipton & Harehills	LS9	46	276
	Brecon Rise	Gipton & Harehills	LS9	46	
	Denbigh Croft	Gipton & Harehills	LS9	46	
	Denbigh Heights	Gipton & Harehills	LS9	46	
	Pembroke Grange	Gipton & Harehills	LS9	46	
	Pembroke Towers	Gipton & Harehills	LS9	46	
2	Barncroft Court	Killingbeck & Seacroft	LS14	46	180
	Barncroft Grange	Killingbeck & Seacroft	LS14	46	
	Barncroft Heights	Killingbeck & Seacroft	LS14	44	
	Barncroft Towers	Killingbeck & Seacroft	LS14	44	
3	Poplar Court	Armley	LS13	46	184
	Poplar Court	Armley	LS13	46	
	Poplar Mount	Armley	LS13	46	
	Poplar Mount	Armley	LS13	46	
4	Burnsall Court	Armley	LS12	46	298
	Burnsall Gardens	Armley	LS12	54	
	Burnsall Croft	Armley	LS12	99	
	Burnsall Grange	Armley	LS12	99	
5	To be confirmed				
6	To be confirmed				

1.1.4 Ground Source Heat Pumps Phase 1- 4

This project involves installation of renewable heating replacement with Ground Source Heat Pump (GSHP) technology. This initial four-year programme has been significantly accelerated to take advantage of time -limited funding (Renewable Heat Incentive RHI) and positive feedback from tenants benefiting from phase 1. Phase 1 commenced August 2020, Phase 4 is planned for completion at the end of June 2022. In total 484 flats across 10 high-rise buildings will benefit across the city. The total cost is £8.2m, HRA £4.4m and Grant £3.8m (*Appendix B1&B2*).

Table 2 -Ground Source Heat Pumps Phases 1-4

Ground Source Heat Pumps					
Phase	Building Name	Ward	Postcode	No. of Flats	
1	The Heights East	Farnley & Wortley	LS12	60	120
	The Heights West	Farnley & Wortley	LS12	60	
2	Westerly Croft	Armley	LS12	46	92
	Westerly Rise	Armley	LS12	46	
3	Queenswood Court	Kirkstall	LS6	45	90
	Queenswood Heights	Kirkstall	LS6	45	
4	Rycroft Court	Pudsey	LS13	46	182
	Rycroft Green	Pudsey	LS13	44	
	Rycroft Place	Pudsey	LS13	46	
	Rycroft Towers	Pudsey	LS13	46	

1.1.5 Holtdales Project

The project will improve 190 system-build properties in Adel, LCC is one of only 19 housing providers in the country that secured funding through the Social Housing Decarbonisation *Demonstrator* fund. The package of measures is the most comprehensive of any project delivered by LCC, it includes Air source heat pumps, EWI, new roof, ventilation, LED lighting and smart heating controls, overall, 1,216 energy efficiency measures installed to homes. The project commenced April 2021 and due for completion by June 2022. Total investment is £8.9m, with £4.1m secured through grant funding. (*Appendix C1&C2*).

1.1.6 TIBB Project (Transformational Insulation to back-to-backs)

This project includes installation of external wall insulation, roof and bay replacements, new windows, and doors. It covers several areas across the city and will significantly enhance the thermal efficiency of 750 back-to-back homes. The project commenced in November 2021 and is due for completion at the end of March 2023. Total project value is £11.9m, HRA contribution is £6.6m and £5.3m from ERDF. (*Appendix D1&D2*)

1.1.7. Appletons & Savilles Project

This project will bring improvement to four high-rise buildings in the East Leeds ward of Burmantofts and Richmond Hill. The 239 flats that will benefit from this investment comprise a mix of 1-3 bed flats with larger properties accommodating families. The key driver for investment was to undertake external concrete repairs, the scope of work was extended to include external decoration and enclosure of private balconies, to provide an enclosed external space. This is intended to provide a safer environment for residents and particularly young children, without detriment to the amenity enjoyed by the residents. The proposals are also intended to address the issue of residents jettisoning rubbish and unwanted items from the balconies, creating a nuisance and risk to residents on balconies below and to adjoining areas at ground floor level. Work commenced May 2021 and is due to complete May 2022 at a cost of £4.1m. (*Appendix E1&E2*).

1.2. Pipeline Projects

The following projects are in pipeline, (design or procurement phase).

