



Residents, Housing and Communities Scrutiny Panel

29 September 2022

Report title	Energy Efficiency of Housing Stock and Fuel Poverty	
Cabinet member with lead responsibility	Councillor Bhupinder Gakhal City Assets and Housing	
Wards affected	All	
Accountable director	John Roseblade, Director of City Housing and Environment	
Originating service	Housing	
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Report to be/has been considered by	City Housing and Environment Leadership Team	13 September 2022
	Strategic Executive Board	13 September 2022
	Cabinet Member for City Assets and Housing Briefing	14 September 2022

Recommendation(s) for action or decision:

The Scrutiny Panel is recommended to:

1. Support the existing programmes and schemes that will address poor energy performing homes both in the social and private housing sector.
2. Advise on innovative methods of engagement with eligible households in order to promote any future grant funding opportunities.

Recommendations for noting:

The Scrutiny Panel is asked to note:

1. The data provided on the energy performance of the City's housing stock.

2. The current and proposed Housing Revenue Account (HRA) programmes to address poor energy performing properties within the council's housing stock.
3. The current and potential grant funded schemes available to address the low energy performance of all tenure homes.
4. The alignment of current and proposed strategies that support the Council's objectives within the Council Plan and Our Climate Commitments and the delivery of programmes.

1.0 Purpose

- 1.1 To provide the Panel with details relating to the recorded energy performance of the City's housing stock.
- 1.2 To inform the Panel of current Housing Revenue Account (HRA) programmes to address poor energy performing properties within the council's housing stock.
- 1.3 To provide details relating to proposed HRA programmes to increase the energy performance of council housing stock, including future grant opportunities.
- 1.4 To inform the Panel of current and potential grant funded schemes available to homeowners to address the low energy performance of privately owned homes.
- 1.5 To provide details of current and proposed strategies that support the Council's objectives within the Council Plan and Our Climate Commitments and the delivery of programmes.
- 1.6 To consider methods of future community engagement to ensure maximum publicity and engagement of available grants to support eligible households.

2.0 Background

- 2.1 In 2019 the West Midlands Combined Authority (WMCA) set the region a target to be net zero by 2041 and meet the ambitions set out by the Paris Agreement. The Paris Agreement saw the world leaders agree to cut carbon emissions to limit global warming to 1.5°C. The UK has brought in new laws that commit to:
 - becoming net-zero by 2050
 - reducing its carbon (based on 1990 levels) by 78% by 2035
- 2.2 The City Council has committed to achieving a city-wide net zero target of 2041 by addressing a number of measures relating to:
 - Transportation
 - Buildings and Energy
 - Waste and Consumption
 - Natural Capital and Land use
- 2.3 The commitment to achieve the goal relating to Buildings and Energy will include:
 - **Improving the energy efficiency of all buildings within the city. Aiming to improve 5,000 homes per year**
 - Reduce energy consumption through low power lighting, appliances, and behaviour change
 - Install low carbon heating in all buildings
 - Ensure industrial processes are efficient and low carbon where possible
 - Install rooftop solar panels across all suitable buildings

- 2.4 There are over 112,600 properties within the City within private ownership, social rented and private rented sector. The data shown in Appendix 1 indicates:
- deprivation score (higher is worse) for each Ward
 - % of households identified as fuel poor by Ward
 - average gross/net incomes per Ward
 - stock tenure per Ward
 - number of properties with Energy Performance ratings E to G
 - number of properties with Energy Performance ratings D
- 2.5 The energy performance of a property is determined by an Energy Performance Certificate (EPC), and these are required whenever a property is built, sold, or rented. An EPC contains information about a property’s energy use and typical energy costs and recommends how to reduce energy use. The energy efficiency rating ranges from A (most efficient) to G (least efficient) and each EPC is valid for 10 years.
- 2.6 There are approximately 24,800 fuel poor households within the city with low incomes and low energy efficiency performance homes. Appendix 2 shows the distribution of the 22% fuel poor households. A very clear mitigation against fuel poverty is the continued delivery of energy efficiency initiatives and large-scale energy efficiency retrofits that not only reduce carbon but more importantly, help to reduce fuel bills and provide healthy and safer environments for vulnerable people to live in.
- 2.7 Council owned housing (social) stock

The Council owns approximately 22,000 homes across the city (plus 2,382 leasehold homes), managed by four Managing Agents – Wolverhampton Homes, Bushbury Hill EMB, Dovecotes TMO and New Park Village TMC.

