

REPORT TITLE: CARBON NEUTRALITY PROGRAMME - HOUSING/PROPERTY POLICIES/ACTIONS

2 MARCH 2022

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Cabinet Member for Housing and Asset Management

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WARD(S): ALL

PURPOSE

This paper considers progress made towards reducing carbon emissions within council owned homes, new home developments, carbon neutrality initiatives relating to private sector housing and the challenges faced in achieving the council's carbon neutrality ambitions.

RECOMMENDATIONS:

1. That the committee notes:
  - a. The progress made to date in relation to the Housing theme of the Carbon Neutrality Action Plan as set out in sections 3 to 6;
2. That the committee considers and provides comment on:
  - a. The challenge of funding retrofit works across all Council homes
  - b. The balance between achieving very high energy standards to New Homes against the opportunity of delivering more homes if unit costs were lower
  - c. The option of setting a higher rent charge for new homes as set out in section 5.7.
  - d. The limitation on the council's ability to drive change across Private Sector housing;

- e. The balance between the opportunities presented by the emerging Local Plan to include policies to ensure carbon neutrality sits at the heart of the Plan whilst ensuring the Plan remains affordable and deliverable.

## 1 RESOURCE IMPLICATIONS

- 1.1 CAB3334 dated February 2022 set out significant levels of investment from the Housing Revenue Account to fund works to existing homes and to build new homes. This includes:
- £15.7m to fund “retrofit” works to council homes over 10 years
  - £250m to fund the delivery of 1000 new homes which are as close to net zero carbon as possible over the same period.
- 1.2 The above report also included proposals for an additional surveyor to support the delivery of repair and void programmes including the retrofit programme included within this report.
- 1.3 The HRA also include provision for a dedicated Retrofit Coordinator post approved which was first approved in February 2021. As set out below, it took until January 2022 to secure an appropriately qualified officer to fulfil this role, due mainly to the very competitive market for such skills and experience currently.

## 2 SUPPORTING INFORMATION:

- 2.1 Background.
- 2.2 The council’s Carbon Neutrality Action Plan (CNAP) was approved on 23 December 2019 and identified the biggest source of carbon emissions, one of which was Property/Housing.
- 2.3 Housing is one of the key themes (along with transport and energy) of the CNAP and currently is responsible for 26% of the district carbon emissions (Greenhouse gas emissions in Winchester District: Part IX Estimates and trends (2005-2017) – 2022 by Bob Whitmarsh, on behalf of WinACC).
- 2.4 This paper provides an update on progress with the core retrofit and New Homes programmes. It also comments on work to address carbon emissions for private sector housing and the emerging thinking in relation to the new Local Plan policies and how these will need to contribute to the carbon reduction agenda.
- ## 3 Council Homes
- 3.1 As at the end of January 2022, the average SAP rating of the council housing stock was 70.16 (Band C) .The following table sets out the SAP band distribution within the stock

SAP BAND	Prop. Nos	% Rounded up
A	34	1
B	226	4
C	2891	57
D	1876	37
E	28	1
F	6	0
G	1	0
<b>Total stock count</b>	<b>5062</b>	<b>100</b>

- 3.2 The council housing stock average is on a par with the national average for the social sector of 69 and 70 for local authority and housing association stock respectively. The council stock compares well to the average of 65 for owner-occupied and privately rented domestic dwellings and also to the average SAP rating of 66 for all English dwellings. (Source: English Housing Survey, Headline Report 2020-21 (published 9 December 2021 [www.gov.uk](http://www.gov.uk)))
- 3.3 The estimated cost of full retrofit across the stock is £100m but will very much depend on the nature and extent of the final measures installed and the prevailing demand and supply pressures for materials and labour.
- 3.4 A cabinet report 'Making Homes Carbon Neutral' (CAB3293) was presented to cabinet on 10 March 2021. The recommendations focused on a fabric first approach and within the following area of works.
- Additional wall and floor insulation to 100 properties subject to an Energy Performance Certificate (EPC) rating of D or below and focused mainly on void properties.
  - Additional funding (£150,000) set aside to support match funding opportunities, bids for major retrofit programmes.
  - Additional funding to address energy efficiency of communal areas in sheltered and communal housing schemes, including the installation of solar photovoltaic panels where appropriate.
  - Membership of the 'Net Zero Collective' partnership.
- 3.5 Recommendations also included establishing a Member, Tenant and Officer Panel to access progress with national trials, review funding options and to bring forward proposals for a long term programme to replace gas heating systems in council homes.
- 3.6 A skills gap was identified within the current Property Services staff structure with a need to employ a qualified and competent Retrofit Coordinator.

