
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	7th OCTOBER 2021	CATEGORY: DELEGATED or RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR - SERVICE DELIVERY	OPEN
MEMBERS' CONTACT POINT:	PAUL WHITTINGHAM Paul.Whittingham@southderbyshire.gov.uk	DOC:
SUBJECT:	DECARBONISATION OF THE COUNCIL'S HOUSING STOCK	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS02

1.0 Recommendations

- 1.1 That the Committee approves the following recommendations which were agreed by the Housing and Community Services Committee on 30 September 2021.
- 1.2 That the outcome of a project which the Council commissioned Nottingham City Council to undertake to assess the energy performance of the Council's housing stock informs future reviews of the Council's Asset Management Strategy and is reflected within future programmes for investment in the improvement of the Council's Housing Stock
- 1.3 That the Committee endorses the Council bidding for funding of £1million from "Wave 1" of the Government's Social Housing Decarbonisation Grant fund informed by the Nottingham City report findings and in the event the bid is successful agrees to the Council contributing the required landlord contribution of 33% of the total cost of improvements that would be delivered by this scheme (approximately £500,000).

2.0 Purpose of the Report

- 2.1 The purpose of this report is to inform the Committee of the results of the project undertaken by Nottingham City Council which was commissioned with this and the Finance and Management Committees' approval to support the delivery of the Council's Climate Emergency commitment, assess the specific baseline position of the Council's housing stock and identify the most appropriate action and investment that is required". A presentation showing a summary of the outcomes of the project is at Appendix A and B.
- 2.2 The report also outlines the use of the data from the project to inform a bid for funding from the first wave of the Government's Social Housing Decarbonisation Fund. Guidance for the fund is found at Appendix C.

3.0 Executive Summary

- 3.1 Nottingham City Council was commissioned by the Council with the support of this Committee to conduct six hundred Energy Performance Certificate surveys of Council homes and provide an indication of their condition and the investment necessary to improve their energy efficiency and reduce their carbon footprint.
- 3.2 Additional funding was awarded to Nottingham City Council by the Department for Business Energy and Industrial Strategy (BEIS) which allowed for an additional one hundred properties to be added to the survey.
- 3.3 The survey work has been completed despite some issues with regard to gaining access to tenant's homes during the various lockdown periods associated with the Covid-19 pandemic, and a detailed report with recommendations and cost implications has been provided. A summary of the report is attached at Appendix A.
- 3.4 In August 2021, the Government published the funding regime and guidance for "Wave One" of its Social Housing Decarbonisation Fund (SHDF). The data provided by Nottingham City Council will be used to inform a bid to this fund.

4.0 Detail

- 4.1 Energy Performance Certificates (EPC) were completed for 700 Council-owned homes. The high-level results are shown in the table below.

EPC	NUMBER	% OF SAMPLE
A	0	0
B	1	0.2
C	468	67
D	205	29
E	24	3
F	2	0.4
TOTAL	700	100

- 4.2 The majority of homes within the sample were found to be at EPC Level C or above which is testimony to the investment by the Council in elemental works such as insulation, double glazing and efficient boiler systems in recent years.
- 4.3 Within the sample there are, however, marked differences in the ratings of different types of properties as shown in the table below.

Property	SAMPLE	EPC D	EPC E	EPC F	% Below C
Bungalows	176	95	12	0	61
Flats	359	21	1	0	6
Detached Houses	1	1	0	0	100
Semi-detached Houses	107	70	10	1	76
Terraced Houses	45	15	1	1	38
Maisonettes	12	3	0	0	25

TOTAL	700	205	24	2	
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- 4.4 Generally, the sample shows that houses and bungalows have a lower energy efficiency rating than flats. This is likely to be due to their relative age and in some cases due to their non-traditional or system-built construction.
- 4.5 The survey identified a number of other key points regarding the overall condition of the stock which will impact current and future investment in retrofit measures to improve their energy efficiency:
- 78% cavity wall construction
 - 67% pitched roof,
 - 699 double glazed properties (of varying conditions and ages)
 - 89% A-rated boilers, 5% storage heaters, 2% heat pumps
 - 94% gas fuelled, 5 % electricity, 1% other
- 4.6 A more detailed summary of the data is provided at Appendix A. This confirms that improvement work to lower rated (EPC Level D or Below) does have the potential to increase the rating of these properties to Level C or above.
- 4.7 Discussions with Nottingham City Council during the project and also the recently released SHDF Guidance have confirmed that whilst alternative sources of heating do provide a means of improving energy efficiency, the increase in investment in the fabric of buildings should be improved first. There is a risk, otherwise, that heating efficiencies will be lost through poorly insulated roofs, doors and windows, with the potential cost of increased fuel bills being borne by tenants. In addition, the market for the provision and maintenance of new and alternative source of heating does not yet have the capacity to deliver these works.
- 4.8 Consequently a “fabric first” approach is proposed to be followed at the outset, and this will be the basis of a bid for funding from the SHDF. The guidance for bids for this fund is attached at Appendix C. A preliminary self-assessment exercise has already been completed. This identifies the key requirements which must be addressed within the bid:
- Stock data, analysis and selection of appropriate stock.
 - Project Team and expertise in delivering the bid and programme
 - Procurement and supply chain
 - Qualified and Accredited Team Members
 - Monitoring and evaluation methods post installation
 - Occupant engagement.
- 4.9 Preliminary work is being undertaken by the Housing Service with the Government’s Social Housing Retrofit Accelerator Team, Turner Townsend. Once this work is complete then a bid must be submitted by 15 October 2021 with successful bids being awarded in January 2022. The project closes in January 2023 with the requirement that all works are complete by this date
- 4.10 Appendix A to this report contains an elemental and cost estimate of the type of works that are included within the “Fabric First Approach”. The provision of improved insulation to roofs and floors has already been recognised. Of equal significance for

