
Subject: ELECTRIC HEATING AND PHOTO-VOLTAIC INSTALLATIONS AT AFFORDABLE HOUSING DEVELOPMENTS AT KIMBERLEY CLOSE AND STOCKDALE GARDENS

Meeting and Date: Cabinet - 5 July 2021

Report of: Rachel Collins, Housing Development Manager

Portfolio Holder: Councillor Derek Murphy, Portfolio Holder for Housing and Health

Decision Type: Non-Key Decision

Classification: Unrestricted

Purpose of the report: To agree additional funding to install electric heating at Kimberley Close and Photo-Voltaic (PV) installations at both Kimberley Close and Stockdale Gardens.

Recommendation:

- (a) To approve additional budget to upgrade the incoming electricity main to Kimberley Close, allowing electric heating to be installed. Allied with the electric heating of both developments.
- (b) To approve additional budget for the installation of enhanced Photo-Voltaic systems to both Kimberley Close and Stockdale Gardens developments.

1. Summary

- 1.1. Cabinet has previously approved projects to build a total of 24 flats as interim housing for homeless people at two DDC-owned sites at Kimberley Close, Dover and Stockdale Gardens, Deal.
- 1.2. The additional expenditure of £160k (£6,666 per flat) will allow electric heating to be installed in all 24 flats, avoiding the use of gas-fired boilers, and provide enhanced PV installations to all the buildings.
- 1.3. These measures will significantly reduce the environmental impact of the developments and reduce the long-term heating costs for the tenants, helping mitigate fuel poverty concerns whilst housed in the accommodation.
- 1.4. Dover District Council's net zero carbon target will include avoiding the use of gas as a fuel and it is considered sensible to avoid its use in all new build affordable housing going forward, including those currently being delivered.

2. Introduction and Background

- 2.1. On 2nd October 2017 Cabinet approval for the development projects was granted, with future decisions delegated to the Strategic Director (Corporate Resources), in consultation with the Strategic Director (Operations and Commercial) and the Portfolio Holder for Housing and Health.
- 2.2. Planning consent has been obtained for both projects to provide 16 Studio flats at Kimberley Close and 8 one-bedroom flats at Stockdale Gardens for interim accommodation.
- 2.3. The projects have been tendered and Jenner Contractors Ltd have been appointed under a JCT Design & Build Contract to deliver the accommodation. These appointments were agreed under the Delegated Executive Key Decision dated 29th September 2020.
- 2.4. The tenders returned for each of the developments were based on the use of gas for space and water heating, however this has been reviewed during the tender assessment and design process, considering the imminent changes in legislation regarding the use of gas for residential heating and the effect this has on the environment.
- 2.5. The decision was taken early in the technical design process to increase the thermal performance of the building envelopes to allow an electric heating system to be installed either now or in the future, bearing in mind the anticipated changes to the Building Regulations to discourage the use of gas and the likely increase in the supply cost of gas and the effect this will have on DDC's Tenants energy bills. The upgrade of the building envelopes at both sites has been achieved at no extra cost to the contract.
- 2.6. The Future Homes Standard is a set of standards that will require new build homes to be subject to higher energy standards in the future. In 2019 the Ministry of Housing Communities & Local Government put out a consultation paper on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings. Because the government already has in law a target to bring all greenhouse gas emissions to net zero by 2050, they are looking at ways to ensure compliance and achievability with the target. With that in mind, the idea is to start looking at how new builds are constructed now, to ensure the future standards are met.
- 2.7. However, to date the Future Homes Standards that are being consulted on, have not yet become law and the full details of what will become law are still being mapped out through further consultations. It is likely that what comes out of the consultations will be implemented in law in, or around 2025. It is widely accepted that part of the Future Homes Standards, will mean that any new domestic property would not be permitted to be connected to the gas grid and fossil fuel heating systems would also not be permitted. Currently, for new builds erected now, this is still permitted in law.
- 2.8. In their negotiations with UK Power Networks (UKPN) for the Stockdale Gardens site, Jenner Contractors have confirmed that the required increased capacity of the new incoming electricity main can be achieved at no extra cost to the contract. Therefore, we are proceeding with electric heating at this development.
- 2.9. UKPN have advised that there is currently insufficient capacity in the electricity network at Kimberley Close to provide a suitably sized incoming supply and additional reinforcement work will be necessary.

- 2.10. During consultations with the Asset Management Team, due to the type of accommodation at Kimberley Close (single room bedsits of short duration tenancy), the use of gas boilers in each unit will present challenges to the operation and maintenance of the properties going forward. Ongoing maintenance and inspections will have to be undertaken at each change in tenancy, incurring additional and ongoing maintenance costs.
- 2.11. At the end of their design life the gas boilers will most likely have to be replaced with electric heating, due to the change in Government environmental policy. The electricity upgrade as described in 2.9 would then need to be carried out to allow the change in heating system at that time if it is not undertaken as part of the new-build contract. This will involve increased costs and significant disruption to the tenants.
- 2.12. Running cost comparisons have been carried out between gas and electricity, which has noted that currently the cost of electric heating will be more expensive than gas. It should be noted that this is likely to change in the near future as the use of gas is discouraged.
- 2.13. To offset this increase and provide additional green energy generation to reduce the carbon footprints of the developments, costs have been provided for enlarged PV installations to both developments.
- 2.14. Installing the PV installations will more than offset the current additional running cost of electric heating for the tenants and support these remaining low for the foreseeable future.

3. Identification of Options

- 3.1. Option 1 – Agree to the UKPN upgrade at Kimberley Close to allow electric heating to be installed, together with the additional PV installations at both sites to reduce running costs for tenants and reduce the carbon footprints of the developments, totalling £160k.
- 3.2. Option 2 – not proceed with the UKPN or PV upgrades and retain gas heating at Kimberley Close.

4. Evaluation of Options

- 4.1. Option 1 is the recommended option as this will allow electric heating to be installed in all 24 flats, future proofing the developments against the phasing out of gas. The increased use of green technology will also provide benefits of reducing both the tenants heating costs and the carbon footprints of the developments.
- 4.2. Option 2 is not recommended as it does not reflect the Council's carbon reduction targets and the likely future requirement for residential buildings.

5. Resource Implications

- 5.1. The schemes remain viable with the increased budget of £160k. The total scheme funding will be a mix of Retained Right-to-Buy receipts, HRA reserves and borrowing, to be determined by the Section 151 officer on completion of the scheme.

6. **Climate Change and Environmental Implications**

- 6.1. There is a strong desire to ensure that housing provided by the Council is constructed with consideration to its impact upon the environment – not only immediately but also in the long term.
- 6.2. The building envelopes are being constructed to reduce heat loss and improve the efficiency of the electric heating being installed, reducing the effect on the environment.
- 6.3. These developments will exceed building regulations in relation to Conservation of Fuel and Power, and the proposals demonstrate the use of green technologies by extensive installations of PV panels, serving each dwelling.

7. **Corporate Implications**

- 7.1. Comment from the Section 151 Officer: Members are reminded that the Council's revenue and capital resources are under pressure and so they will wish to assure themselves that all proposals progress the Council's priorities, are the best option available and will deliver value for money. (AC)
- 7.2. Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (BD)
- 7.3. Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

8. **Appendices**

None.

9. **Background Papers**

Cabinet report Development of Interim Housing - 2 October 2017

Delegated Executive Key Decision dated 29th September 2020

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