- 3.7 The 'Making Homes Carbon Neutral' programme is initially targeted at properties that become void with an EPC rating of Band D and below in order to bring as many properties as possible up to an EPC C rating and above.
- 3.8 The immediate priority is to improve wall, floor, and ceiling and loft installation in empty properties. Wall cavities will be inspected to ensure any existing measures are fit for purpose or replaced. Heating systems, windows and doors will be only upgraded if they are beyond economic repair or parts are obsolete. Monitoring equipment will be installed to review how carbon emissions are reduced.
- 3.9 The commencement of void improvement works has been delayed due to procurement and legal concerns in respect of a potential challenge of awarding the additional works to the incumbent voids contractor without a competitive exercise being undertaken. To mitigate the risk an EU notice was issued advertising of the council's intentions with no challenges received.
- 3.10 On 4 January 2022, a new Retrofit Coordinator with the relevant competency skills, qualifications and TrustMark accreditation was recruited to the new post. The officer is producing a risk assessed retrofit strategy with a planned and interactive approach to deliver the retrofit programme.
- 3.11 Two council Swedish Houses in Bramdean have undergone full retrofit works through a pilot scheme. The works included new roofs, windows, doors and heating and extensive insulation works. EPC and thermal works were carried out pre-works. Temperature, humidity and a measure of how much energy is being used per hour (kWh) will be monitored for a year.
- 3.12 A second Swedish home trial at Cheriton is due to start in the spring subject to ecology issues being resolved.
- 3.13 85% of sheltered housing and communal areas now have new LED lighting. Energy audits of the highest carbon emitting sheltered sites is due to be commissioned with appropriate mitigating measures brought forward.
- 3.14 Officers are working with Net Zero Solutions and the National Energy Foundation to produce a sustainable and long-term retrofit plan to ensure the council are de-carbonating its housing stock in a sustainable, efficient and affordable way.
- 3.15 It is important that tenants are taken on the retrofit journey with officers and contactors and understand the benefits of the Carbon Neutrality works. Timings of void work, loss of rental income and increased housing register times will be important to tenants and to the council's Tenant representative group 'Tenant and Council Together' (TACT).
- 3.16 Natural gas is quickly becoming an unsustainable option for all so it is therefore proposed to carry out a fundamental review of what the Council is prepared to offer its residents in terms of heating, and hot water solutions.

Some of the possible options are already set out and discussed in CAB3293 (para.16.4 (a) –(c).

- 3.17 It is reasonable to assume that the grid will become decarbonised over time, but it is difficult to give a concise conclusion on the future of the grid given the uncertainty in the industry and lack of clear direction from the government. Although the government announced in January that gas companies should allow hydrogen intake into their systems by 2023 (with a target for 100% hydrogen by 2030) there is clearly a big difference between being “hydrogen ready” and the capacity to supply hydrogen in the volumes needed.

#### 4 Private Sector Housing Contribution to the Carbon Reduction Plan

- 4.1 The City Council has less direct influence in relation to private sector housing. However, a number of initiatives have been implemented across the private housing sector to both increase energy efficiency and lower carbon emissions across the district, including.

- LEAP (Local Energy Advices Partnership) partnership agreement with Agility ECO to promote the initiative. The free energy and money saving support scheme service is offered to fuel poor and vulnerable households. The LEAP service is available to owner occupiers, private households and social housing tenants who meet the set criteria. The scheme is promoted on the council website and since April 2021 Leap figures for Winchester are:
  - (i) 17 referrals, 10 in-depth energy advice calls, 2 home energy visits and 2 in-depth calls.
- LAD1a the council as part of a partnership with Portsmouth City Council and other local authorities entered into an agreement to promote the installation of energy efficiency carbon reduction measures across the district under LAD 1a /1b. To include funded Solar Photovoltaic Panels, solid wall insulation to owner occupiers and the insulation of park homes insulation for both external wall and underfloor insulation. LAD 1a ended on 31 August 2021. Outcomes include:
  - (i) 25 owner occupier insulations (8 Park Home external wall and underfloor insulations).
- The LAD 1b programme is running until March 2022 with 226 applications received to date. 55 installations completed of which 30 were solar PV panels.
- LAD 3 funding runs from January 2022 to March 2023, and will support on-gas D to G rated households with air sourced heat pumps, insulation measures and solar PV panels.

