

## **CABINET**

**Tuesday 16 June 2021 at 7pm  
Minutes**

### **PRESENT:**

Councillors: Mason (chair), J Anand, Blacker, Costigan, Donnelly, Mahfouz, Manro, Nagpal, Raza and L Wall

### **ALSO PRESENT:**

In accordance with paragraph 2.6(a) of the Constitution, Councillor Malcolm addressed the Cabinet with regard to the following items:

Item 7 - Revenue and capital Outturn 2020-21 (Councillor Malcolm)

Item 8 - Sport England Local Delivery Pilot Let's Go Southall Funding Award (Councillor Malcolm)

Item 11 - Domestic retrofit programmes (Councillor Malcolm)

#### **1. Apologies for Absence and Notifications**

There were none.

#### **2. Urgent Matters**

There were none.

#### **3. Declarations of Interest**

There were none.

#### **4. Matters to be Considered in Private**

Items 9 and 10 contained confidential appendices but were not taken in private as it was not necessary to discuss the confidential information provided.

#### **5. Minutes**

##### **Resolved:**

That the minutes of the Cabinet meeting held on 25 May 2021 be agreed and signed as a true and correct record.

#### **6. Appointments to Sub Committees and Outside Bodies**

##### **Resolved**

That Cabinet agrees to appoint Ms Lucy Taylor, Executive Director of Place, to be the council's shareholder representative in relation to Greener Ealing Limited.

#### **7. Revenue and Capital Outturn 2020-21**

##### **Resolved**

That Cabinet:

- i) notes the General Fund revenue budget outturn position of £2.393m net underspend (0.97%) for 2020/21 (section 4 of the report), and an underspend of £3.160m on Housing Revenue Account for 2020/21 (section 8 of the report).
- ii) approves for reserves to be topped-up by the General Fund underspend of £2.393m (section 7 of the report).
- iii) notes financial pressures arising from COVID-19 in 2020/21 with total spend of £51.765m in relation to General Fund, fully funded from government grants (section 5 of the report).

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- iv) notes the General Fund balance as at 31 March 2021 of £15.919m and the total balance on earmarked reserves of £138.362m as at 31 March 2021 (section 6 of the report).
- v) notes the in-year Dedicated Schools Grant (DSG) underspend of £0.980m to be charged to the DSG account (section 7 of the report).
- vi) notes the HRA balance at 31 March 2021 of £4.925m (section 8 of the report)
- vii) notes the progress on delivering the 2020/21 savings (section 6 of the report).
- viii) notes the 2020/21 capital programme outturn variance of (£0.379m) underspend and approves for the decommissioning of underspent schemes (paragraph 9.3 of the report).
- ix) approves the re-profiling of 2020/21 capital programme net slippage of £130.477m (appendix 3 of the report) into future years.
- x) thanks officers for their work in bringing the Council to this outturn position in this most extraordinary year.

### **Reason for Decision and Options Considered**

The report outlines the Council's outturn position on revenue, capital, income and expenditure for 2020/21.

## **8. Sport England Local Delivery Pilot Let's Go Southall Funding Award Resolved**

That Cabinet:

- i) authorises the Council to accept the Sport England Accelerator Award for the total sum of £2,290,000, of which (i) £1,127,178 was to be made available for the Let's Ride Southall 2,500 cycle project including a wrap-around support programme, (ii) £426,200 made available for three state of art outdoor gyms for Southall, and (iii) £446,790 be made available for multiple level systems and community Leadership Development and Systems Change programmes, for the period June 2021 to September 2022.
- ii) approves the phase 1 Let's Ride Southall delivery plan which consisted of a (i) up to 2,500 Let's Go Southall branded cycles distribution based on criteria set in section 4.1.2; (ii) the creation of up to four central Southall cycling hubs, with wraparound support that included cycle training, led rides, maintenance classes, impact and behaviour change evaluation, bike GPS tracking for security and insight of new cycling routes, longer term sustainability with training of new mechanics and cycling instructors, and (iii) Active Communities Team Social Movement peer support, to be delivered between June 2021 and September 2022. This would be subject to agreeing the approach for the allocation of bicycles meeting lottery requirements.
- iii) authorises the Executive Director for Place to award the contracts for the purchase of cycles and equipment up to a total value of £747,857 for capital funding, equipment maintenance, four central Southall cycling hubs creation, cycling training, evaluation, and project management up to a total value of £379,321 from the Award funding.
- iv) approves the supply and installation of three new state of the art outdoor gyms in Spikes Bridge Park, Southall Recreation Ground and Southall Manor House Grounds as outlined in Appendix 2 of the report.
- v) agrees that all support payments and performance and future programme details would be reviewed on a quarterly basis by officers and relevant members of the Let's Go Southall Executive Board.
- vi) approves that a matched funding contribution of £100,000 to be utilised from s106 funding already received for the total cost of the outdoor gym installation.

