

Committee:	Dated:
Community and Children's Services	05 March 2021
Subject: Climate Action Strategy – Housing Update	Public (redacted version)
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,10,11,12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Andrew Carter, Director of Community and Children's Services	For Information
Report author: Paul Murtagh Assistant Director, Barbican Estate & Property Services	

Summary

The purpose of this report is to set out the current position of the DCCS Housing Portfolio in relation to the City of London Corporation's Climate Action Strategy and, to inform Members of the opportunities and next steps in progressing towards the decarbonisation of the housing stock.

Recommendation

The Committee is asked to note the report.

Main Report

Background

1. The UK has set in law a target to bring all its greenhouse gas emissions to net zero by 2050. To help achieve this target, the government's ambition is to improve the energy efficiency of homes, and move to cleaner ways of heating homes, in order to halve the energy use of new buildings by the end of this decade.
2. However, new homes only account for 20% of all the UK's housing stock so, large scale retrofitting is essential to make housing fit for the future. Decarbonising the UK's homes is not only an essential part of tackling climate change, it also saves residents money, helps combat fuel poverty, boosts the economy and creates jobs.

3. On 8 October 2020, the Court of Common Council approved and adopted the City of London Corporation's (City Corporation) Climate Action Strategy 2020-2027. This marked the start of a new and transformative programme of action and, adopted three interlinked primary objectives for the City Corporation and the Square Mile to:
 - support the achievement of net-zero emissions.
 - build resilience.
 - champion sustainable growth.
4. In adopting the Climate Action Strategy (CAS), the City Corporation is committed to mitigating the impact of climate change by achieving net-zero emissions for the City Corporation and the Square Mile. It is also committed to climate resilience through taking preventative steps to protect the City and its assets from the physical risks from climate change.
5. Fifteen costed project delivery areas were presented with the Strategy and, these have subsequently been consolidated into ten specific project plans. The relevant plan for this Committee is 'Buildings', which will deliver on the City Corporation's strategic objective to improve energy efficiency in its housing properties.
6. To achieve its global goals, the City Corporation has committed to a major investment of £68 million on an action plan which includes:
 - Improving energy efficiency in our investment, corporate and housing properties.
 - Aligning our investment portfolio with the Paris Agreement.
 - Enhancing carbon removal in our open spaces.
 - Driving net zero throughout our supply chain.
 - Integrating climate considerations into all our decisions.
7. The City Corporation's housing portfolio comprises approximately 5,000 properties, of which, almost 3,000 (tenanted and leasehold properties) sit within the Housing Revenue Account (HRA). There is no doubt that investment in the decarbonisation of its housing portfolio is essential to the overall success of the City Corporation's CAS.

Considerations

Housing Delivery Programme

8. As part of the City Corporation's Housing Delivery Programme, we have implemented our Housing Design Guide (HDG) as the benchmark for design standards and, to set our pathway towards achieving net zero carbon across all our new housing developments. The HDG has recently been updated to incorporate the City Corporation's CAS and, our response to Climate Change.

9. The HDG is currently informing the design strategy for our two new housing developments at Sydenham Hill and York Way. In addition to the HDG, we have recently adopted the London Energy Transformation Initiative (LETI) Design Guide for the new development at York Way. LETI was established in 2017, to support the transition of the capital's built environment to net zero.
10. The HDG is playing a significant role in delivering a carbon zero future especially, as the City Corporation is committed to providing up to 700 new homes, an increase of 25% on its existing social housing stock. The HDG places emphasis on a fabric first design approach, maximising building performance and material use. This is achieved by early stage considerations, such as sustainable material sourcing and designing for deconstruction, reuse and repair, while contributing towards a circular economy that moves away from gas as the primary fuel source.

Major Works Programme

11. Members will be aware that the City Corporation is committed to investing around £75million on a Major Works Programme for the maintenance, refurbishment and improvement of its social housing portfolio. The works, in the main comprise:
 - Window replacements;
 - Re-roofing;
 - Decent Homes (new kitchens and bathrooms);
 - Electrical rewiring and upgrades;
 - Heating replacements;
 - Concrete repairs.
12. The main purpose of these extensive works is to bring all the City Corporation's social housing stock up to, and beyond, the Decent Homes Standard. However, by the very nature of some of the works, the need to comply with new regulations and, some creative forward thinking and planning, the Major Works Programme will contribute to some extent to the decarbonisation of our housing stock. Some examples of relevant works programmes are listed below:
 - the installation of LED lighting to replace inefficient, failed and obsolete communal lighting across all our social housing estates.
 - the installation of BMS (Building Management System) as part of the replacement of the communal/district heating schemes at York Way, Golden Lane and Middlesex Street. The BMS is an automated system that controls heating, ventilation, cooling, hot water and lighting in buildings that allows for better management and use of energy to reduce wastage, costs and carbon emissions.
 - improving the insulation qualities of the roofs on our blocks of flats as part of the re-roofing programme.
 - the replacement of windows across all our social housing estates with modern, energy efficient double-glazed units.
13. As stated previously, the current Major Works Programme is based on bringing our homes up to, and beyond the Decent Homes Standard. It is also based on the affordability of the HRA. As such, whilst the Major Works Programme will have an

impact on the decarbonisation of our existing housing stock, additional funding will be required to support the development of a more sustainable infrastructure and a significant reduction in our carbon footprint.

City Corporation's CAS

14. As part of the development of its CAS, the City Corporation commissioned Arup and the Carbon Trust to:

- build a cross-corporation model for achieving net zero;
- to define methodologies for greenhouse gas reporting (City Corporation and the Square Mile);
- to establish baseline emissions for future reporting;
- to define pathways for achieving net zero for the City Corporation's directly controlled operations, assets not under direct control and, across the Square Mile.

