

# Brighton & Hove City Council

## Housing Committee

## Agenda Item 28

**Subject:** Carbon Reduction in Housing

**Date of meeting:** 28 September 2022

**Report of:** Executive Director Housing, Neighbourhoods and Communities

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**Ward(s) affected:** All

**For general release**

### 1. Purpose of the report and policy context

- 1.1 In 2018 the City Council declared a climate and bio-diversity emergency. We have an ambition for the city to be Carbon Neutral by 2030 with a corporate wide Carbon Neutral 2030 Programme in place to support this. As part of our plans to become a more sustainable City, we will:
- become a carbon neutral city by 2030
  - create and improve public open spaces
  - reduce, re-use and recycle
  - develop an active and sustainable travel network
  - promote and protect biodiversity.
- 1.2 The report provides an update to Committee on progress in Housing to support the council's ambition to be Carbon Neutral by 2030, with a particular focus on the work to establish a Brighton and Hove Warmer Homes Programme for private sector housing in the City, the 'Retrofit Taskforce' working across the Greater Brighton sub-region on social housing and details of the New Build Housing Sustainability Policy.

### 2. Recommendations

#### Council homes

- 2.1 Note the progress of the joint work through the 'Retrofit Taskforce' across the Greater Brighton sub-region.

#### Private Sector Homes

- 2.2 Note the outcome of the assessment of options for the delivery of a Brighton & Hove Warmer Homes Programme and accept the Delivery Model Assessment recommending a Managing Agent led model.

- 2.3 Delegate authority to the Executive Director for Housing Neighbourhoods and Communities to procure and award a contract for a Managing Agent to deliver the Brighton & Hove Warmer Homes Programme.
- 2.4 Delegate authority to the Executive Director for Housing, Neighbourhoods and Communities to further develop the details of the Brighton & Hove Warmer Homes Programme including the eligibility criteria, mix of measures and level of financial support outlined below in paragraphs 3.15 to 3.18.
- 2.5 Note the time-table for the commencement of a Brighton & Hove Warmer Homes Programme outlined in para 3.11.

### **New Build housing Sustainability Policy**

- 2.6 That Committee approves the New Build Housing Sustainability Policy found at Appendix 1 of this report.

## **3. Context and background information**

### Council Housing

- 3.1 The council has historically invested in its housing stock as part of the Decent Homes programme. There has been significant investment in upgrading gas boilers to A rated appliances (99% of stock are A-rated) and over 400 solar PV systems are installed across the stock. There have been incremental improvements to the average SAP ratings of its properties (Average SAP rating 68.2 March 2022). SAP is the Standard Assessment Procedure, the calculation that is required to produce an Energy Performance Certificate (EPC). A SAP calculation indicates a score from 1 to 100+ for the annual energy cost based on the elements of structure and the heating and hot water system.
- 3.2 In April 2022 a new Sustainability & Energy team was created in the Housing Investment and Asset Management Service. Additional resource has been recruited to the team to take forward a range of sustainability and energy projects across the Council housing stock. This includes the new solar PV programme for the installation of up to 1000 new systems on homes across the city, previously agreed at committee. We will be procuring the delivery partner for this scheme over the coming months with the first installations likely to start in Spring 2023.
- 3.3 We are developing an updated Asset Management Strategy in the current financial year (2022/23). Delivering carbon reductions will be a key priority in the Strategy. Helping residents to live in well insulated, efficiently heated, healthy homes remains a key long-term commitment, particularly in light of the current cost of living crisis. Consistent positive progress has been achieved, with national Standard Assessment Procedure (SAP) energy rating performance monitoring being used to benchmark these improvements. We recognise that more needs to be done. Key investment that contributes to further reductions include, good quality new doors, windows, insulation,

heating upgrades and renewable energy where appropriate. We will also consider embedded carbon costs of such investments and longevity of usage.