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- vii) approves capital expenditure budget of cycling and Outdoor Gym £1,174,057 to be incepted into the capital programme over the two years 21-22 and 22-23 to be funded from grant and S106.
- viii) notes that the revenue maintenance cost of the capital equipment to be managed within the existing approved revenue budget.
- ix) thanks Councillor Mahfouz, Chris Bunting (Assistant Director of Leisure) and his great team for leading on this bid.

### **Reason for Decision and Options Considered**

The Sport England Let's Go Southall Pilot Accelerator Award offer had culminated from considerable pilot development and test and learn pathfinder work since programme inception in 2018. The accelerator fund application was reviewed, evaluated, and approved for submission by the Let's Go Southall Executive Board. The application was approved for award following a detailed Sport England and Pilot Peer review process prior to the submission of this Cabinet report.

The pilot had been able to build the social movement roots in Southall for over a year now, including the period of the pandemic. A working relationship with over 400 inactive residents had been developed and maintained. The programme had started to evolve as a new interface into the wider system, and as a fully inclusive community group of the actual people in Southall. The leadership challenge for the task ahead was evident and the programme had started to build a road into this, in the community and the wider system. Embarking on this road ahead would enable capacity building to deliver change. Ultimately bringing stakeholders closer together to form a new working and effective relationship.

There was now momentum within the Southall social movement; lots of the work was semi-hidden, as capacity building roots in Southall, but it was there. It had shown growth in harsh, restrictive conditions. The next accelerator stages were key to moving forward in a timely manner. The plan was to build on the social movement foundations to develop leadership, incorporate partnership working and work on activity that could utilise the strengths, and amplify the approach. This would include a large cycling initiative with wrap around support using the social movement relationships and team working, use of outdoor green spaces with locally trained instructors on state-of-the-art outdoor gyms, and development of local capacity and systems leadership work.

There was optimism that this journey to unlock the potential of the people of Southall and the system; would make a long lasting and amazing health and well-being change in Southall.

Four key areas from the learning had been identified that would support sustained activity development in Southall and introduce the notion of scalability of social movement across communities, perhaps even nationally. The four strands that would act as the building blocks to everything needed for community development to community leadership and social partnerships were illustrated and detailed in the report. Some of this work would be aimed at very specific health or community issues that partners worked together to deliver such and mental health in Southall.

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## 9. The Green Southall Update

### Resolved

That Cabinet:

- i) notes points raised in the public consultation upon the original scheme and updates on discussions since then with various groups and landholders
- ii) agrees the proposed revisions to the scheme as summarised in paragraphs 2.3-2.9 of the report and in Appendix 1 of the report.
- iii) notes the financial implications contained within Confidential Appendix 2 of the report, which identified a contingent liability flowing from the changes to be approved in this report, which may give rise to an unbudgeted cost, should the liability crystallise in due course.
- iv) notes and supports as landowner, the scheme proposed to be submitted in July 2021 for consideration by the Planning Committee later this year.
- v) approves the maximum CPO red line boundary area (in Appendix 1 of the report) for a future CPO and authorises officers to commence preparations for the making of the CPO.
- vi) delegates authority to the Lead Member for Good Growth, following consultation with the Executive Director, Place and the Director of Legal and Democratic Services, to approve the making of CPO in due course including any minor changes to the CPO area as may be necessary.
- vii) agrees proposed changes to the Development Agreement with the Council's developer partner (Peabody) consequential on the scheme revisions.
- viii) delegates authority to the Executive Director, Place, following consultation with the Director of Legal and Democratic Services, to enter into the Deed of Variation to the Development Agreement.
- ix) notes and agrees in principle, the potential inclusion of land at Featherstone Terrace as part of the scheme and delegates to the Director of Growth and Sustainability the authority to enter into a licence agreement with Peabody in respect of this land.
- x) authorises the Executive Director, Place, following consultation with the cabinet member for Good Growth and subject to the agreement of Peabody, to establish a Development Charter with existing voluntary, charitable and community organisation tenants at Featherstone Terrace with a view to ensuring, so far as reasonably practicable, that any existing tenants would be offered the opportunity to take up occupation of premises within the new development, on broadly equivalent terms to those they currently enjoyed to guarantee a Right to Return to the development.