the Council will be the replacement of double glazing in council homes with either triple glazed units or higher-grade double glazing.

- 4.11 The estimated average cost of the improvements necessary to achieve EPC Level C is c£15,000 per property and reflects the enhanced need for fabric first in advance of widescale changes in sources of heating.
- 4.12 The individual properties with the lowest EPC grading will be identified from the data provided by Nottingham City Council. This data will be extrapolated across the rest of the housing stock to identify properties of the same type. From this, one hundred of the lowest graded properties will be used to form the basis of the funding bid and subsequent improvement programme.

5.0 Financial Implications

- 5.1 If successful, the bid for SHDF support will obtain 66% funding for the overall programme. The bid will be for £1million which will therefore require £500,000 landlord contribution to be provided by the Council.
- 5.2 This contribution would need to be met from the Housing Revenue Account Planned External Maintenance Budgets and major repair reserves subject to the approval of the Finance And Management Committee.

6.0 Corporate Implications

Employment Implications

- 6.1 An allowance is made within the SHDF funding for the administration of the scheme. This allowance will be used to extend the role of the Green Homes Grant project coordinator already employed by the Council to assist in the delivery of the Green Homes Grant – Local Authority Delivery Phases 1b and 2. If the Council is successful in also winning further funding under Green Homes Grant – Local Authority Delivery Phase 3 then additional project coordinator capacity will be employed.

Legal Implications

- 6.2 The current “Whole House” contract with NOVUS already has scope for the delivery of major improvement works to Council properties. However, the initial term of this contract expires in July 2022 part way through the duration of the SHDF programme. This contract does include an extension clause. Any consideration regarding the potential to extend this would be the subject of a further report.

Corporate Plan Implications

- 6.3 The contents of this report make a direct contribution to the aims of the Council’s Corporate Plan to:
- Tackle climate change - Strive to make South Derbyshire District Council carbon neutral by 2030.
 - Work with residents, businesses and partners to reduce their carbon footprint
 - Promote health and wellbeing across the District.

- Improve the condition of housing stock and public buildings.

Risk Impact

- 6.4 The contents of this report make a direct contribution to mitigating the risk identified within the Corporate Risk register: Climate Emergency – The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050.

7.0 Community Impact

Consultation

- 7.1 Council tenants have already been engaged in the project through their participation and cooperation with Nottingham City and Council staff in arranging surveys in their homes. A requirement of the bid is that there is a robust plan for customer engagement in the delivery of improvement works. It is anticipated that this duty will be shared between the Council and the contractor delivering the works.

Equality and Diversity Impact

- 7.2 The contents of this report will assist in ensuring that homes for tenants including those with Protected Characteristics will be more energy efficient, improving their health and wellbeing.

7.3 Social Value Impact

- 7.4 The potential outcomes of the successful delivery of insulation and improvement plans could have a positive effect on the health and well being of tenants through the provision of homes that are affordable to manage for tenants.

Environmental Sustainability

- 7.5 The provision of homes that reduce the amount of energy required to heat them and consequently the carbon footprint of these homes provides an environmentally sustainable housing stock for the future.

8.0 Conclusions

- 8.1 The work completed by Nottingham City Council has successfully provided the foundation on which the Council can build the future investment plans to deliver more energy and carbon efficient homes for the future.
- 8.2 Delivering this work without external funding would be difficult and the Council should pursue funding bids either individually or in partnership with other providers to achieve its ambitions where available.

9.0 Background Papers

9.1 Housing Environmental Impact Project. Report to the Housing and community Services Committee on 21st November 2019 and to the Finance and Management Committee on 28th November 2019

Notes:

- * Category – Please see the Committee Terms Of Reference in Responsibility for Functions - Committees. This shows which committee is responsible for each function and whether it has delegated authority to make a decision, or needs to refer it elsewhere with a recommendation.
- ** Open/Exempt - All reports should be considered in the open section of the meeting, unless it is likely that exempt information would be disclosed. Please see the Access to Information Procedure Rules for more guidance.
- *** Committee Terms Of Reference in Responsibility for Functions - Committees.