- 3.4 The HRA Energy Plan will be aligned to the Asset Management Strategy and will include short to medium term goals as part of the longer-term objective of contributing to being carbon neutral by 2030. Energy modelling software has been procured to better inform the Energy Plan for Council Housing. This allows us to model feasible measures and the potential impacts of certain measures on EPC ratings, CO2 savings and residents' energy bills, an area of particular concern given current energy price rises. We will focus and prioritise the modelling and programmes reflected in the Energy Plan on the worst performing properties, specifically those EPC rated D to F. This approach will be reflected through programmes of work, for example the current Air Source Heat Pump programme is focusing on the lowest rated properties and the new solar PV programme will similarly be focused on the worst performing homes in the first instance.
- 3.5 Alongside the technical and structural aspects, the Plan will build on the existing work we do with residents to provide tailored energy advice and support, small measures within properties, and embedding long-term behavioral change to increase energy efficiency and reduce fuel costs, as well as the targeted prevention work identified in our Cost of Living Crisis Action Plan.
- 3.6 In addition to our own modelling and planning work we are working collaboratively with neighbouring authorities where we can. This includes with local partners on a 'Retrofit Taskforce to Deliver Zero Carbon Homes.' within the Greater Brighton sub- region led by Lewes District Council and the University of Brighton.
- 3.7 The 'Retrofit Taskforce' promotes sub-regional working to seek the best solutions for delivering the decarbonisation of council owned housing stock. The aim is to achieve this through analysis of stock types (archetypes) to consider the impact and cost of applying a range of decarbonisation measures through an assessment of 10 main types of housing. Scenarios are modelled across stock types to provide evidence of carbon impact, household fuel costs and implementation costs. Costs to landlord, energy cost for tenants and whole life carbon costs are the key metrics. Modelling and building assessments include impacts of different levels of intervention ranging from minimum, through medium to deep, with measures from replacement lighting, windows and doors, through to solar PV, wall, roof and suspended floor insulation, and replacement of heating systems.
- 3.8 The analysis provides evidence to inform investment strategies to decarbonise council homes, support potential collaborative working on procurement to drive value for money and dialogue with Government to support potential sub-regional funding bids. The potential benefits of joint working are also envisaged to be:
  - Setting new standards for materials and work practices across the sub-regional area.

- Providing certainty to allow for the longer-term development of skills and economic benefits.
- The potential for creating a trusted brand and products that can also be accessed by the private housing sector.

3.9 Lewes District Council have sought financial contributions from participating Greater Brighton Economic Board partners relative to their housing stock. The financial contribution includes funding toward costs of combined research, to extend in depth analysis on archetypes to Brighton & Hove stock such as high-rise buildings, supply chain development and development of external funding bids. As noted at June Housing Committee up to £50,000 will be contributed by Brighton & Hove, this will be funded from the HRA Sustainability and Retrofit Reserve and more details are included under the Financial Implications at Paragraph 7.

3.10 The Retrofit Taskforce partners are currently reviewing available central government funding to support the delivery of work aligned to the above plan. This includes the feasibility of a joint bid for current and any future rounds of the Social Housing De-carbonisation Fund.

#### Private sector housing Warmer Homes Programme

3.11 At Budget Council in February 2021 it was agreed to expand the Brighton & Hove Warmer Homes initiative through provision of an additional financing budget to lever in capital investment, increasing the total programme to £5.200m. Budget Council, February 2022 agreed a further £3.0m for this initiative for 2023/24. £0.400m has been earmarked to be spent on Warm, Safe Homes Grants at November 2021 Housing Committee and a further £0.600m is proposed to be used for this purpose, details of which can be found in the Private Sector Housing Grants and Loans Policy Report elsewhere on this agenda. The remaining total for the Brighton & Hove Warmer Homes Investment Fund is currently £7.800m (but will be £7.200m if proposals in the Private Sector Housing Grants and Loans Policy report are agreed) which is available to be spent over 2022/23 and 2023/24, The time-table for the commencement of the Brighton & Hove Warmer Homes programme is outlined below.