- Winchester Area Superhomes – This an initiative that is being run by Winchester Action on Climate Change in partnership with the National Energy Foundation and Petersfield Climate Action Network and funded by the Energy Redress Scheme. The initiative is to create a new service that supports homeowners across Winchester District to transform the energy performance of their properties by retrofitting and so reduce their carbon emissions, as energy use in the home is responsible for around 20% of direct carbon emissions. Their target is to turn 25 or more existing homes in the Winchester District into SuperHomes show homes that have had home energy retrofits and support another 125 homes to be assessed and starting retrofits. The project will provide help with some costs for homeowners on low and middle incomes. This will include some of the survey and design costs, plus a proportion of the cost of installing solar panels. All homeowners will be helped to apply for any available government grants, such as the Renewable Heat Incentive.

4.2 The Private Sector Housing team obtained a detailed energy spreadsheet from Absolar using known and modelled EPC data for the entire district which details that many private households are living in homes with low energy efficiency ratings of E, F and G.

4.3 The figures for each band across the entire private sector stock are:

Band E	8071
Band F	2460
Band G	524

4.4 Government statistics detail that in Winchester the percentage of dwellings across the various tenures with an EPC Band C or above are.

Tenure	Percentage
Owner Occupier	34.25%
Private Rented	36.83%
Social Housing	61.71%

4.5 Although the government aims to increase EPC ratings across the private sector it is generally acknowledged that the scale of setting higher energy efficiency standards is significant

4.6 The Private Sector Housing team in liaison with the newly appointed Retrofit Coordinator and the Climate Emergency Team will actively monitor available funding streams and initiatives through partnership engagement with Portsmouth City Council and Agility ECO and other bodies which present themselves. To endeavour to improve the energy efficiency of the private housing stock and to reduce carbon emissions within the private housing

stock to help achieve the council's ambition to be a carbon neutral district by 2030.

## 5 New Homes Contribution to the Carbon Reduction Plan

- 5.1 The New Homes Delivery Programme continues to build to meet the council's objective to provide all new affordable housing at highest thermal efficiency levels to help achieve the councils net zero carbon target.
- 5.2 The Council adopted a revised Housing Development Strategy in March 2021 which set out its ambition to build 1000 new homes in the next 10 years. One of the key priorities was "to address the climate emergency by designing new homes to deliver as close to net zero carbon as possible".
- 5.3 In order to move towards the highest levels of energy efficiency and reduction in carbon emissions, and the subsequent reduction in energy costs for residents all new homes built by the council will,
- Close the "performance gap" between design and built performance
  - Install low carbon heating systems such as air source heat pumps and ensure no further gas connections are made to new homes
  - Ensure the highest levels of fabric efficiency and air tightness to minimise the energy required to heat and run a home.
- 5.4 To achieve this standard all new homes are designed to Passive House or AECB (Association for Environment Conscious Building) standard which are considered to be the most reliable way to meet the council's objectives. This ensures the new homes are ready to achieve net zero carbon when the electricity grid is fully decarbonised.
- 5.5 The Energy Saving Trust description of passive houses "refers to buildings created to rigorous energy efficient design standards so that they maintain an almost constant temperature. Passivhaus buildings are so well constructed, insulated and ventilated that they retain heat from the sun and the activities of their occupants, requiring very little additional heating or cooling." It is estimated that a passive house will require 90% less energy to run than a typical dwelling of the same size.
- 5.6 Current programme examples include:
- (i) Winnall Flats – 76 new homes on site and being built to Passive House low energy building standard. Designed to require minimal heating, with photo voltaics as a renewable energy source and solar shading to prevent overheating
  - (ii) Witherbed Lane – submitted to planning at Passive House standard.

- (iii) Southbrook Cottages – planning consent granted for 6 flats, build contract being tendered for a Passive House Plus standard (which means it produces as much energy through renewable sources as the occupants consume throughout the year)
- (iv) Whiteley - 54 homes to be bought “off the shelf” from a developer that will be independently certified to ensure they meet AECB energy efficiency standard (as offered by the developer).
- (v) Woodman Close – 5 homes designed to the AECB standard and currently awaiting a planning decision
- (vi) Corner House – pub purchased by the council for conversion to flats – designed to meet the enerphit retrofit standard. Planning application to be made in 2022
- (vii) Dyson Drive – Planning submission planned for March 22 for 8 homes at passive house standard.

5.7 There is a clear cost to developing to the energy efficiency standard the council is aspiring to through the development strategy, with build costs estimated to be at least 20% above the costs of developing in accordance with current building regulation standards. One option for improving the viability of council developments would be to charge an 80% affordable rent for highly energy efficient properties rather than the current policy of charging at 70% of market rent for new homes. The very low energy costs for tenants of new homes provides an immediate financial advantage compared to older social housing, although this is obviously offset by the higher rent charge in many cases.