### Reason for Decision and Options Considered

In March 2017, Cabinet agreed to seek a development partner for Council owned land (namely Featherstone Car Park) and adjoining land in the Green, Southall. In July 2018, Cabinet approved the selection of Peabody as the Council's development partner and a Development Agreement was entered into in April 2019. Since then, Peabody had consulted on a proposed planning application, which was due to be submitted for approval in early 2020 and Peabody and the Council engaged with local residents and landowners affected by the proposed CPO required to deliver the scheme. However, the Covid pandemic and the need for the Council to respond to that by providing a range of new public services, meant that senior officers and members were not able to consider the response to this consultation, along with Peabody, until Summer 2020.

As a result of the consideration of public responses a slightly amended scheme had been developed which Peabody would like to consult on now. The scheme comprised a cluster of buildings ranging from 2-19 storeys in height and offered a placemaking quality mixed use scheme at the heart of Southall, which included 50% affordable housing provision.

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The scheme was generally supported at the public exhibitions although few written comments were received.

The main objection to the original scheme related to the proposal to include the Tudor Rose within the red line boundary of the CPO scheme and to demolish the existing building. The objections to the demolition of the Tudor Rose, related mainly to the loss of what was clearly considered to be an important cultural and community asset. Peabody and officers had carefully considered the impact of removing the Tudor Rose from the scheme and Council officers representing the Council's interests as landowner were now recommending that the building be retained, although some improvements to disabled persons access, its setting and façade would be welcome, if feasible, to enhance the success of the future scheme.

As part of the redesign of that element of the scheme to exclude the Tudor Rose from the CPO, it was now recommended that other properties, not included in the current red line area, in particular a substation located on Dilloway Yard access road and a small part of the car park of St Anselm's Church, be included. This report sought Cabinet's approval to the revision to the red line boundary for the planning application and CPO to reflect that.

Since Summer 2020, Peabody had been working to revise the planning application to take account of public concerns about the original scheme and to develop a suitable alternative proposal. As part of this work, a dialogue had taken place with representatives of St Anselm's Church, and Peabody would be carrying out a further public consultation with affected landowners and provide an online based update to the wider public on a revised draft scheme commencing in late June 2021. Dialogue with the Church was due to resume ahead of this date.

Further pre-application discussions had taken place with the Council and the scheme as now proposed was expected to fulfil the policy requirements as set out in the local plan.

From a job creation perspective and based on the current anticipated demand focused towards Class E(g) (ii) and (iii) uses, the estimated minimum employment demand was for 90 jobs (FTE). This was based on 2,502 sq.m. of the 2,923 sqm of flexible commercial floorspace being Class E(g) (ii) and (iii) uses at an employment density of one employee per 30 sq.m. and 421 sq.m. being a nursery (Class E(f)) at a density of one employee per 60 sqm. As a flexible approach is sought to allow the commercial floorspace to interchange between uses subject to demand, the job creation will continue to change over time. However, the calculation used assumes a 'worst case' scenario of lower employment density uses rather than higher density uses (e.g. retail or office) that could potentially operate from the site within the use classes sought. As such, the creation of 90 jobs is considered to be a cautious estimate and may well likely increase. Alongside jobs created once the development is completed, there would also be a significant number of jobs created through the construction period for which there would be opportunities for apprenticeships.

The slight reduction of commercial space had been offset to some extent by reconfiguring the parking proposed. This reconfiguration also allowed for slightly more cycle parking and for the cycle parking to be lifted up from the ground floor allowing for active uses throughout. To achieve this, Peabody was also considering securing some at grade parking on Council land at Featherstone Terrace. If approved by Cabinet, it was proposed that this would operate outside the CPO process and would be made available under a licence agreement). To enable this, the existing tenants of that site, which

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consisted of a number of Somali led community groups, which served a wide client base mostly comprised of recent immigrants, including GOSAD the umbrella organisation, would need to be relocated. A temporary location could be found nearby or within an undeveloped part of the site, with the potential opportunity for permanent accommodation within the development. This proposal would also simplify in the longer term consequent leaseback arrangements with the Council for parking spaces as it would put all Council controlled car parking spaces outside the buildings and in publicly accessible land. The proposal was that the tenants should enjoy a guarantee of a tenancy on equivalent conditions to those they currently enjoy at Featherstone Terrace through a guaranteed 'Right to Return'. They would be relocated into one of the flexible commercial / community units in phase 1 or in the allocated 'community centre' in phase 3 depending on detailed discussion with the groups and their needs.