<b>Activity</b>	<b>Timeline</b>	<b>Who</b>
Housing Committee approval to proceed	28 <sup>th</sup> September 2022	BHCC
Final scheme design	29 <sup>th</sup> September - 9 <sup>th</sup> November	AECOM/BHCC
Mobilisation Plan	14 <sup>th</sup> November – 28 <sup>th</sup> November	AECOM/BHCC
Procurement of Managing Agent	14 <sup>th</sup> November – 27 <sup>th</sup> February 2023	BHCC
Mobilisation of Managing Agent	1 <sup>st</sup> March – 31 <sup>st</sup> March 2023	BHCC
Scheme open	1 <sup>st</sup> April 2023	BHCC & Managing Agent

- 3.12 AECOM Consultancy support has been commissioned to carry out research into similar schemes elsewhere, carry out a baseline assessment of property types and energy performance in Brighton & Hove and to develop a targeted scheme including a review of options around delivery models.
- 3.13 The baseline stock assessment includes information on: property type and build form; breakdown of properties by construction age band; most common heating fuel type in Brighton & Hove; an assessment of key EPC property elements against a scale ranging from 'Very Poor' to Very Good'; The total percentage of properties that EPC recommended measures have been recommended for; percentage of properties by EPC bands, property type; percentage of properties currently in each EPC band by construction age; EPC bands of the most common archetypes, based on property type, build form, construction age and main heating fuel; data coverage, properties with EPC data and subject to analysis against those without.
- 3.14 As part of the study a Delivery Model Assessment (DMA) was carried out with Council officers, facilitated by AECOM, to objectively identify the most suitable model to deliver this programme in Brighton & Hove in the desired timescales. The results of the DMA recommends a Managing Agent model for the Brighton & Hove Warmer Homes Programme.
- 3.15 It is recommended that the Brighton & Hove Warmer Homes Programme should focus support at the following households; owner occupiers and private renters in homes with an EPC rating of D or below with a household income of less than £30,000 a year. The option of partial funding of measures for households in the next household income band (£30,000-40,000) will be reviewed as part of the further scheme development.
- 3.16 The carbon reduction measures to be installed through the programme will be based on a 'fabric first' approach (such as loft and cavity wall insulation). These measures will be informed by an initial survey, a Medium Term Improvement Plan that will guide households on their net zero journey.
- 3.17 The proposed average level of grants per household is £10,000, dependent on the measures that can be applied and the property type.
- 3.18 The proposed support to be offered for private sector tenants and landlords is as above, however private landlords will be required to provide match funding of 33% towards the cost of the measures, therefore receiving 67% grant funding. Incentives to encourage landlord investment of above 33% will also be considered in order to achieve improved carbon reduction and enhance support for private sector tenants.
- 3.19 While the report recommends delegation of authority to the Executive Director for Housing, Neighbourhoods and Communities to further develop the details of the scheme, it is also proposed that progress on the finalisation of scheme criteria and design is reported back to members of Housing Committee at a future meeting.

- 3.20 As the Brighton & Hove Warmer Homes Programme is being developed, in the interim, support is currently available to eligible households in the City. The Council is part of a successful consortium of local authorities led by Portsmouth City Council and Agility Eco. Following a successful bid for the governments 'Sustainable Warmth' competition to fund improvements to private sector homes for households with low income and low EPC rated homes the 'Warmer Homes consortium' was launched in May 2022 and will run until March 2023. The funding can provide up to either £10,000 or £25,000 of funding to eligible households for energy improvements to their homes.
- 3.21 As well as this initiative, support also continues to be provided via the Disabled Facilities Grant funded Warm Safe Homes Grant to eligible households. An update on this grant is provided in a separate report being considered at this committee. In summary it is proposed that the recommendations of the Carbon Reduction in Housing report approved by Housing Committee in November 2021 that additional funding for Warm Safe Homes Grant should be incorporated into the proposed Private Sector Housing Grants and Loans Policy. The maximum amount of grant available under Warm Safe Homes Grant remaining at £20,000. This will enable a complete package of works and the opportunity to use more sustainable technologies such as heat pumps where appropriate, reducing emissions and improving affordability for the household where possible. In the last financial year, 2021/22, 48 Warm Safe Homes Grants were approved amounting to a total spend of £191,642, the average being £3,992 per approved grant. This figure has been updated from that shared in the Carbon Reduction in Housing report to June Housing Committee. As mentioned elsewhere in this report a total of up to £1m of the Brighton & Hove Warmer Homes fund is proposed to be used for additional Warm Safe Homes Grants.
- 3.22 The Warm Safe Homes Grant work will continue to support people and families in fuel poverty by helping to reduce energy bills by providing energy efficiency measures. Working alongside community partners to identify low carbon and efficient means to heat homes. We will be working with Brighton & Hove Energy Services Coop (BHESCO), to provide Home Energy Surveys that will provide specialist reports detailing a properties current energy state and suggested improvements.