The stock comprises of:

High-rise (6+ storey)	
	36 x tower blocks
	11 x deck access blocks
Medium rise (3-5 storey)	
	402 x blocks
Low-rise (1-2 storey)	
	1528 x blocks
Houses	10,868
Bungalows	1,013

Of which were built:

Age Band	Number of Properties	%
Pre 1920	144	0.66%
1920 -69	16,744	76.97%
1970 - 89	4,463	20.52%
1990 to date	403	1.85%
	21,754	100%

Over 4,000 of the council properties built in the 1950s, 60s and 70s were built using non-traditional forms of construction. Within the stock that is classified as non-traditional, there are 16 archetypes, some of which were designated defective under the Housing Defects Act 1984 (consolidated by Part XVI of the Housing Act 1985).

2.8 Private housing stock

Out of the 112,600 properties within the City, around 60% are owner-occupied homes. The average Standard Assessment Procedure (SAP) rating for all private sector properties in Wolverhampton is 59. For England it is 57 and for the West Midlands it is 56. For owner occupied stock it is 58. However over 4000 private properties are estimated to have an EPC rating of below band E. There are also around 19,500 properties with un-insulated cavity walls and over 13,000 properties with less than 100mm of loft insulation.

2.9 Private rented housing stock

There are over 8,700 properties within the private rented sector in the City. The Council, through its Private Sector Housing Team, work proactively to improve the quality of these properties, enabling residents to live in safe and healthy homes.

They ensure that privately rented properties are free from hazards such as excess cold, damp, and mould, falls and fire, working with tenants to address issues in their homes, in the first instance by positive engagement with the landlord but continue to protect residents from unacceptable living conditions and overcrowding through the use of legislative powers.

Advice and support is given to signpost all occupiers to available affordable warmth schemes to increase the energy performance of their homes.

3.0 Progress

3.1 Council owned stock investment

There have been and continues to be investment in council housing stock to improve the internal/external condition of properties and improve the energy performance.

3.1.1 *High-rise investment programme*

Whilst the primary focus of the investment programme for the Council's high-rise properties is to enhance fire safety standards (and to replace the worn-out mechanical and electrical infrastructure), many of the current and future projects are also delivering enhancements to the fabric of the buildings to improve the thermal efficiency of the blocks.

Over the next five years, the tower-blocks in Heath Town, Vauxhalls, Boscobel and Chetton Green will all receive new external cladding and replacement low-carbon heating. Once these schemes have completed, the blocks on the Merry Hill estate will have the external insulation replaced to meet the latest standards, and new low-carbon heating installed. Subject to the outcome of an options appraisal on the long-term future of the two blocks on the Whitmore Reans estate, may also receive new external cladding and low-carbon heating.

The tower-blocks on the Graiseley, Lakefield, Stowlawn and Millfields estates have already received fabric improvements, so will receive new low-carbon heating solutions. The project to install external wall insulation and low carbon heating to the tower-blocks on the Hickman estate was completed in 2017.

3.1.2 *Non-traditional property investment programme*

In 2018, a specialist structural engineering appraisal was carried out on the non-traditional stock portfolio and identified that four property archetypes had reached or were reaching the end of their life. The Tarran bungalows, Boswell houses, and T-block houses had all reached the end of their serviceable life and the Smith houses were nearing the end of theirs. The next steps are outlined in paragraph 3.2.3 below.

The survey identified that the remaining archetypes were in reasonable to good condition and had at least a further thirty years of serviceable life.

The current EPC ratings for these properties range between C to E, however the Rd-SAP methodology used to determine the EPC rating, wasn't designed to work in non-traditional properties, so full SAP assessments are being prepared for each archetype. It is anticipated this will adjust the EPC ratings between the range D to F. The worst performing properties are those that were constructed using materials such as pre-cast concrete wall panels, or structural steel frames.

Detailed surveys are currently being undertaken in examples of these property archetypes to determine their current condition and to provide recommendations on what measures are needed to address the structural condition and improve energy performance. This information will be used to inform the bid for Wave-2 of the Social Housing Decarbonisation Fund (SHDF), which will be submitted in October 2022.

The worst performing properties will be included within the Wave-2 bid which will see a phased 2-year investment programme commencing in April 2023, comprising structural repairs, improvements to the external envelope (external wall insulation, new windows, roof covering etc.) and the installation of low-carbon heating.

The remaining non-traditional properties will be improved over the next 5-10 years, but where there are further opportunities to deliver programmes with grant funding assistance, we may seek to accelerate delivery.

