

To: Cabinet
Date: 13 September 2023
Report of: Executive Director (Communities and People)
Title of Report: HRA Energy Efficiency Projects 2023/24

Summary and recommendations	
Purpose of report:	To seek Cabinet approval for HRA energy efficiency projects in 2023/24 and delegated authority to award the necessary contracts.
Key decision:	Yes
Cabinet Member:	Councillor Linda Smith, Cabinet Member for Housing; Councillor Anna Railton, Cabinet Member for Zero Carbon Oxford and Climate Justice
Corporate Priority:	Pursue a zero carbon Oxford; Support thriving communities
Policy Framework:	Council Strategy 2020-24; Zero Carbon Council by 2030: 4 th Carbon Management Plan 2021/22 to 2029/30; Zero Carbon Oxford Action Plan; Housing, Homelessness and Rough Sleeping Strategy 2023-2028

Recommendations: That Cabinet resolves to:
<ol style="list-style-type: none"> Grant project approval for Oxford City Council to proceed with Energy Efficiency projects on HRA properties; and Delegate authority to the Executive Director (Communities and People) in consultation with the Head of Financial Services/Section 151 Officer and the Head of Law and Governance, to spend the previously approved HRA 2023/24 budget of £1.585m, as agreed by full Council in 2021/22, for the purposes of HRA Energy Efficiency projects, including awarding contracts to contractors and consultants to manage and deliver the projects following the procurement process outlined in the constitution.

Introduction and background

- Oxford City Council (OCC) has set a target of getting 95% of its housing stock to an Energy Performance Certificate (EPC) C or above by 2030. There is also a commitment to reach net zero carbon emissions as a city by 2040 which goes beyond EPC C. The Heat and Buildings Strategy (October 2021), sets out the

Government's ambition to phase out the installation of natural gas boilers beyond 2035 with alternative low-carbon technologies used for heating.

2. The Council commissioned consultants Baily Garner to undertake an assessment of specific measures that would be required to achieve an Energy Performance Certificate (EPC) C rating and Net Zero across its housing stock. The Bailey Garner Report recommends following the fabric first approach but once the properties are well insulated, the next step is to install low carbon heating (such as heat pumps) in order to reach net zero carbon (towards the Council's 2040 aspiration).
3. Following on from the Social Housing Decarbonisation Fund (SHDF) wave 2.1 cabinet report of 18th November 2022, the remaining 23/24 HRA Energy Efficiency Budget (£1.585M), not used for SHDF, is required for other HRA Energy Efficiency programmes to enable the Council to work towards achieving our EPC C, gas boiler phase out and net zero targets. Whilst the budget was approved and allocated by full Council in 21/22, this report seeks approval to spend the remaining allocated 23/24 budget.
4. The committed funds for SHDF will deliver EPC C in circa 300 properties leaving circa 2000 properties that will require interventions to improve to EPC C, these works are being planned for future years beyond 24/25. Funding rounds for future government funding are likely to open later in 2023 and will form a future report.
5. As well as fabric first measures (e.g. insulation) to reach EPC C, we need to develop an approach for decarbonisation of heating systems and net zero alongside this. The projects planned for 23/24 will provide a better understanding of where the Council's stock currently sits and if measures proposed in the Bailey Garner report are deliverable in the Council's housing stock. This is part of the Delivery Strategy development for EPC C and Net Zero.
6. It is proposed that the Council releases the remaining £1.585M of allocated funds to deliver Energy Efficiency projects including Ground Source Heat Pump and Air Source Heat Pump trials as well as projects on voids and improving housing stock energy data. It may also involve installation of other technologies, where appropriate.

Proposed Projects

7. Currently around 1,500 HRA properties do not have a lodged Energy Performance Certificate (EPCs). As it is not a requirement to have a lodged EPC until a property is marketed/ re-let, in order to establish a better picture of our data and the Council's EPC C position (by identifying those below an EPC C), it is proposed that EPCs are conducted on circa 350 of these properties. This will put the Council in a stronger position for future funding opportunities, as it will enable targeting of specific properties that we know require certain measures to achieve EPC C.
8. As Voids allow for unrestricted access and often need major works it is proposed that Energy Efficiency improvements are carried out in Void properties, where

appropriate. This will be aimed at properties below EPC C to bring them up to a C before re-letting.

9. Following the successful delivery of an Air Source Heat Pump (ASHP) trial in 2022/23 in order to ramp up to net zero and prepare for the phase out of gas boilers there is a need to trial the delivery of ASHPs at a larger scale to test large scale rollout on the Council's stock and confirm suitability as a measure. Circa £500k will be required to deliver circa 40 heat pumps.
10. The Council also needs a solution for flats where the installation of Air Source Heat Pumps has many technical difficulties. Therefore, it is proposed to trial a Shared Array Ground Source Heat pump (GSHP). This will determine if a GSHP is a viable option for the Council's flats. Circa £1M will be required to deliver a shared array to a block of 30-40 flats (subject to design and procurement).
11. Other technologies may also be implemented as required to meet targets.
12. It is anticipated that packages of work will be awarded to ODS as well as other specialist contractors to deliver the works.
13. These works will bring benefits to residents in the form of warmer homes and reduced consumption as well as reducing the Council's housing carbon emissions working towards meeting the Council's carbon targets.

Recommendations

14. To:
 - a. grant Approval for Oxford City Council to proceed with Energy Efficiency projects on HRA properties; and
 - b. delegate authority to the Executive Director (Communities and People) in consultation with the Head of Financial Services/Section 151 Officer and the Head of Law and Governance, to spend the previously approved 2023/24 HRA funds of £1.585m, as agreed by full Council in 2021/22, for the purposes of HRA Energy Efficiency projects, including awarding contracts to contractors and consultants to manage and deliver the projects following the procurement process outlined in the constitution.

Financial implications

15. A capital budget of £4.915M has been allocated to HRA Energy Efficiency projects for 23/24. The £1.585 million alongside the already allocated funds for SHDF (including balance of budget as two year programme) remain within this agreed budget.

	2023/24
Resources	£250,000
Energy Efficiency Projects	£1,585,000
Council spend on SHDF 2.1 for Year	£2,053,000

Total	£3,888,000
Approved Budget	£4,915,000
Balance of 2023/24 Budget	£1,027,000

Carbon & Environmental Considerations

16. The installation of low carbon heating will reduce the Council's Housing Stock carbon emissions and pave the way to net zero by 2040. As Heat pumps typically produce 3-4 units of heat for every unit of electricity this will lead to carbon savings as well as improved air quality, as gas will no longer be burned to heat these properties. As grid electricity is decarbonised this will provide further carbon savings.

Communications considerations

17. Communication with residents will be key to successful delivery. As part of the project residents will be engaged with via workshops, home visits (to provide a detailed overview) and a visit to a demonstration home (if feasible). Residents will also be given full training on how to use the new heating system, where installed, to ensure they get the best from it and understand the impact on running costs that changing settings can result in.

Equalities considerations

18. There will be no impact on equalities.

Legal issues

19. There are no legal implications arising from this report. Legal input will be sought regarding the procurement of suppliers and development of contracts to deliver the projects. A legal procurement route will be used to procure any contracts.

Levels of risk

20. Risks of installing heat pumps as part of the project will be reduced via full surveys and resident consultation at an early stage before any installations start. However there is a risk that tenants will not be receptive of the installation of heat pumps and so tenant engagement and education will be a large part of this project linking into the work done in Rose Hill.

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Background Papers:

[Minutes of Cabinet, 16 November 2022](#)

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