London Borough of Hackney Living in Hackney Scrutiny Commission Municipal Year 2021/22 Date of meeting Wednesday, 8 November 2021 Minutes of the proceedings of the Living in Hackney Scrutiny Commission held at Hackney Town Hall, Mare Street, London, E8 1EA

Chair	Cllr Sharon Patrick
Councillors in Attendance:	Cllr Soraya Adejare, Cllr M Can Ozsen, Cllr Ian Rathbone, Cllr M Can Ozsen, Cllr Penny Wrout, Cllr Ajay Chauhan
Apologies:	Cllr Clare Joseph,
Officers in Attendance	Aled Richards (Strategic Director, Sustainability and Public Realm), Steve Waddington (Strategic Director, Housing Services), James Goddard (Interim Director, Regeneration), Sam Kirk (Head of Sustainability & Environment), Irina Mot (Strategic Asset Manager), Chris Pritchard (Director Strategic Property), Chris Trowell (Interim Director, Regeneration), Ken Rorrison (Head of Strategic Design)
Other People in Attendance	Cllr Guy Nicholson (Cabinet Member for Planning, Culture & Inclusive Economy), Cllr Clayeon McKenzie (Cabinet Member for Housing), Cllr Sem Moema (Mayoral Advisor, Private Rented Sector and Affordability), Cllr Mete Coban (Cabinet Member Energy, waste, transport and public realm), Steve (RLG Co-Chair), Helder Dacosta (RLG Co-Chair), Sharon West (Lordship South TMO Chair), Jean Nicholson (Downs Estate Chair)
Members of the Public	None
Officer Contact:	Tracey Anderson
Councillor Sharon Patrick in the Chair	

Councillor Sharon Patrick in the Chair

1 Apologies for Absence

- 1.1 The Chair updated on the meeting etiquette and notified meeting attendees the meeting was being recorded and live streamed.
- 1.2 Apologies for absence from Cllr Clare Joseph.

- 1.3 No apologies for lateness
- 1.4 Virtual attendance from Cllrs: Soraya Adejare and Ajay Chauhan.
- 1.5 Guests invited to the meeting were virtually in attendance.

2 Urgent Items/ Order of Business

2.1 There were no urgent items, and the order of business is as set out in the agenda.

3 Declaration of Interest

3.1 Cllr Patrick declared she is a leaseholder in Hackney borough.

4 Climate Change and Buildings

- 4.1 The Chair opened the item explaining this item will focus on climate change and buildings. This is a continuation of the commission's work to review the council's work on climate change and the approach being taken to achieve net zero carbon by 2040.
- 4.2 It was noted the commission's previous session covered the Council's Energy Strategy and the role of planning to help shape the built environment and support the council's ambitions towards achieving net zero carbon.
- 4.3 This item will focus on climate change and buildings looking at Hackney's council housing, new build homes / regeneration developments and council corporate property.

4.4 The session was schedule to cover:

- Council Housing Retrofitting council homes to achieve net zero carbon target
- Private Sector Housing what the private sector needs to do to achieve the net zero carbon target
- New Homes Delivery how new build home and regeneration developments will achieve / deliver the net zero carbon target
- Council Strategic Property the council's maintenance programme, retro fit and work to deliver net zero carbon in relation to non-residential council property.
- 4.5 The Chair welcomed to the meeting from London Borough of Hackney: Cllr Clayeon McKenzie, Cabinet Member for Housing; Cllr Sem Moema, Mayoral Advisor, Private Rented Sector and Affordability; Aled Richards, Strategic Director, Sustainability and Public Realm; Sam Kirk, Head of Sustainability & Environment; Steve Waddington, Strategic Director, Housing Services; Irina Mot, Strategic Asset Manager; Chris Trowell, Interim Director, Regeneration; James Goddard, Interim Director, Regeneration; Chris Pritchard, Director Strategic Property; Ken Rorrison, Head of Strategic Design; Cllr Guy Nicholson Deputy Mayor and Cabinet

Member for housing supply, planning, culture and inclusive economy; Cllr Mete Coban Cabinet Member for Energy, waste, transport and public realm and Deidre Worrell, Director Neighbourhoods and Housing Finance.

- 4.6 Also in attendance were external guests: Resident Liaison Group (Steve and Helder); Lordship South TMO Chair (Sharon West) and Downs Estate Chair (Jean Nicholson).
- 4.7 The Chair explained there would be a presentation from each service area and this would be followed by a question-and-answer session (Q&A) after each presentation.
- 4.8 The presentations commenced with an introduction from the Strategic Director, Sustainability and Public Realm and the Head of Sustainability & Environment. The main points of the presentation were:
- 4.8.1 The climate change agenda is the biggest challenge the Council is facing. There is significant work to do in relation to the climate emergency.
 - Corporate Plan: Climate emergency an ongoing and increasing priority but achieving wider benefits will be key
 - Retrofitting buildings: One of the biggest challenges to the council both in terms of technical complexity, scale and cost
 - New Homes: We must ensure that what we build continues to be fit for a changing climate and positively contributes to our net zero goals
 - Timeframes: We need to deliver carbon reduction at pace within a narrowing window (major progress needed by 2030).
- 4.8.2 The resolutions committed to by the Council were outlined to be
 - Hackney Council is committed to do everything within its power to deliver against the stretching higher confidence threshold targets set by the IPCC's October 2018 1.5°C Report.
 - Required to achieve a 45% reduction in carbon dioxide equivalent emissions against 2010 levels by 2030 and net zero emissions by 2040, across the Council's full range of functions.
 - Further, the motion passed by Full Council also committed the local authority to seek opportunities to make a greater contribution than its headline decarbonisation targets wherever possible. 2040 is the target but they are doing everything possible to reach net zero before 2040.
- 4.8.3 In relation to the overview of the baseline emissions and the scale of the task the officers explained the model pathway based on borough wide emission was developed by consultants Borough Happold. This built on the Council's initial work in developing the pathways to net zero by 2040.
- 4.8.4 Council service functions have a set of targets, but these are quite contained as well as ambitious because they include embodied carbon; an example of this is the construction material from their own housing developments.
- 4.8.5 On the graph in the presentation the green and orange bar represents the classic emissions sources of transport, domestic and non-domestic energy and heating, waste processing and new buildings.

