

**To:** City Executive Board

**Date:** 3 JULY 2014

**Report of:** Head of Housing and Property Services

**Title of Report:** Housing Stock Energy Efficiency Improvements

## Summary and Recommendations

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

**Key decision?** Yes

**Executive lead member:** Cllr Scott Seamons, Board Member for Housing and Estate Regeneration

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

### **Recommendations:**

The City Executive Board is requested to:

1 Grant amended project approval for the Council to gain optimum value for money, utilising ECO or Green Deal funding if possible, but using only previously agreed Council budget if the external funding cannot be accessed.

2 Grant delegated authority to the Executive Director, Regeneration and Housing, to authorise the Council's entry into all appropriate contracts required to implement this project.

## 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 a target for energy efficiency within the Council's own housing stock doesn't currently exist, one will be established as part of the Council's Asset Management Strategy which is being developed and is due for consideration by the City Executive Board in October this year. 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 approximately 3,465 dwellings.
  - Approximately 424 installations of external insulation
3. 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.
4. We are currently analysing the results of our recent stock condition survey which will help to inform our Asset Management Strategy which in turn will establish the current energy rating (SAP) of the domestic housing stock and set the targets to be achieved over the coming years for both average and minimum energy ratings.
5. The properties that are most energy inefficient are normally 'hard to treat' (eg require external wall insulation) and this project aims to target these, therefore reducing the number of poorer performing homes. Energy efficiency is also key in reducing fuel poverty, by helping to reduce energy bills and actions on this have been incorporated into the Council's Financial Inclusion Strategy.

### **Context: Finance**

6. The 2014/15 capital budget totals £513k which was approved by Council on 19 February 2014.
7. At this time, for social housing, the Energy Company Obligation (ECO) was 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. External wall insulation is expensive to install (typically around £10K per unit). Therefore ECO funding would enable a larger scale roll out, making a significant difference to the quality of the housing stock.
8. Thereport to December 2013 CEB describing the project estimated that the installation of insulation to approximately 120 houses would require around £500,000 from Oxford City Council and this would bring in around £650,000 of external funding. The Council was in discussion around a Framework Agreement with a single provider, British Gas, who would have managed the works and Ofgem compliance utilising specialist sub-contractors.
9. However, on the 6th December last year, a Government announcement on the Energy Company Obligation meant that a reduced amount of funding

was available and the concentration on external wall insulation was also reduced. Therefore, after a break in discussions, British Gas re-expressed an interest in funding the project in April 2014 and work re-commenced. A short list of 70 fundable properties in the 25% most deprived areas of the City was produced and officers began discussions with the Planning team, tenants and commenced survey work.

10. Reworked figures showed that £500,000 from the Council would now only attract an estimated £100,000 of external funding which would result in the installation of external wall insulation to around 60 homes.

### **Current position**

11. Unfortunately, due to a change in the minimum project size they were prepared to fund, British Gas informed Oxford City Council on 23 May 2014, that they would no longer consider funding or carrying out the works on this project. Although a significant amount of work has been carried out and data gathered, this all remains essential to long term planning on energy related work in the future. It also ensures available projects for access to future funding as it becomes available.
12. Council only funding would mean a reduced figure of around 50 homes insulated with the £500,000 funding. This would ensure that the Council continues to meet its fuel poverty commitments and improve the energy efficiency of its housing stock.
13. However, the Council is continuing to seek alternative funding and a provider to insulate as many homes as possible. We continue to remain optimistic that additional external funding can be accessed through alternative routes.
14. However to maximise the value for money for the Council and ensure resources aren't wasted, the option to carry out the insulation work without external funding if necessary is requested.
15. Therefore, delegated authority is requested for the Executive Director of Regeneration and Housing to agree contracts on the above basis.

### **Assessments**

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

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