Ward Councillors had raised concerns about the impact of the proposed development on local infrastructure in particular traffic impacts, impacts on health and education services. These impacts would properly be considered thoroughly as part of the planning process. However, officers had considered the following issues in developing the scheme with Peabody and were able to report the following:

- Traffic impacts: there was a substantial amount of parking provided in the proposed scheme mainly as replacement to the existing public car parking. This new provision (90 public parking spaces and 60 spaces for the residential properties) is roughly equivalent to the public parking provision currently on site and, taking account of informal parking around the existing businesses, would represent a reduction in overall parking provision on site. Therefore it was not considered that the traffic impacts would be worse from this scheme. Further, servicing impacts from the shops along the Green will be ameliorated by the provision of improved service access to the rear of those properties and away from the main road which was a requirement of the planning policy and should reduce congestion. The scheme also provided opportunities for alternative travel options like cycling and walking. There was significant new cycle parking for residential properties as well as 40 secure cycle parking spaces for businesses. Further, it would include 44 public on street cycle parking spaces which would enhance opportunities for local people to travel to the shops and facilities in the town centre by cycle. It would also include new walking and cycling routes through the site which would enhance opportunities for sustainable travel between neighbouring residential streets and North Southall away from the main road. This tied in with proposals by 'Let's Go Southall' to upgrade significantly opportunities for existing local residents to get healthy and take advantage of better walking and cycling facilities locally. To address the local issue of traffic congestion the Council could consider reducing further the amount of public car parking proposed to be reprovided on the site. Reduced car travel and a reduction in congestion arising from servicing would also help to reduce airborne vehicle pollution.

- Educational impacts: the scheme was expected to generate a child yield of approximately 58 primary school aged children and 42 of secondary school age. Of these, many will be existing Ealing residents moving out of temporary or overcrowded accommodation who also have a school place. Some will be net new to the area. The scheme will be expected to make a s106 contribution to education to support provision of additional school places as required. Currently Southall has a net surplus of 14% primary school places and south of the railway, where this scheme is located, the surplus is currently 18% so there should be no undue pressure on primary places generated by this scheme. However at present Southall has a 0% surplus of places at Secondary level and need is currently being met by the provision of 1 FE 'bulge class' to accommodate year

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7 and 8. The Education department would prefer to meet secondary needs arising through the expansion of existing schools to ensure they retain viable ongoing futures and bearing in mind the bulge would be expected to reduce in future given the surplus at primary level. However any s106 contribution agreed from this scheme could contribute to the provision of appropriate additional places at secondary level.

- Health impacts: the impact on health would be calculated using the HUDU model and then discounted to have regard to the fact that many incoming residents would be relocating from other areas in Ealing. There is a nearby community health centre at Featherstone Road and initial discussions between officers and the CCG indicate that it is unlikely that the CCG would want to utilise any of the proposed commercial space in the development to meet needs for GPs. However the GP and primary care provision in Southall is currently being reviewed as part of a borough wide study to support the emerging local plan and this will result in a clear view from the CCG and the Council about the need for and location of new GP provision. This is likely to result in the reconfiguration of existing GP provision across the area to support expansion. The scheme will generate a s106 contribution towards health provision. Initial discussions with the CCG indicate it is possible that it would wish to negotiate an allocation of affordable homes towards health workers as housing pressures are significant for health workers in the area; if this is not agreed then it is likely the CCG would expect a capital payment towards the provision of health services in Southall. The scheme may be suitable for providers such as dentists and opticians to locate into and Peabody will explore these possibilities with local practices as part of the ongoing community consultation process.

- Urban greening and amenity: In addition, the scheme provides new communal public open space, planting, trees and child play space, which will positively contribute to healthy living objectives and the greening of the area.

## 10. **Housing Asset Management Strategy 2021-26**

### **Resolved**

That Cabinet:

- i) approves the draft Housing Asset Management Strategy 2021-26 and Action Plan (Appendix A of the report).
- ii) notes the programmes and actions outlined in the Strategy and the mechanisms set out to monitor the delivery of the Action Plan.
- iii) delegates to the Director of Place Delivery, following consultation with the portfolio holder, authority to make any revisions that may be deemed necessary.
- iv) notes the addendum containing corrections to the table at section 2.8 of the report.

### **Reason for Decision and Options Considered**

The production of a Housing Asset Management Strategy was an important part of setting the course for capital investment within the Housing Revenue Account (HRA) for the next five years.

The Strategy would be shared with residents and stakeholders to convey our key messages. The Strategy included an Action Plan which would be used to monitor progress.

The Strategy had been formulated in a challenging moment for social housing providers. The impact of the COVID-19 pandemic had led to delays in construction and the build-up of backlogs, particularly for internal repairs and voids works which could not be safely

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carried out during periods of lockdown. The pandemic had also resulted in lower rent collection rates and reduced mobility within social housing stock across the sector.