#### New Build Housing Sustainability Policy

- 3.23 The purpose of the New Build Housing Sustainability Policy is to describe the Housing Supply Programmes actions, objectives and targets for delivering more sustainable homes in response to the council's declaration of climate and biodiversity emergencies and supporting the council's aim to become a carbon neutral city by 2030.
- 3.24 A draft version of the policy was unanimously endorsed when presented to Housing Committee in January 2021. Further consultation with relevant council officers has since been carried out and the policy found at Appendix

1 of this report has been revised with added and updated sustainable measures and practices.

- 3.25 The policy ensures whole life greenhouse gas emissions are estimated and measured and includes processes to minimise emissions generated by development and in use. It does not currently aim to deliver net zero emissions outcomes but meet practical and achievable greenhouse gas emissions reductions as a step towards this goal.
- 3.26 The New Build Housing Sustainability Policy's targets for embodied carbon, operational energy use and other measures were developed with industry experts. They are shown to be achievable and consider the latest recommendations from the Green Construction Board and are aligned with other built environment professional bodies. To develop homes in a way which meets its ambition to achieve a net-zero city by 2030, the council must aim to deliver these industry best practice targets as a minimum. Projects would also need to offset any remaining emissions to achieve whole life net-zero emissions.

#### **4. Analysis and consideration of alternative options**

- 4.1 Officers are considering a range of options to assist the Council in meeting its commitment to become carbon neutral and are working alongside key partners locally and across the region. This is a particularly important workstream for the housing service in addition to an increased internal resource further specialist expertise is being used to formulate, review and evaluate a range of options as programmes are developed, including work with neighbouring Councils.
- 4.2 Meeting the New Build Housing Sustainability Policy's objectives and targets will increase capital project costs. Higher costs cannot yet be quantified as no project aiming to meet the targets has proceeded far enough to quantify them. No consistent industry data is available to estimate the likely increase in costs this policy will create. The investment in better insulation and airtightness will benefit tenants whose energy bills will be lower than they would otherwise be.
- 4.3 The New Build Housing Sustainability Policy does not aim to offset any remaining emissions to achieve whole life net-zero emissions. Therefore, it is not aiming to deliver net zero carbon homes. There would be additional cost to offsetting remaining emissions and there is not yet a council wide strategy for offsetting emissions. The policy aims to minimise emissions and offset emissions on site wherever possible, but offsetting all remaining emissions is difficult as the council cannot control how tenants buy their energy i.e., from renewable sources.

#### **5. Community engagement and consultation**

- 5.1 Officers will continue to work with the Community Engagement Team and the resident led 'Home' Service Improvement Group to review and inform plans for our own housing stock. We will also engage with residents on how

we may best support energy saving opportunities in their own home such as their use of appliances, including heating systems.

- 5.2 Residents will be engaged using the existing processes on specific works, this includes early engagement with tenants and leaseholders around works proposed for their homes in order that they have the opportunity to consider and influence proposals from the outset. In addition, leaseholders will be consulted in line with statutory leaseholder consultation processes.
- 5.3 Resident liaison resources will be used on specific projects, in particular where new technologies are being introduced. Behaviour change advice and support will be embedded into retrofit programmes, this will be supported initially by existing internal expertise and resource within the Tenancy Sustainment Team. Additional resource will be built into projects and programmes as required.