15. This work produced a model that provided annualised carbon targets and associated indicative costs of £6.33m over the life of the strategy, across the existing housing areas that were in the top 25 carbon emitting sites (social housing estates and the Barbican Residential Estate). This was included in the £68m approved by the Court of Common Council in October 2020, to support the implementation of the City Corporation's CAS. We now need to build on this model and create a detailed action plan for the mobilisation and delivery phases.

16. Understandably however, it has been made clear to all service areas under CAS, including Housing, that we should make best use of any available external grant funding to supplement CAS funding from the City Corporation. External funding is to be used to accelerate the targets and programme of works under CAS but, CAS funding could be used as match funding where applications for external funding require.

External Funding

17. Staff in Housing have been working closely with colleagues in the City Surveyors Department to understand and identify the external funding opportunities that may be accessible to support the delivery of a programme of works to reduce the carbon footprint of our housing stock.

18. Although, there has been a lot of publicity and promotion of grant funding schemes relating to the UK's target to bring all its greenhouse gas emissions to net zero by 2050, few of them are relevant to the City Corporation as a social landlord. Those that are of interest and potential benefit include:

- Green Homes Grant (GHG).
- Renewable Heat Incentive (RHI).
- Green Heat Network Fund.
- Social Housing Decarbonisation Fund.

- Mayor of London's Green New Deal.

19. Of the above, the GHG (Local Authority Delivery Phase 2) Scheme is currently of interest and, one that we are investigating further. The fund administrator, (Greater South Eastern Energy Hub) has allocated funding, provisionally, on fuel poverty indices from 2018, which gives the City Corporation a very small allocation of around [REDACTED]. However, we are looking to increase this substantially by working collaboratively with the likes of the London Boroughs of [REDACTED] [REDACTED] where, some of our housing stock is located.
20. Longer term, we will be looking to maximise opportunities for funding from the £3.8 billion set aside for the Social Housing Decarbonisation Fund. This funding opportunity is not yet fully developed and, it is likely to be rolled out over a longer period and delivered across several phases. The Social Housing Decarbonisation Fund appears to present the best opportunity to access significant levels of external funding and, will be a key focus in developing our plans.
21. Other key opportunities include the strategic development of our heating networks, with support from the RHI over the next 12 months potentially, followed by the Green Heat Networks Funding. There may be opportunities for some of our estates to connect into low carbon heat networks in the longer term, as major developments close by adopt this technology. The Holloway Estate in Islington is one that we are currently investigating for this purpose.
22. With many of these funding opportunities, match funding will be necessary. The GHG (Local Authority Delivery Phase 2) Scheme, for example, will require 1/3 match funding. Again, we will look to maximise the benefit of these schemes by utilising the City Corporation funds allocated to the CAS for use as match funding.

Resident Engagement

23. Residents will play a crucial role in ensuring the success of the City Corporation's CAS and, it is essential that we engage with them at an early stage. To pave the way for wider resident engagement on the plans outlined in this paper, some preliminary engagement meetings have already been held with Members - and in some cases residents - representing residential wards. To date, these meetings have been held on the Barbican Estate, the Golden Lane Estate, and combined meetings for the Portsoken, Aldgate and Tower wards, have been held between December 2020 and February 2021.
24. The purpose of these meetings was to provide residents with an overview of the City Corporation's CAS, highlighting areas relating to housing, whilst at the same time, recognising those climate action initiatives that are planned, or underway locally, led by the residents themselves.
25. There are some excellent current examples of resident-led initiatives underway on our housing estates at present including:
 - the Cycle Project and Sustrans Initiative on the Golden Lane Estate;
 - the Biodiversity Action/Allotments Initiative on the Golden Lane;

- the recycling initiatives on the Golden Lane and Middlesex Street Estates;
- the Aldgate Solar Power Initiative on the Middlesex Street Estate.

26. The next round of engagement, taken forward by the Neighbourhoods, Development and Engagement Team with support from the City Corporation's CAS Lead, will provide equal opportunity for all residents to contribute. The type of engagement offered will follow the principles of *'Inform'*, to update residents on plans and proposals; *'engage'*, to ensure the effective delivery of specific proposals; and, *'consult'*, where there is a legal or similar imperative to do so. It has already become clear from the meetings that have been held with residents that their suggestions and views will have significant benefits for the delivery of the CAS.

Next Steps

27. The work carried out by Arup and the Carbon Trust to produce the model for annualised carbon targets and associated indicative costs for Housing/DCCS properties was based on a desktop research on the energy qualities and performance of our homes and estates.

28. In order to enable us to build on the work done by Arup and the Carbon Trust and develop a specific estate-by-estate Housing Climate Strategy Action Plan, we are in the process of procuring an estate-wide energy audit across the whole of our HRA Housing Portfolio.

29. In addition to the energy audit above, we are currently seeking bids from suitably qualified and experienced consultants to recommend and provide a detailed action plan that will enable the City Corporation to decarbonise its Housing Portfolio. This commission will include:

- an initial desktop review of available data for housing estates including available Energy Performance Certificate ratings, the existing capital Major Works Programme (including specifications for planned works);
- alignment with delivering against the outcomes of the Arup Study, conducted to inform the City Corporation's CAS and, the current DCCS Business Plan for Housing and the London Councils objective to reach an average of EPC "B" by 2030;
- a review and update of the initial action plan, following the completion of a comprehensive energy survey of all housing units to increase the percentage of EPC data to a more representative figure.

30. Once this enabling work is completed, a further report will be brought back to this Committee for its consideration and approval, setting out a detailed Action Plan for the decarbonisation of the City Corporation's Housing Portfolio.

Paul Murtagh

Assistant Director, Barbican Estate & Property Services

T: 020 7332 3015

E: paul.murtagh@cityoflondon.gov.uk