3.1.3 *Energy Efficiency programmes*

Over the past twenty years the Government has dispersed grant funding via the energy companies, with schemes such as the Community Energy Saving Programme (CESP), the Carbon Emissions Reduction Target (CERT), or more recently the Energy Company Obligation (ECO). With the use of this funding there have been programmes to install:

- external wall insulation to traditional dwellings with approximately 2,000 council owned solid wall properties benefitting
- cavity wall insulation with approximately 11,250 council owned properties benefitting.
- loft insulation, with approximately 14,750 council owned properties benefitting

These measures will have helped contribute to lower energy bills, although the extent will vary from household to household, as it is influenced by each person's approach to energy use.

Over this period the energy companies will have made offers for private property owners to obtain one or more energy efficiency measures, but these were always optional offers that the homeowner could choose to take-up (or not as the case may be).

There is more work needed to improve the energy efficiency of the traditionally built housing stock, as we still have 1,867 solid wall properties, plus a further 166 properties with partial solid walls that will need external wall insulation installing in the not-too-distant future.

There are currently circa 5,000 traditional houses, flats and bungalows that have been built and already have an insulated cavity, but the properties are currently rated at an EPC Band D or below. It is anticipated that in most instances the introduction of a low-carbon form of heating and the upgrading to A+ or A++-rated windows will be sufficient to raise the energy performance to a Band C.

Wolverhampton Homes is delivering a boiler / heating replacement programme to about 820 properties a year fitting A+ rated gas boilers. The decision to delay the switch to low-carbon heating is intentional, as:

- this market is developing, and new technologies are still emerging, so delaying the change will ensure we have the choice of the best technologies available (some of which may not yet have been developed)
- low-carbon heating is designed to work in an energy efficient environment, so the installation of low carbon heating needs to be carried out in conjunction with other measures (such as energy efficient windows and external wall insulation).

3.2 Council owned stock regeneration programmes

3.2.1 *New Park Village estate regeneration*

Following the results of a stock condition assessment and a period of resident engagement, approval was given in 2019 to regenerate Ellerton Walk area to address the ongoing issues relating to the 1960's deck access maisonette blocks and adjacent bungalows.

The main concerns related to poor levels of insulation to the properties, inadequate levels of thermal comfort achieved by existing storage heating and roofs and walkways with poor levels of insulation.

The decanting of existing tenants, the acquisition of privately owned properties and the regeneration plans are well underway. The proposals will see the demolition of existing blocks and adjacent properties and bring forward a phased redevelopment programme, delivering high quality, thermal efficient new affordable homes to the estate over the next few years.

3.2.2 *Heath Town regeneration*

A multi-million-pound investment programme has been underway for several years to improve the existing 1,200 council owned properties across the Heath Town estate and to construct approximately 400 new homes.

The deck-access blocks on the estate have had external wall insulation and other fabric improvements installed, and the heating within the properties will shortly be renewed. This has improved the properties from an EPC D / E rating to an EPC C rating.

Improvements to the high-rise properties will be delivered over the next three years as detailed in paragraph 3.1.1.

A new low-carbon energy centre is being constructed over the next few years to power the district heating network that will serve these 1,600 dwellings.

3.2.3 *Non-traditional property regeneration*

Around 25% of the council's non-traditional stock have exceeded their serviceable life. The combination of poor original design, previous repairs now failing and very poor thermal performance, means that the only cost-effective solution is to demolish these properties. An approved programme to address the Tarran (prefab) properties began in June 2022 with resident engagement and further discussions around housing need is due to commence shortly.

3.3 Private Sector stock improvements

3.3.1 The Council's Home Improvement Service, managed by Wolverhampton Homes, can offer grants and loans for repairs and essential maintenance for privately owned properties. The service is dedicated to helping older people, people with disabilities and vulnerable people to live safely and comfortably in their own homes.

For those owner occupiers that are eligible the grant/loan can bring much needed repairs and improvements such as:

- UPVc window and door repairs
- Improving security to doors and windows
- Fitting draught proofing
- free gas safety check and repairs
- use of handyperson service for minor repairs

An advice and information service are also provided on energy efficiency to make homes more energy efficient and reduce energy costs for the occupier.

3.3.2 Homeowners and private tenants can apply for a Disabled Facilities Grant which is a grant to allow for adaptations to support the needs of a disabled occupant and make changes to the home to enable them to carry on living safely and independently in their own home. The grant can also provide a heating system suitable for the needs of the occupant.

4.0 **Current grant funding (approved)**

4.1 In April this year, the Council was successful in securing Government funding through the Sustainable Warmth Competition. The funding, around £1.8M, will install energy saving upgrades and low carbon heating in low-income households, in particular upgrading poor insulated owner occupier and private rented homes with energy efficiency rated EPC E, F or G and some D properties.