The West London Alliance estimated that over 350,000 people in the sub-region were furloughed or had to claim benefits for the first time in 2020 as a direct result of the pandemic. With a high proportion of retail jobs (25% of the London total), a population of which 52% are classed as Black and Minority Ethnic, and a self-employment rate of 15%, 2% higher than the UK average, the West London area has a range of characteristics indicating severe impacts from the pandemic. Ealing's local experience bore this out, as the borough had experienced relatively high infection rates and the designation of part of the borough as a 'hotspot' for the so-called 'South African variant' early in 2021.

There had inevitably been short-term impacts on the capacity of Housing services to engage meaningfully with residents and to perform the full range of repairs and improvements which would normally be carried out. The early months of 2021 had seen progress being made in returning to normal operations and reducing the backlogs which had accumulated. This work was ongoing and it would be some months before the service emerged fully from the effects of this period, subject of course to further restrictions becoming necessary.

Despite these short-term impacts, the Housing Property and Service Delivery Department has remained focussed on a number of the main elements of the Strategy. In particular a number of key procurements had been progressing, including contracts for fire door replacements, external works, and work in void properties.

A new Stock Condition Survey had also been completed to inform the Strategy, following an unavoidable delay at the height of the Covid-19 Restrictions. The data from this exercise (shown in the summary findings report at Appendix B of the report) would be used as the basis for estimating the costs of planned and cyclical works programmes outlined in the Strategy.

The key themes of the Strategy, as reflected in the Action Plan, were as follows;

- 1) Resident safety – ensuring residents were as safe as possible in their homes and that all compliance requirements are met or exceeded
- 2) Priorities for Investment – using the updated stock condition data and other data to plan and deliver a comprehensive 5-year programme of planned and cyclical capital works to maintain and improve the quality of our homes.  
The Strategy set out the approach to planned and cyclical works to make the best use of the capital allocations set out in the report, in the HRA Revenue Account.
- 3) Resident engagement – involving and empowering residents to play their full part in the guardianship of their homes and estates; making sure their voices were heard in relation to building safety and other concerns
- 4) Sustainability – improving the energy efficiency of our homes; making the strongest contribution we can make across all services to reducing emissions and achieving the Council's environmental goals
- 5) Value For Money – maximising the value of the Housing Revenue Account through robust procurement and contract management; reducing revenue spend through effective planning; spending budgets on 'properties, not processes'

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- 6) Equalities – ensuring equalities considerations are at the forefront of our planning and services delivery; protecting vulnerable residents; advancing equalities wherever possible in the context of procurement and contract management
- 7) Future challenges – anticipating the risks and opportunities which lay ahead; transforming asset management through leading-edge technology, transforming services and working more closely with residents

## 11. Domestic Retrofit Programmes Resolved

That Cabinet:

- i) notes and agrees to the Council's participation as a Founding Landlord in the procurement to deliver a Framework for a Retrofit Accelerator for Homes (RA-H) via an Innovation Partnerships Procedure.
- ii) delegates authority to the Executive Director of Place to:
  - (a) join the Greater London Authority (GLA) as the Contracting Authority in the Energiesprong Joint Innovation Partnership procurement, with TfL providing the procurement support function, with the Founding Landlords as partners that would contract with Solution Provider(s) through lots or housing archetypes.
  - (b) following the evaluation of suitable tenders and consultation with the Portfolio Holder for Genuinely Affordable Housing, the authority to award contract/s to install and manage whole-house energy efficiency retrofit solutions on Council housing properties.
- iii) notes the commitments from the existing approved Housing Revenue Account Capital Programme for whole-house retrofits being used for the required minimum 60% match funding requirement for the receipt and use of external grants at iv) and v) below:
  - (a) £2.344M (including slippage from 2020-21) which had been allocated for whole-house retrofits for 2021/22 to be invested in the research, development, and delivery of up to 40 prototype homes.
  - (b) £1.110M in 2022/2023 for the delivery of Energiesprong retrofits on up to 24 flats.
- iv) approves the additional expenditure associated with the grant for the Department of Business, Energy, and Industrial Strategy's Social Housing Decarbonisation Fund of £1.279M for design and delivery of up to 40 Energiesprong demonstrator homes being incepted into the HRA Capital Programme for 2021-22 and to be funded from that grant.
- v) approves the expenditure associated with the grant from the EU Interreg North-West's MUSTBE0 Fund of £0.741m for design and delivery of up to 24 Energiesprong demonstrator flats being incepted into the HRA capital programme for 2022-23 and to be funded from that grant.
- vi) authorises the Director of Growth and Sustainability to apply for and claim the Green Homes Grant: Local Authority Delivery scheme allocation on behalf of the established partnership and enter into a grant funding agreement with Cambridgeshire And Peterborough Combined Authority (CPCA is the accountable body, representing the Greater South East Energy Hub) for the Green Homes Grant: Local Authority Delivery:
  - (a) Phase 2 in the sum of £10.788M;
  - (b) subject to grant award confirmation by BEIS, Phase 3 in a sum to be confirmed in an update report to Cabinet following award in October 2021; and
  - (c) any further phases announced by BEIS within the next two years, subject to a noting report to cabinet on future funding amounts.
- vii) delegates authority to the Director of Growth and Sustainability to:

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- (a) make a direct award and draw down from the Cambridgeshire and Peterborough Combined Authority (CPCA) framework.
  - (b) award call-off contracts to a managing agent for Phase 2 management, works, and delivery of the Green Homes Grant: Local Authority Delivery scheme.
- viii) delegates authority to the Director of Growth and Sustainability, subject to the receipt of grant and in consultation with procurement and legal, procure the appointment of a delivery agent in compliance with the PCR and the council's CPR to manage and deliver Phase 3, if awarded, and any further subsequent phases of the Green Homes Grant: Local Authority Delivery Scheme, Sustainable Warmth Competition, and/or Home Upgrade Grant.
- ix) approves the additional capital expenditure of £10.788m being incepted into the 2021-22 capital programme for the Phase 2 for the Green Homes Grant: Local Authority Delivery and Home Upgrade Grant Schemes, to be funded wholly from that grant. Noting also that the Council will act as accountable body for the Partnership and that the allocations to the Partners are set out in the table at 4.2 in the body of the report with a requirement for spend by 31 December 2021, or agreed amended timescales.
- x) authorises the Director of Growth and Sustainability to amend current or enter into new interborough agreements and memorandum of understanding with partners to deliver the Green Homes Grant: Local Authority Delivery Phase 2 and, subject to the receipt of grant funding and following consultation with procurement and legal, any future phases of the GHG:LAD or Home Upgrade Grant, with eleven partnership boroughs (Existing: London Boroughs of Brent, Hammersmith & Fulham, Harrow, Hounslow, Lambeth, and the Royal Borough of Kensington and Chelsea. New: London Boroughs of Barnet, Hillingdon, Newham, Richmond, and Wandsworth) containing key agreements of delivery, such as project management, borough responsibilities and dispute resolution.
- xi) authorises the Chief Finance Officer, following consultation with the portfolio holder for Genuinely Affordable Housing and the portfolio holder for Climate Action, to incept into the HRA Capital Programme for 2021 – 22, for the purpose of Energiesprong retrofits, other monies or any additional grant awarded to the council for that purpose by the Department of Business, Energy and Industrial Strategy.

### **Reason for Decision and Options Considered**

The Ealing Climate and Ecological Emergency Strategy (CEES) set a date of 2030 to be a net zero carbon borough. The CEES commits to an ambitious target for 100% of council owned homes to contribute to zero carbon outcomes by 2023 (i.e., low energy lighting, low carbon heating systems, electric appliances, and low flow toilets) and for all Council owned homes to have an average EPC rating B (SAP points) by 2030. This would require whole-house retrofits and entailed maximising insulation (loft, walls, and under floor), taking opportunities for renewable energy and moving to low carbon heat sources (replacing gas boilers), and investing in on-site electric generation (solar PV).

### **Benefits of the Energiesprong Innovative Partnership Procurement**

The opportunity to join into a collaborative procurement with experienced local authorities, such as Nottingham City Homes (who have carried out the largest number of Energiesprong homes in the UK), greatly reduced risk by bringing additional learning and expertise to the partnership.

Entering as a Founding Landlord would give the Council access to the framework at the earliest opportunity, allowing Ealing to help lead and grow, while also reaching Climate and Ecological Emergency objectives by retrofitting up to 64 Council homes in the first

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two years of the project. Should the Council wait for the Innovation Partnership to be fully established and open to additional social landlords, it could be one year (or longer) before the framework is reopened and the Council could join the framework. This delay would jeopardise the Council's ability to meet policy commitments to deliver net zero homes as laid out in the draft Climate and Ecological Emergency Strategy. It was also possible that the more experienced solution providers would be chosen to deliver the first round of design and tendering, leaving later entrants to work with less experienced builders, which would bring an increased risk.

