

This Report will be made public on 11 April 2023

Report Number **C/22/107**

To: Cabinet
Date: 19 April 2023
Status: Non-Key Decision
Responsible Officer: Gill Butler, Chief Officer, Housing
Cabinet Member: Cllr David Godfrey, Cabinet Member for Housing & Special Projects

SUBJECT: HOUSING CARBON REDUCTION APPROACH 2023-2030 (supplement to Housing Asset Management Strategy 2022-27)

SUMMARY: This report gives an overview of F&HDC Housing Services' approach to how we propose to deliver on targets to reduce carbon emissions across the council owned and managed homes by 2030 (and 2050), in line with the commitments set out within the published Housing Asset Management Strategy. This approach is consistent with the wider council F&HDC Net Zero Toolkit and Carbon Reduction Action Plan.

REASONS FOR RECOMMENDATIONS:

1. Following publication of the Housing Asset Management Strategy, a Delivery Plan was agreed which included an action to develop a planned approach to carbon reduction across the council housing portfolio.
2. Two key commitments were made in the Housing Asset Management Strategy to support the council's wider climate change pledge:
Objective 3 – Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and levels of fuel poverty by:
 - a. achieving a minimum EPC rating of 'C' by 2030
 - b. aiming to achieve 'net zero carbon in use (NZC)' for all of its housing stock by 2050.

RECOMMENDATIONS:

1. To receive and note report C/22/107.
2. To agree publication of the council's Housing Carbon Reduction Approach 2023-2030 (attached at Appendix 1).
3. To endorse officers' efforts to pursue all opportunities to reduce carbon emissions across the council housing portfolio, including retrofitting homes to bring energy efficiency ratings up to EPC 'C' by 2030.

1. BACKGROUND

The Housing Asset Management Strategy was produced and published in early 2022 in response to the need to set out how the Housing Service would look to invest in the council managed stock following the stock coming back into council management from East Kent Housing in October 2020.

- 1.2 There were a number of objectives set out in the Asset Management Strategy that include a commitment to *'improving our council portfolio, contributing to building new affordable homes where possible, and retrofitting existing council homes, which will ensure stock remains fit for purpose over the coming years.'*
- 1.3 The Asset Management Strategy was developed following an extensive, independent stock condition survey carried out June-November 2021. Of the 3,397 council owned and managed homes, the survey achieved 100% of information for external areas and common parts, along with 90% for internal dwellings. The overall report told us that: *The stock requires continued expenditure over a 30-year planning term to maintain all properties up to a good, tenable standard.'*
- 1.4 The report also provided a 30-year re-investment profile showing:
 - A whole stock cost analysis, by category of expenditure (survey data plus desktop costs);
 - Indicative Housing Health and Safety Rating System (HHSRS) data; and
 - A Decent Homes analysis.

In addition, energy data was supplied to advise F&HDC on existing energy ratings, identify the levels of investment required to increase ratings and achieve NZC in use by 2050.

- 1.5 Using this data, the Housing Team have been working on a revision to the council's Housing Revenue Account (HRA) Business Plan. The HRA Business Plan informs our priorities for funding from the HRA delivering the vision in the context of wider council priorities.
- 1.6 Although as there are still uncertainties about the long-term cost and effectiveness of some energy efficiency measures, it is challenging for officers to accurately forecast decarbonization costs across a 30-year period.
- 1.7 The HRA Business Plan supports the 2021-30 Corporate Plan – *'Creating Tomorrow Together'* and council's service ambitions, particularly - *Quality Homes & Infrastructure – To deliver a safe, accountable housing service.*

The priorities for the Housing Service are: -

- Compliance - Tenant H&S and wellbeing, incl. meeting Regulator of Social Housing new legislation
- Housing management, repairs and maintenance of existing stock
- Decent Homes - investment and capital Improvements
- Decarbonisation - Retrofitting
- Acquisitions and contributing to New Build