The funding, through a consortium with other LA's and WMCA, gives the opportunity to deliver two schemes:

(i) Local Authority Delivery Phase 3 (LAD3) - up to £1,364,000 to support low-income households heated by mains gas in Blakenhall Ward.

(ii) Home Upgrade Grant Phase 1 (HUG1) - up to £456,500 to support low-income households which do not have gas fuelled heating in Blakenhall Ward.

There have been a number of community engagement sessions within the Blakenhall Ward with over 60 applications being received requesting support. These applications are currently being assessed against the funding criteria.

- 4.2 The Council is promoting the government energy efficiency scheme, known as Energy Company Obligation (ECO) which aims to reduce heating costs for low-income, fuel-poor and vulnerable people. Ofgem administers this for the Department of Business Energy & Industrial Strategy (BEIS).

The current scheme, ECO4, is set up to improve the least energy-efficient homes. ECO4 places a legal obligation on suppliers to reduce heating costs for low-income and vulnerable households by delivering energy efficiency and heating measures.

ECO4 will be a four-year scheme and is intended to run until March 2026.

- 4.3 The Council offers ongoing support through grants and loans to residents through the Home Improvement Agency and Disabled Facilities Grants as outlined in paragraph 3.3.

5.0 Future grant fundings opportunities

- 5.1 The Department for Business, Energy, and Industrial Strategy (BEIS) will shortly invite social housing landlords to apply for Social Housing Decarbonisation Funding to be used to improve the energy performance of social housing, with the aim of raising the energy performance of low EPC rated properties.

The aim is to improve the energy performance of homes to Energy Performance Certificate¹ (EPC) Band C and take homes out of fuel poverty and deliver progress towards the UK's commitment to Net Zero by 2050. The Council, together with Wolverhampton Homes, is currently preparing an application to submit in October 2022 to support the non-traditional investment programme for 940 homes. This will attract a grant of circa £16 million but will require a further £70 million in funding (as there is a wider scope of work than covered by the grant), however, the final decision on the value of the bid will be informed by the on-going discussions about the government's proposal to introduce a rent cap and the implications for the capital programme once it is implemented, as well as the affordability of the project due to the significant inflationary pressure the sector is currently experiencing.

- 5.2 Following the successful grant application for Homes Upgrade Grant Phase 1, it is anticipated that additional phases will be launched in the near future and an opportunity to submit a future grant application to support low-income households. The Council will need to determine which Ward the funding can be applied to in order to meet the eligibility criteria.

- 5.3 A summary of all programmes and grant schemes is detailed in Appendix 3.

6.0 Alignment to Council's Plans and Strategies

The programmes and projects outlined in this report will support many of the Council's plans and strategies, but even more importantly support residents within the city with better quality and thermal efficient homes.

6.1 Council Plan

Within **Our City, Our Plan**, there are two key priorities to ensure Wulfrunians will live longer, healthier lives by providing (i) '*Good homes in well-connected neighbourhoods*' and (ii) '*Healthy, inclusive communities*'. These priorities are supported by three principles, one of which is '*Climate Conscious*' – promoting the Council's Climate Change Strategy and the long-term challenges facing the climate emergency.

6.2 Climate Commitment

In 2019, Full Council declared a climate emergency and the Council published **Our Climate Commitments** to set out how it will make the City of Wolverhampton Council carbon neutral by 2028. The programmes and projects detailed within this report will deliver outcomes supporting this agenda.

6.3 Housing Strategy 2019-2024

The Council's Housing Strategy, '**Better Homes for All**' supports one of the strategic objectives within the Council Plan 2019-24 – ***Good Homes in well-connected neighbourhoods*** and will deliver:

More and Better Homes to meet the needs of our economy, communities and the growing number of households looking to work, study and settle in our city.

Ensure Safe and Healthy Homes for all by tackling and challenging criminal landlords and setting excellent levels of housing management and maintenance standards for all our housing management agents. We will make best use of housing in the City, bringing empty properties back into use, improving the quality and thermal efficiency of homes and reducing fuel poverty.

Provide access to secure homes for those in vulnerable situations. We continue to tackle rough sleeping in partnership. We will work to prevent homelessness and provide support and advice to people who need sustainable accommodation options to meet their housing needs. We will work to provide housing options that enable choice, good health and well-being and promote independent living.