## 6. Conclusion

- 6.1 Becoming Carbon Neutral by 2030 is a significant challenge, requiring significant resource investment and ongoing work with residents to achieve the ambition.
- 6.2 The recent rise in energy prices and the general cost of living crisis are further evidence of the need to ensure that the actions are taken in partnership with residents to try and avoid inadvertent consequences of significantly increased fuel bills or residents not being able to affordably heat their homes.
- 6.3 The council has declared climate and biodiversity emergencies and an ambition for a carbon neutral city by 2030. The New Build Housing Sustainability Policy has been created in response to this. The policy sets challenging, but achievable objectives and targets in support of meeting the council’s ambitions. It also prioritises meeting the council’s corporate objectives for ‘a city to call home’.

## 7. Financial implications

- 7.1 The HRA Capital Investment Programme 2022/23 includes the following Sustainability and Carbon Reduction programmes:

	2022/23	2023/24	2024/25	
<b>Scheme</b>	£'000	£'000	£'000	Description
Domestic/Communal Heating Improvements	2,200	2,200	2,200	Efficient and modern replacement heating systems improve thermal comfort, reduce carbon emissions and resident fuel costs.
Energy Efficiency and Low carbon heating	1,357	1,500	3,000	This programme will help take up a range of opportunities to further



				improve the energy rating of our homes and to identify projects that will help move towards zero carbon from our service delivery activities by 2030.
Solar Panels Programme	900	1,500	1,200	Policy & Resources Committee approved a budget of £1.750m for the delivery of 500 solar panels split evenly over 2021/22 and 2022/23. The delivery has been profiled to deliver the original 500 by 2023/24 as well as making provision for a further 500 solar panels at a cost of £1.750m to be delivered as part of this programme between 2023/24 and 2024/25, the additional investment will require further committee approval. A project manager has also been included as part of this at an estimated cost of £0.050m per annum
<b>Total 22/23</b>	<b>4,457</b>	<b>5,200</b>	<b>6,400</b>	

7.2 As well as the specific schemes above, other parts of the HRA capital programme will also assist with carbon reduction, for example the programme for new windows and doors. The HRA also has a renewable Energy reserve of £0.150m and a Sustainability and Retrofit Reserve currently estimated to be £4.800m by 31/3/2023, (assuming a further contribution of £1.200m from the HRA is affordable during 2022/23). As noted at June Housing Committee the council will contribute up to £0.050m towards the 'Retrofit Taskforce' work led by the University of Brighton and Lewes District Council. This will be funded from the HRA Sustainability and Retrofit Reserve.

7.3 General Fund. Budget Council February 2020 agreed a budget of £2.600m towards a Brighton and Hove warmer homes investment capital fund (providing grants for insulation and other carbon saving investments). Budget Council February 2021 agreed to allocate £0.200m in recurrent funding from 2021/22 to the financing costs budget to fund a further £2.600m capital resources through borrowing towards a Brighton and Hove Warmer Homes Investment Capital Fund, increasing the total programme to £5.200m. Budget Council, February 2022 agreed a further £3.0m for this initiative for 2023/24. £0.400m was earmarked to be spent on Warm, Safe Homes Grants at November 2021 Housing Committee and a further £0.600m is proposed to be used for this purpose, details of which can be found in the Private Sector Housing Grants and Loans Policy Report

elsewhere on this agenda. The remaining total for the Brighton & Hove Warmer Homes Investment Fund is currently £7.800m (but will be £7.200m if proposals in the Private Sector Housing Grants and Loans Policy report are agreed) which is available to be spent over 2022/23 and 2023/24.

- 7.4 There is also £75,300 one-off funding of revenue budget available in 2022/23 to support the work being carried out by AECOM on the implementation of a Brighton & Hove Warmer Homes Programme for the Council.

Name of finance officer consulted: Monica Brooks      Date consulted  
15/9/22

7.4 New Build Housing Sustainability Policy

There are no budgetary implications arising from this paper. Individual business cases for new build projects, including provisions for sustainability works under the agreed policy will be assessed and presented to future Housing Committee and Policy & Resources Committee meetings for approval.