2 HOUSING CARBON REDUCTION APPROACH (HCRA)

- 2.1 The Housing Carbon Reduction Approach document (Appendix 1) has taken into consideration government legislation around carbon emissions and climate change, as well as the council's approach to meeting Net Zero Carbon and general approaches to reducing carbon emissions in the social housing sector, as set out in the F&HDC Net Zero Toolkit – Existing Buildings (Part 3 Retrofit).
- 2.2 In 2021 the government announced £3.8bn government commitment over a 10-year period to improve the energy performance of social rented homes. In 2022 F&HDC were successful in being awarded £2M Social Housing Decarbonisation Fund (SHDF) for our Wave 1 bid to improve the energy efficiency of 109 of our worst performing homes - up to EPC 'C' with a third match funding from the HRA. This award also included being able to complete the 'fabric first' work at Ross House, Cheriton, which when completed in June 2023 will be our first flagship zero carbon retrofit scheme of 16 apartments.
- 2.3 The Housing Team submitted a further bid under Wave 2 of the scheme which has also been successful at an award of £2.6M. This will be a 2-year programme 2023/24 - 24/25 to improve energy efficiency of around a further 300 council homes with equal match funding from the HRA.
- 2.4 F&HDC will continue to bid for future grant funding to help us achieve our carbon reduction target to achieve EPC 'C' ratings for all stock by 2030 however, this means we have to retrofit a further 900 homes 2025-2030, and although this is a challenge, we are confident that this could be achieved, but it will mean significant investment in our stock over the coming years. This programme sits alongside our decent homes and capital improvement programmes.
- 2.5 Achieving 'NZC in use'/EPC 'A' by 2050 is a much bigger challenge, and we don't yet know what government funding assistance may be available to support this ambition. Therefore, whilst the HCRA details retrofitting principles, using the *fabric first, worst first and least regrets* strategy, the Housing Carbon Reduction Approach document will need to be regularly reviewed and updated as new technologies and funding opportunities become available.

3 COSTS

- 3.1 Although over time the figures quoted below may change as technologies become more affordable and the sector learns more about retrofit, based on the Rapley's survey data the estimated total cost of achieving NZC for the Housing Revenue Account housing stock is in the order of £132m,* i.e. £39k per dwelling.

**As stated in the Housing Asset Management Strategy*

4. CONSULTATION

- 4.1 As with any major works programme communication and consultation is a vital part of ensuring tenants and leaseholders are engaged in the retrofit journey and both residents and stakeholders understand that reducing carbon emissions across the council housing stock, will benefit the council as well as residents.

- 4.2 The HCRA talks about active behavioural change – this is informing and publicising more about how tenants living in these new energy efficient homes will need to amend their lifestyle in order to get the best from the new technology. Embracing Smart Tech, including digital reporting repairs online, using our new self-serve portal for tenants Housing Online is just the start, and during our Wave 1 retrofit experience we appointed a dedicated Resident Liaison Officer to oversee all consultation, engagement and communication with tenants.
- 4.3 Strategic Tenants Advisory Panel have been consulted on the development of the Housing Carbon Reduction Plan and the final published document will include the tenant endorsement kitemark.
- 4.4 Tenants, Officers and stakeholders will be fully consulted as we commence and roll out the Carbon Reduction / EPC 'C' programmes.

5. RISK MANAGEMENT ISSUES

A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
F&HDC HRA not able to achieve carbon reduction targets	High	Medium	To undertake works as early as possible. Ensure funding is allocated within the HRA Business Plan and all opportunities for external funding are explored.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 6.1 **Legal Officer’s Comments (NM)** There are no legal implications arising directly from this report.
- 6.2 **Finance Officer’s Comments (ST)** There are no financial implications arising directly from this report. All necessary financial information was included as part of the Housing Asset Management Strategy and will be included as part of the HRA Business Plan report.
- 6.3 **Equality and Diversity Implications (GE)** There are no equality and diversity issues directly arising from this report.
- 6.4 **Climate Change (OF)** – This report incorporates climate change implications stated in F&HDC published documents relating to carbon reduction targets. Proposals/projects arising as a result of this report should be subject to climate impacts assessment as applicable.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Gill Butler, Chief Officer, Housing

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Appendices:

Appendix 1: **Draft Housing Carbon Reduction Approach 2023-2030**