

To: City Executive Board

Date: 11 December 2013

Report of: Head of Housing and Property Services

Title of Report: HOUSING STOCK ENERGY EFFICIENCY IMPROVEMENTS

Summary and Recommendations

Purpose of report: To seek approval for funding and procurement of a project optimising the available Energy Company Obligation (ECO) funding to improve the energy efficiency of the Council's hard to treat housing stock.

Key decision? Yes

Executive lead member: Cllr Scott Seamons

Policy Framework: [Home Energy Conservation Act Plan](#), [Low Emission Strategy](#)

Recommendation(s):

The City Executive Board is requested to:

- 1) Grant project approval for the Council's involvement in the project to utilise ECO funding, in combination with funding supplied by the Council, to improve the energy efficiency of the Council's hard to heat housing.
- 2) Note the officer virement of £250k from the underspend in the 13/14 HRA capital programme and the inclusion of a further £250k in the draft 14/15 HRA budget to fund the Council's contribution to this project.
- 3) Grant delegated authority to the Executive Director, Housing and Regeneration, to authorise the Council's entry into all appropriate contracts required to implement this project.
- 4) Agree that if ECO funding is not successful that alternative proposals for the work to proceed be brought back for member consideration.

Background

Policy and current situation

1. After successfully installing measures to reduce the carbon footprint from its own estate by 25% the Council launched an updated Carbon Management Plan outlining its approach to our new, more ambitious carbon reduction target of 5% year on year in office buildings.
2. Whilst there is no current target for energy efficiency within the Council's own housing stock, under the Decent Homes standard a number of energy efficiency works have been carried out on dwellings to improve them:

- Approximately 3,886 gas condensing boiler upgrades
- Loft insulation top ups have been rolled out widely
- Cavity wall insulation has been put into approx. 3,465 installations
- Approximately 424 installations of external insulation

It is likely that a 5% year on year carbon reduction target will be applied to the Council's housing stock and implemented via work streams under the asset management strategy which will be developed following our stock condition survey which is underway currently and will be considered by members during 2014.

3. One of the key elements to reducing fuel poverty is the energy efficiency of homes. At the Housing Board in September 2012, the Council committed to producing a Strategy that would address fuel poverty and home energy. However, it was subsequently agreed that this should wait until the new fuel poverty strategy and indicator from the government was released (due Spring 2014). The Council's Financial Inclusion report, due shortly, will set out the strategy for tackling all aspects of financial inclusion including fuel poverty.

Financing the project

4. Around 500 of the 'hard to treat' solid walls and system build properties remain uninsulated, as well as a number of cavity walled homes. Poorly insulated buildings are hard to heat, and correlate with fuel poverty, damp and mould and associated health issues. Therefore, this is a priority for the Council to address.
5. For social housing, the Energy Company Obligation (ECO) is a requirement placed on the big six energy companies to pay for measures that reduce carbon emissions specifically in hard-to-treat and solid-walled properties, and in households in very low income areas. Many of the Council's 7,800 properties are in the 15% most deprived areas – Rose Hill, Barton, Northfield Brook and Blackbird Leys. As the majority of funding available for social housing is for cavity wall and external wall insulation, these are the energy efficiency measures that are being prioritised.
6. Solid wall insulation is expensive to install (typically around £10K per unit). Therefore ECO funding enables a larger scale roll out, making a significant difference to the quality of the housing stock. In most cases only part funding is available, therefore the Council will have to make some financial contribution and other resourcing in order to access this money.
7. Whilst exact figures are not available, an initial draft budget based on existing figures shows that currently, installing insulation on 120 houses would require around £500,000 and this would bring in around £650,000 external funding. It is proposed that £250k is vired from an underspend in the 13/14 Housing Revenue Account capital programme, and a further budget of £250k be made available in the 14/15 HRA capital programme as part of the 14/15 budget setting. This would be likely to insulate around 80 solid wall properties across Oxford and 40 hard to treat timber framed system builds in Barton, one of the 15% most deprived areas in the country

Current work

8. In order to ensure the accuracy of the Council's housing stock construction information, detailed surveying alongside the stock condition survey is currently being carried out. This is necessary to meet energy company requirements. Alongside this, detailed documentation is being produced and discussions with the Council's Development Control are on-going in order to pre-empt planning requirements.

9. The Council is currently entering into a Framework Agreement as part of a procurement project under Walsall Housing Group. The benefits of this include the experience of the procurers who previously worked under Carbon Emission Reduction Target and Community Energy Saving Programme funding in order to carry out insulation works. Other benefits are the reduction of officer time spent on procurement and quicker access to existing funding in an uncertain climate.
10. The Agreement is a single provider framework with British Gas who will manage the works and Ofgem compliance, carrying out or subcontracting works. This reduces the risk for the Council in terms of ensuring receipt of funding. A Works Agreement between the Council and British Gas will set out the specific works and conditions, building on the costs in the framework document. In order to ensure a good quality of service for tenants and minimise confusion on site, this contract will also carry out complementary and associated works at the properties beyond those set out as within the scope of the work. It is proposed that delegated authority be granted to the Executive Director, Housing and Regeneration to enter into the contract up to the approved budget provision.
11. Once a full and accurate property list is received by British Gas, full costings including the ECO funding contribution will be available. This means that a full scope of works, contract costs and the Oxford City Council contract can be agreed and final costs and financial figures will be available. The target is to have this in place by early 2014.
12. At this point, a list for planning applications will be provided. Further information will be needed for these dwellings to establish additional and complementary works required, any structural issues and the energy performance. This is to ensure accurate information and therefore the smooth running of the project.
13. A project group has been established to ensure all legal, financial, tenant liaison and practical considerations are considered. Aims are (subject to funding) to start work as early in 2014 as possible.

Assessments

14. A Risk Assessment and an Equalities Impact Assessment are both appended to this report – Appendices 1 and 2.

Name and contact details of author:-

Debbie Haynes Energy Efficiency Projects Officer Housing Assets Tel: 01865 252566 e-mail: dhaynes@oxford.gov.uk
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