6.4 Financial Well-being Strategy 2022

The Council's **Financial Well-being Strategy** – Tackling the Cost-of-Living Crisis was launched in July 2022. The strategy, through a multi-agency approach, sets out a long-

term vision to support households to access a range of appropriate financial and money advice services, as well as the knowledge, skills, and confidence to maximise their own financial well-being. The strategy will deliver a number of workstreams, with workstream 2 detailing how partners will work towards on **'Tackling Food and Fuel Poverty'**. The objective will be *'to tackle inequalities by reducing the number of residents in fuel poverty both by tackling the causes and by helping to meet the needs of people in crisis'*. There are three responses within this workstream:

- 1) Early – Minimise the impact of fuel poverty for low income and vulnerable households by increasing the number of people who switch energy suppliers or receive direct debit discounts to save money.
- 2) Emerging – Response to the emerging issue around fuel cap post April 2022 and identify households most likely to be impacted to ensure they have appropriate signposting to access the right support.
- 3) Emergency – Provision of emergency support for households experiencing fuel poverty.

The workstream will also support a joined-up system in each community to provide enough no-cost, low-cost and affordable healthy food in moments of crisis and in long-term low-income households, via joined up system of support in the community.

7.0 Future Strategies and Plans

There are a number of strategies and plans currently being developed which will provide further support and compliment the objectives and outcomes of existing published strategies and plans, supporting those households in fuel poverty and improving the energy efficiency of low energy performing homes.

7.1 Draft Carbon Reduction Strategy 2022-2024

Wolverhampton Homes, the Council's Arms-Length Management Organisation, is in the process of developing a Carbon Reduction Strategy 2022-2024, although this is in draft format and awaiting endorsement, the strategy will outline the organisations seven aims and objectives including how it will 'improve and decarbonise the housing stock'. The strategy will support the actions within the Council's *Climate Commitments* and *Our City; Our Plan*.

7.2 Draft Asset Management Strategy 2022-2026

By the end of 2022, the Council will launch its Asset Management Strategy detailing how we will continue to maintain, improve, and develop new housing assets across the short, medium, and long-term. The aims and ambitions of the strategy will align to the Council's *Our City, Our Plan* and *Housing Strategy 2019-2024*.

7.3 Draft Fuel Poverty Strategy (Housing)

The Housing Team are developing a Fuel Poverty Strategy to align with the existing *Housing Strategy* which will detail issues around fuel poverty, outline the work being

done to address this and introduce an action plan of practical actions to work with partners and help our most vulnerable residents to keep warmer in their own homes along with reducing carbon emissions to meet the net-zero targets.

8.0 Questions for Scrutiny to consider

8.1 In order to maximise the take up by residents of available grants, how do we innovatively reach out and engage with all eligible households as not all residents have access to digital technology?

9.0 Financial implications

9.1 There are no direct financial implications from this report, but securing funding to increase energy efficiency in all homes in the city will be a challenge. To achieve its aims the council will need to maximise external funding. Unless eligible for DFG, external grant funding will be the only other means of support the council will be able to provide for owner occupiers and private sector rentals.

9.2 Improvements to council owned homes will also require external funding and may require the re-prioritisation of other planned investment. The 30-year HRA Business plan does not currently provide for the additional costs of ensuring all the stock is net zero. Future regeneration programmes will be planned to include low carbon measures, but this may increase costs and could lead to budget reductions in other areas – for example new build programmes.

[JM/15092022/L]

10.0 Legal implications

10.1 There are no direct legal implications arising from the report.

[TC/06092022/A]

11.0 Equalities implications

11.1 This report provides an overview of the Council's Strategies, Plans, approved programmes, and schemes that are focussed on supporting fuel poor, low-income households in a number of ways by either improving the fabric or internal condition of their homes, through investment or grant funded schemes, to help reduce their energy bills.

12.0 All other implications

12.1 Climate change: All energy efficiency retrofits or support to fuel poor households will help to reduce energy consumption energy costs during this unprecedented cost of living crisis. Any measures carried out to homes will reduce carbon emissions.

12.2 Health and Wellbeing: any energy efficiency measures will help to improve the fabric of fuel poor properties, many of which may struggle in cold weather. Upgrading the thermal efficiency and general energy efficiency of the building will help to improve living environment and alleviate seasonal impacts of extreme heat and cold. Providing financial support and advice will help the health and wellbeing of vulnerable households during the current cost of living crisis.

13.0 Schedule of background papers

13.1 Heath Town - redevelopment – Options appraisal – April 2017
New Park Village – redevelopment options – July 2019
New Park Village – redevelopment update – February 2021
Non-traditional Property Investment and Regeneration – June 2021
IEDN – Sustainable Warmth Competition – Grant Approval – June 2022

14.0 Appendices

14.1 Appendix 1 – Energy Efficiency Data by Ward
Appendix 2 – Fuel Poverty Bands
Appendix 3 – Summary of all programmes and grant schemes