The Specification for the Innovation Partnerships Procedure would be a performance (i.e., outcome-based) specification which would not prescribe technical solutions (as these would be developed by the market). However, it would seek to provide non-disruptive, guaranteed solutions that improved building fabric using fire compliant materials, renew roofs, incorporate low carbon and renewable technologies and ensure adequate ventilation. The approach had delivered 85 – 95% CO<sub>2</sub> saving in the UK experimental projects, further reducing to 100% as the electrify grid decarbonises in future.

#### Benefits of Green Homes Grant: Local Authority Delivery Scheme Phase 2

Utilising grant funding to deliver retrofits on both private sector homes and the council's own housing stock delivers multiple benefits including:

- Financial savings to residents and the council through reduced energy and building maintenance costs
- Demonstrating leadership in the borough with carbon and energy saving projects
- Development of local case studies
- Positive changes in staff behaviour at work, which could also lead to positive changes in behaviour outside work
- Reduced cold-related ill health (excess winter deaths and winter hospital admissions)
- The growth of the Green Economy, supporting economic recovery and renewal through the skills agenda so residents can access good quality and secure employment

#### Alternative options considered

**a)** Undertake conventional energy retrofit programmes i.e., a package of measures, carried out in phases

Installing energy saving components individually was time consuming and caused increased and repeated disruption for tenants. Some of these (such as internal wall insulation) required decanting. Energiesprong was a novel approach to 'whole house' retrofit utilising offsite manufacturing to allow residents to remain in situ. Whilst its cost was currently higher than the more usual incremental insulation upgrades it created a net zero energy home, which avoided later spending on a decarbonised heat system, and also avoided potential spending on further efficiency measures in the future. Repeat visits to properties to carry out multiple energy efficiency projects was therefore not sustainable or suitable for all homes. Where this could be avoided this should be, for ease of delivery on the tenant and project management. The properties best suited for Energiesprong were those with a simple design.

**b)** Undertake conventional energy retrofit programmes; i.e., a package of measures, all at the same time

Energiesprong was procured to deliver a 'design, build and guarantee' contract against the Energiesprong Performance Specification which guaranteed the retrofit delivered predicted energy savings. Monitoring equipment was included within the installation

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which monitored energy use, humidity, air quality and comfort levels on a daily basis throughout the lifetime of the retrofit. Each property must achieve the performance outputs and maintenance costs predicted in the design stage or financial penalties could be placed on the contractor for up to 10 years after the installation. A conventional retrofit did not offer such certainty around the outcome or paybacks that would be achieved. Often a set of measures have interdependencies, for example the air ventilation system would need to work in conjunction with the air source heat pump (the heating system). If one fails it could impact on the operational performance and the guarantee of the other. Undertaking multiple contracts of multiple measures would require increased resources for contractual management and performance.

Energiesprong installations could be achieved without decanting residents. Roof units, modulated heating systems, and prefabricated wall panels including windows and doors could all be manufactured off site making installations faster and reducing the impact on residents. The properties identified were simple in design and are ideal for the Energiesprong approach.

**c) Deliver the project on another estate**

The Village Park Estate properties had poor thermal energy performance. The units also suffered from internal damp through condensation brought on by cold bridging. The Estate had been identified as in need of investment to get the properties up to the required standard.

Other estates had been considered and reviewed as part of a stock survey funded by the Retrofit Accelerator – Homes and Carbon Trust. Village Park was found to be the second most estate in need, with 77.9% of properties rated EPC D-G, however the estate with the lowest EPC ratings, East Acton, was a priority regeneration site and already under consideration for possible demolition and regeneration works. The Village Park properties were chosen due to the simplicity and replicability of the design, and the need to invest in the estate to improve the quality of living. However, further investigation into the structural integrity of these properties was required and would be part of the design process. Visual structural surveys were therefore in process. Should these surveys indicate that substantial spend was required to remedy structural faults alternative properties on the estate would be put forward. 56 houses on the estate had been identified as potentially suitable. The Council owns 447 properties on the estate and sought a highly replicable solution for improving these properties, as well as an offer which could be extended to lease- and free-hold properties. These areas had been identified on the basis that external works were required and the low EPC ratings allowed the Council to utilise additional funding sources such as the Energy Company Obligation and Renewable Heat Incentive to subsidise costs of the project.

**d) To not include a Comfort Charge**

Due to the scale of funding required to deliver energy efficiency projects across the whole of the Council's Housing Estate, it was vital that the model of delivery was financially sustainable. If the Council did not introduce a Comfort Charge and capture some of the energy savings secured by tenants who lived in super insulated properties, then the funding agreed for energy efficiency measures may not stretch across the whole portfolio. This may introduce inequality between properties, as although tenants may pay the same rent, they may have significant differences in their energy bills which would not be fair for tenants. The Housing Revenue Account (HRA) was paid into by all tenants and the benefits of any spend from it should be as equitable as it can be, benefiting as many as it could. The Comfort Charge would help refund the costs of the measures delivered by the Council through the HRA and enable the Council to deliver further carbon reduction and energy efficiency projects across the wider Council Housing Estate.