## 6 Local Plan

- 6.1 Officers updated the Committee on the emerging Local Plan and its contribution to the Carbon agenda at the January 2022 meeting, particularly on its potential impact on energy generation/usage.
- 6.2 The Strategic Planning team is currently building on the ideas that were outlined in the Strategic Issues and Priorities (SIP) document and the feedback from the consultation on the Carbon Neutrality topic. Officers are still at the early stages of formulating some potential Local Plan policies for this topic. The consultation results highlighted that there was support for a Strategic Policy on climate change and adaptation issues along with the need for a number of other Development Management policies.
- 6.3 There is clear potential for the new Local Plan to be framed around the concept of carbon neutrality being a defining issue, encouraging/forcing developers/architects to really think about carbon issues and climate change issues right at the start of the design process. Officers will seek to strengthen this point in the new Local Plan that well-designed places and buildings come

about when a rigorous design process evolves into a design proposal - not the other way around. This was one of the key messages from the Local Plan Design workshops that took place at the end of last year.

- 6.4 Clearly, the new Local Plan will have a key role to play in achieving carbon neutrality, starting with the sites that are proposed to be allocated for new development (where they are located) and potentially the 'fabric first' approach, the use of building materials, site layout and the orientation and actual position of the buildings on the site. Officers are keen to strengthen the policy on energy hierarchy that is based on the order of preference – buildings should be designed to minimise energy demand, maximise energy efficiency, utilise renewable energy, utilise low carbon energy and only utilise other energy sources as a very last resort. Allied to this other potential policy areas that are currently being explored are whether to include a policy on matters such as overheating (in terms of the building itself and the impact of a building/surfacing used/planting has on the surrounding ecosystem which is a key area that needs to be considered in terms of global warming). The Local Plan can also be used to strengthen the point that the design process really needs to think about how it will promote and provide the opportunity to actively encourage more sustainable ways of travelling rather than being directed, as it seems to be at the moment, towards people using their private motor vehicle. The option of having a policy that potentially encourages developers to design buildings in a more flexible way that can allow people the opportunity to work from home (in terms of the building itself and having access to fast fibre internet) and a policy on renewable energy are also being considered.
- 6.5 The design process and climate change issues will need to go hand in hand (i.e. it is not an afterthought). The biggest challenge that the Local Plan is demonstrating to an Inspector that any policies that have any cost implications are all accounted for and they can, along with all of the other requirements (e.g. affordable housing), stack up financially. Consultants have therefore been appointed to undertake a Local Plan Viability Assessment.
- 6.6 The team is also mindful of what the government is suggesting with the proposed changes to the Building Regulations and what building energy efficiency standards we could include in the new Local Plan now that the Code for Sustainable Homes has been abolished. This is more challenging as the government wants to use the building regulations to improve energy efficiency so Officers are, in discussion with neighbouring Local Planning Authorities, exploring different ideas on how we can address this in the Local Plan as this does come at a cost and how far we can push this issue in the Local Plan. Linked to this ensuring that staff have the resources and the expertise that would be needed to assess any information that was submitted with a planning application on climate change and adaptation issues.
- 6.7 It is really important that the policies included in the new plan promote the Council's carbon neutrality ambitions. Whether or not there should or should not be thresholds for any of the potential policy ideas that are currently being

explored. The Council will need to be mindful about making sure that the Plan is “viable”. There will undoubtedly be some difficult decisions on what the priorities should be. A balance needs to be struck before a landowner says “I don’t want to sell my land” and the Plan is at risk of being determined as unviable/found to be ‘unsound’.

## 7 OTHER OPTIONS CONSIDERED AND REJECTED

- 7.1 Retrofit programmes across the country are still in the early phases and subject to technology review and assessment. Whilst heat pumps are seen as a potential solution, they remain expensive to buy and install. It is important at this stage that all options remain under review and officers will continue to work with and support national research programmes.
- 7.2 The New Homes Development Strategy has determined to build to high energy standards. The option of building to a lower standard in order to improve viability and reduce unit costs has been discounted although is still included as a point for consideration by the policy committee.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

[CAB3203 - Carbon Neutrality Action Plan dated 23 December 2019](#)

CAB3293 - Making Homes Carbon Neutral dated 10 March 2021.

#### Other Background Documents:-

None

### APPENDICES:

None