1.2.1 Lovells and Moor Grange Improvement Project

This project will improve the three Lovells high-rise- buildings that fell out of scope of the Little London PFI project. A holistic approach has been taken, the scope of works will include external wall insulation (EWI), concrete repairs and new roofs. The improvements will have a regenerative impact to the buildings and to the area, residents will also experience improved thermal comfort and better value heating. Moor Grange Court is also included within scope. This project will install up to 729 energy efficiency measures to 357. The total cost of this project is £12.6m, this part- funded through the HRA (6.6M) and the Social Housing Decarbonisation Fund (SHDF, 6M). Work will commence on-site in May 2022. (Appendix F1&F2)

1.2.2 Marlborough Improvement Project

Marlborough Towers is situated in a prominent position on the Western gateway to the city. The project scope will include concrete repair installation of lightweight non-combustible EWI to the façade of the building along with new signage and the creation of a bike store. The project is due to start on site spring 2022 at a cost of £2.4m. Follow up project currently in design phase includes the maisonettes, environmental improvements and to the sub-terannual garages. (*Appendix G1&G2*)

1.2.3. Parkways Improvement Project

This project includes three high rise buildings, the scope includes concrete repairs, EWI and new roofs, when combined these measures will improve the thermal efficiency of the buildings. Benefits to residents include improved thermal comfort which will help support better value heating to properties. The investment will improve the appearance of buildings and the associated area and install 564 energy efficiency measures to 273 flats. The estimated cost of the works is £9m, HRA part funding of £5.4M and SHDF confirmed at £3.6M. The project will commence on-site in April 2022, complete in March 2023.

1.2.4 Back-to- Back Improvements Phase 2

Phase 2 of this project will improve the remaining 650 back-to-back properties that fall outside of TIBB and will complete work on back- to -back properties in council ownership. Scope of work will include: EWI, replacement windows, new doors and re- roofing as required, in total 1500 energy efficiency measures will be installed. Alongside improving the aesthetics of the buildings, tenants will feel an improvement in thermal comfort and affordable warmth. This project will commence in 2024 and be delivered over two years at an estimated cost of £14m.

1.2.5 Ground Source Heat Pumps Phase 5

Phase 5 will deliver heating and hot water using renewable technology to 14 high rise buildings. The estimated cost is £14m, a total of 1,013 homes across 5 wards in the city will benefit from this project which is due to commence late quarter of 2022/2023.

Table 3 GSHP Phase 5

Ground Source Heat Pumps				
Phase	Building Name	Ward	Postcode	No. of Flats
5	Beevers Court	Weetwood	LS16	60
	Clayton Court	Kirkstall	LS16	60
	Clayton Grange	Kirkstall	LS16	60
	Gledhow Towers	Roundhay	LS8	60
	Lidgett Towers	Roundhay	LS8	60
	Moor Grange Court	Kirkstall	LS16	60
	Norman Towers	Kirkstall	LS16	60
	Parkway Court	Killingbeck & Seacroft	LS14	88
	Parkway Grange	Killingbeck & Seacroft	LS14	88
	Parkway Towers	Killingbeck & Seacroft	LS14	99
	Briarsdale Court	Gipton and Harehills	LS8	46
	Briarsdale Heights	Gipton and Harehills	LS9	46
	Briarsdale Croft	Gipton and Harehills	LS8	46
	Seacroft Gate 1	Killingbeck & Seacroft	LS14	60
	Seacroft Gate 2	Killingbeck & Seacroft	LS14	60
	Wortley Heights	Armley	LS12	99
	Wortley Towers	Armley	LS12	99

1,151

1.3 Housing Quality

Alongside the major projects the HRA capital programme continues to deliver a series of lifecycle replacements programmes to improve and maintain the quality of council homes and ensure the number of homes meeting the 'Decent Homes' standards remains at or above 90%. This is achieved through several ongoing core programmes including:

- re- roofing
- new kitchens, bathrooms and rewires
- replacement lifts
- new windows and doors
- boiler replacements

There has been significant investment in this type of elemental improvement over the past 15 years, this alongside the availability of government funding has supported the shift in investment towards retrofit council housing from less than 1% to 28%. The level of properties meeting Decency standards is currently 96% and there is a commitment to maintaining these standards at 90%.

Fire safety remains a key part of the housing investment programme with £15.8m of work planned with the 5-year period 2020-2025. The three main strands of work include installation of sprinkler systems to high rise buildings, the current programme will result in sprinklers being installed to 70 buildings by the end of 2023. Two further phases will follow directly after, installing sprinkler systems in the remaining 33 buildings, and bringing this significant retrofit programme to a close, we are hoping to secure government funding to support this aspiration. The remaining two strands of fire safety work currently underway include installation of comprehensive fire safety measures to back-to-back houses and Victorian era properties.

What impact will this proposal have?

Wards Affected:

Have ward members been consulted? Yes No

- 2 Installation of renewable heating technologies including Ground Source Heat Pumps will support the decarbonisation of the council housing portfolio, improve thermal comfort, and reduce fuel poverty supporting health and wellbeing of council tenants.

What consultation and engagement has taken place?