Appendix 1 paragraph 1.3 references the sustainability and retrofit reserve held within the HRA. As outlined in the 2022/23 HRA Budget paper the reserve position continues to be monitored through the Council's financial monitoring process to ensure general reserves are set at a reasonable level in light of other cost pressures the HRA is facing. Funding of net zero carbon *works will be considered within the wider context of the HRA financial position.*

Name of finance officer consulted: Craig Garoghan      Date consulted:  
02/08/22

**8. Legal implications**

- 8.1 There are no significant legal implications to draw to the Committee's attention arising from this report.

- 8.2 The council has power under the Housing Act 1985 to provide housing accommodation. It is entitled to adopt a policy dealing with sustainability in relation to the exercise of that power. This relates to its own stock. In relation to the support offered to private sector, then the act should be read in conjunction with The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. It should be noted that if conditions are to be imposed on any grant then details should be given in advance.

Name of lawyer consulted: Simon Court      Date consulted 20/09/22

**9. Equalities implications**

- 9.1 The transition to low/zero carbon housing has the potential to provide numerous benefits, however if not delivered with residents and in

consideration of the impact on the end user it could be disproportionately impactful on some groups. The Committee on Fuel Poverty, an advisory Non-Departmental Public Body sponsored by the Department for Business, Energy & Industrial Strategy (BEIS) has identified the potential greater cost to the fuel poor of policy proposals intended to address Net Zero.

- 9.2 Fuel poverty can cause people to not adequately heat their home, the impacts of living in a cold home disproportionately impact on people with long term health conditions, disabilities, and older people.
- 9.3 Equalities impacts will be carried out on strategic decisions, major procurements, and specific projects to identify and mitigate impacts on specific groups. The potential equalities impacts will be reflected and mitigated through the HRA Energy Plan.
- 9.4 A specific Equalities Impact Assessment will be carried out on the developing Brighton & Hove Warmer Homes Programme.
- 9.5 The New Build Housing Sustainability Policy considers the equalities impact of introducing sustainability measures into the development of new council homes. This includes financial viability and the need to develop homes for affordable rent, developing homes which reduce the likelihood of fuel poverty and increase thermal comfort, supporting tenant's health and wellbeing. It also identifies and outlines solutions to potential difficulties some tenants may have with managing new technologies in their homes.
- 9.6 Assessment of the impact on equalities is carried out for housing development programmes and projects, including through the development of briefs, application of specifications, and consultation. Sustainability measures applied to projects will be assessed through the project process to ensure they meet the principles of inclusive design.

## **10. Sustainability implications**

- 10.1 Sustainability implications are reflected throughout the report and the New Build Housing Sustainability Policy, attached as an appendix. Where programmes of work and specific projects are planned wider sustainability impacts and potential to increase benefits will be considered, for example reducing water use, opportunities to promote biodiversity and increasing availability of EV charging points on HRA land.
- 10.2 Carbon offsetting plans and opportunities will be developed, aligned to the wider Asset Management Strategy.
- 10.3 The New Build Housing Sustainability Policy supports the council's declaration of a biodiversity emergency by incorporating circular economy principles which will reduce the use of raw materials, reducing impact on the environment at the material's source, and use materials which have less harmful effect on the environment.

## **11. Other Implications**

### **Social Value and procurement implications**

- 11.1 The opportunity to deliver social value will be explored through all projects and programmes of work. This includes promoting local jobs and skills development, through local apprenticeship and training opportunities. The energy sector requires significant upskilling of existing trades and creation of new roles to increase the supply chain of jobs and businesses to meet the carbon neutral agenda.
- 11.2 All procurement activities include the assessment of social value and sustainability impacts, all tenders will, as a minimum, be evaluated with a weighting of 10% for each element. The procurement of a Managing Agent for the Warmer Homes programme will be procured on this basis.

### **Public health implications:**

- 11.3 Strategically addressing cold homes and fuel poverty in vulnerable groups will contribute to the prevention of ill health and excess winter deaths, reduce health and social inequalities, and improve wellbeing and quality of life. Supporting and enabling residents to pay less for their energy can contribute to tackling fuel poverty and cold homes.

## **Supporting Documentation**

### **1. Appendices**

1. New Build Housing Sustainability Policy.