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**e) Do Nothing**

The Council had a commitment to become a zero-carbon borough by 2030. Accepting the funding from BEIS and the Interreg North-West project would allow a net zero energy retrofit to be trialled at a significantly reduced cost.

**f) Delay**

The Council could wait until November 2023 when it was expected that a national framework would be available for Energiesprong and the gross maximum price for an Energiesprong installation was expected to have fallen by around 35%. However, there was no financial benefit to this approach as Government subsidies were unlikely to be available once the economic price point has been reached. There was also the risk that Energiesprong would be dismissed as energy plans for the whole Council housing portfolio were being designed and conventional retrofits commence on estates which would have offered better results from an Energiesprong installation.

On the Village Park Estate, the Council would still be required to undertake upgrade works on the properties to ensure that they achieved the Council's housing standards, however we would be required to bear 100% of the cost. By taking action now, up to 40% of the project will be grant-funded and 64 Council-owned properties would meet our Net-Zero targets eight years ahead of our 2030 commitment.

**Energiesprong Innovation Partnership Procurement**

The adoption of conservative procurement approaches for one-off projects in the UK had inhibited collaboration and been a barrier to creating economies of scale necessary to develop the Energiesprong solution in the UK. This in turn had reduced the confidence of potential investors and prevented a supply chain from evolving with the necessary capacity, capability, and expertise to meet the demand. As demonstrated by the Netherlands model, a different procurement model and mind-set is required if UK housing providers are to successfully overcome the climate emergency.

The proposed approach to delivery was an Innovation Partnership procurement. An Innovation Partnership was not a legal partnership, but was a process whereby a contracting authority (or authorities) worked with the market to support the development of innovative products, services or works and subsequently purchases them, as long as they met the performance levels and maximum costs agreed between the contracting authority and the supplier/s.

An innovation Partnership could only be operated in circumstances where it could be shown that no product or service already existed to meet the need. An options paper compiled by Energiesprong UK and GLA retrofit delivery consultants Turner and Townsend (Appendix 1 of the report) stated that while individual components – insulation, solar panels and heat source pumps - were widely available, a 'whole house' solution did not presently exist which was able to meet the NZE target at an economic price point and that this therefore justified an Innovation Partnership.

All procurement strategy options had been considered, with an Innovation Partnership scoring highest overall in terms of meeting the criterion and delivering prototype properties within the required budget.

Alongside Ealing Council, the partner authorities who were Founding Landlords in the Innovation Partnership were the London Borough of Barking and Dagenham, Sutton Housing Partnership, Nottingham City Homes and Haringey/Homes for Haringey. An

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additional five Landlords (Bristol, Enfield, Hammersmith and Fulham, Lambeth, and Sanctuary Homes) have joined as “Tranche Two” Landlords.

Following an award of contracts, the project key delivery headlines and timetable were as follows:

- Design of solution for the pilot project: May 21 to Aug 21  
At the end of this Stage, the Contractor submits end of stage completion documents for evaluation. If the Contractor passes the assessment and the other requirements set out in the conditions of contract, a notice to proceed to the next stage is issued i.e., installation
- Consultation and engagement with tenants: May 21 to July 21  
This will make tenants aware of planned works and the benefits that this will bring to the community and seek to address any concerns.
- Installation to commence: Sep 21 to Dec 21  
Under the Innovation Partnership Contract, at the end of this stage, the contractor submits completion documents as part of an end of stage evaluation. If the contractor passes the assessment and the other requirements of the conditions of contract, a further notice to proceed is issued, allowing further installations to take place if required, and if this fits with the energy strategy for the Council’s entire housing stock.

If a notice to proceed to the next Stage was not issued for any reason, an instruction can be issued to remove the work required in the next Stage(s) from the Scope. This instruction was not a compensation event and the Council would not be liable to the contractor for any costs, expenses, losses, or damages that it may incur as a result. In addition, the Council has the right to terminate the contract at any time for any reason through a termination at will clause in the contract.

**12. Date of Next meeting  
Resolved**

That Cabinet notes that the next meeting of Cabinet would be held on 14 July 2021 at 7pm.

Councillor Peter Mason, Chair

**Date**

The duration of this meeting was 7pm to 7:29pm

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