- 3 The Executive Member for Environment and Housing was consulted on the 2021/22 capital investment programme and is consulted on individual projects as required.

Local members are consulted in relation to work in their respective wards.

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

The nature in which government funding is made available and must be spent, creates a challenge for early consultation, notwithstanding this, every effort is made to engage with local members and affected residents at the earliest opportunity.

What are the resource implications?

- 4 The financing of all projects is through HRA capital finance, this is sometimes combined with government grant funding.

Planning and delivery of projects is undertaken by Strategy and Investment team assume the role of “Client” (CDM regulations). Additional capacity has recently been approved to ensure grant funded projects are delivered in a timely manner and to requisite quality standards.

Onsite delivery is through the LBS, the council’s Internal Service Provider and external contractors. One of the resourcing challenges is the limited market capacity for retrofit work including their respective supply chains and materials.

What are the legal implications?

- 5 All procurement activity is taken in accordance with Council Contract Procedure Rules and Public Procurement regulations. All decisions on income and expenditure pertaining to the HRA investment programme are taken transparently and in accordance with the council’s governance procedures.

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 covid, supply -chain issues.
Mitigation - ongoing dialogue with contractors during procurement phase and through contract management process to ensure early identification of potential supply chain issues. Other mitigating actions include bulk purchasing and re-design to widen the pool of potential suppliers.
 - Risk of balancing multiple capital programme priorities
Mitigation – Regular monitoring of all projects using a risk-based approach. Quarterly updates to Capital Programme Board detailing operational and financial position on schemes. There is

experienced leadership overseeing all capital programme functions and clear escalation processes, measurable work objectives and systems to measure and monitoring on-site progress.

- Risk of insufficient resourcing and skills to meet programme demands and stakeholder expectations

Mitigation – The team lost both capacity and experience through the Early Leavers Initiative, vacancy levels remained at 24% for over 12 months. The situation has improved significantly, recruitment has resulted in internal promotion, and attracted external talent, building back capacity and capabilities to deliver an ambitious programme. The focus on creating a learning and development culture, and supporting professional development is encouraging staff retention. An additional 10% capacity recently approved to enable government funded projects to be delivered within requisite and challenging timeframes.

- Risk of the procurement process and market capacity to respond to timeframes stipulated in government grants

Mitigation – The team is working closely with procurement specialists to ensure all options are explored to enable swift and compliant procurement to meet government timeframes including the use of established frameworks

- Tenant refusal to allow access for work to be carried out.

Mitigation – There remains a focus on customer engagement even where grant funded projects make this challenging. The benefits of the investment are explained to tenants and support is provided on how to use any new installations. The team work closely with housing management staff to ensure any tenant vulnerabilities are understood and responded to. If there is no valid reason for refusal, the contractor is expected to work to a robust no-access process, this is supported by tenancy management and if required legal services to enable the improvements to be made to council homes.

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.

Inclusive Growth

- All investments projects are designed to improve housing quality. Projects that specifically improve the energy performance of housing reduce heating costs, increase access to affordable warmth enabling residents to redirect their income to other priorities.

Health and Wellbeing

- The environmental programme will support active travel and encourage healthy, physically active lifestyles.
- Energy efficiency works will increase the thermal comfort of homes, and improve the health and wellbeing of residents by enabling them to live in warmer homes and benefit from affordable warmth.
- Regeneration projects in priority neighbourhoods will improve resident's sense of space, place, and pride in their neighbourhood.

Climate Emergency

- Installation of renewable heating systems along with a range of other thermal efficiency measures will improve the energy performance (EPC rating) of council housing stock and support decarbonisation of council housing.

8 Options, timescales and measuring success

a) What other options were considered?

The Housing Investment Programme delivers a programme of work designed to meet the essential investment needs of the housing portfolio. There are no “desirable” works within this programme, therefore no alternative option to the programme has been considered.

Projects within the programme are individually subject to robust challenge to ensure the procurement route delivers VFM and provide the best way to achieving project outcomes.

The declaration of a climate emergency in March 2019 meant that maintaining the status quo was not an option and a move to significant investment in the decarbonisation of HRA assets was required.

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 external funding.

b) How will success be measured?

Measures of success will include:

- Health and safety and fire safety standards will be maintained or improved
- The percentage of homes meeting the Decent Homes Standard will remain at/above 90%
- Reduction in CO2 emissions from council housing
- Improved thermal comfort, affordable warmth, and EPC ratings in council homes
- Customer satisfaction surveys

c) What is the timetable for implementation?

This is an ongoing programme of activity. All on-site and pipeline projects will be completed within the next 5 years.

9 Appendix

Appendix A - Images associated with projects listed in the main report.

Appendix B - Equality, Diversity, Cohesion, and Integration (EDCI) screening

10 Background papers

None.