- 4.8.6 The remaining sources of emissions in the bar graph represent approximately over 70% of the borough's emission. This was described as resource consumption emissions. These emissions are from individual choices. Officers pointed out how the council influences this will be key.
- 4.8.7 For these other emissions it is also difficult to measure their impact. This is not currently modelled in the council's net zero pathway of base emissions.
- 4.8.8 The consumptions emission cover things like water, food and drink purchased and eaten, electronics, etc. This even includes the resources pension funds are held in and other financial management.
- 4.8.9 The Council's work with the consultants has identified three possible pathways. They are:
 - 1) No action
 - 2) Current policy
 - 3) Radical stretch.
- 4.8.10 The Council's current policies on emissions and scope make a reduction in emission but not enough to reach the desired target by 2050 this is the Government's current target.
- 4.8.11 The balance of the council's own emissions and influencing the reduction of borough wide emission is a key consideration in the Climate Action Plan being produced.
- 4.8.12 The ability to make carbon reductions is based on what they can control or influence. The pie chart presented in the presentation showed that 2/3rd was out of the Council's control or influence.
- 4.8.13 The Council is accountable for 5% of local area emissions. This is excluding the Council's own social housing portfolio but including a third of the Council's strategic property portfolio.
- 4.8.14 Despite limited control the council does have many livers that can be used to deliver wider local action to reduce emissions and prepare local areas for a changing climate. Particularly through leadership and place making.
- 4.8.15 The officer explained the dark grey area (in the pie chart) represented a further 25% that the council has strong influence over.
- 4.8.16 The officer explained from a built environment perspective, the council is thought to have high influence over new housing and social housing activities.
- 4.8.17 The Council is of the view it has medium influence over the private rented sector and low influence over owner occupiers and smaller nondomestic properties.
- 4.8.18 The other large area on the pie chart titled other contains consumption emission (individual choices), as mentioned earlier. The council's leverage may be more variable for this area because most decisions are taken by

individuals. For example, for waste the council has higher leverage because they can put system in place to make people think about reducing their waste and recycling more. However, there is less influence over activities like whether people take personal flights or not.

- 4.8.19 Officers outlined the process map of the plans and action pathway. This identifies the key stages for addressing the Council's climate emergency declaration.
- 4.8.20 The council is at a range of different places on this roadmap. Tasks are being undertaken at all different stages of the pathway. For example, in relation to data they have the net zero energy strategy, green infrastructure strategy, local nature recovery plan and borough emissions assessments and targets. The officer explained some pieces of work are at the early stages of delivery due to their complexity e.g., social housing retrofit. The council is gathering more evidence to understand the realistic pathway to net zero.
- 4.8.21 There are other stages that are more developed such as actions they have implemented. These include low traffic neighbourhoods, active transport, residual waste collection changes, urban tree planting etc., and the council is commissioning for electric vehicle charging.
- 4.8.22 It was acknowledged throughout the whole process the council will need to engage stakeholders. This has commenced with the recent Green Recovery event and the upcoming event called the Climate Summit early next year.

4.9 **Strategic Housing context and Private Sector Housing presentation**

- 4.9.1 The Interim Director Regeneration commenced the presentation and made the following main points:
- 4.9.2 The officer referenced the council's current housing strategy 2017-2022. Highlighting this sets the boroughs housing strategy and covers all tenures over 10 years for all housing in Hackney.
- 4.9.3 In partnership with London housing Directors, they have worked with other agencies on the One Parity project and with allude. They have produced work on a borough-by-borough basis to provide the data that is used in this presentation.
- 4.9.4 It was highlighted a recent article indicated the figure of £98 billion for the cost of retrofitting to homes throughout London. This figure comes from the data provided by the projects mentioned above.
- 4.9.5 The snapshot baseline summary was outlined to be:
 - There are approximately 123,000 homes in Hackney across all tenures
 - Conservation areas are approximately 26-27,000 in Hackney. This is higher than the average for London. Around 22% of properties are in conservation areas compared to 17% average across London.
- 4.9.6 The average property type in Hackney has the following features:

- Built between 1900-1930
- Flat
- Mid terrace
- Solid brick wall
- Majority of heating systems are boilers
- Main fuel is mains gas.
- 4.9.7 Over ³/₄ of the housing stock in Hackney are flats. Making flats the most common type of home in Hackney. There are approximately 5000 houses mainly terraces and 149 bungalows were counted in the summer (2021).
- 4.9.8 The average SAP rating (energy efficiency measure of a home Standard Assessment Procedure) for Hackney is 65.74. Around 1.3% of properties (1,564 properties) are F or G rated.
- 4.9.9 All councils report the SAP figure as part of the Home Energy Conservation Act.
- 4.9.10 The type of wall construction is recorded because the council is taking a fabric first approach. Walls, heating systems and PVs are key information to note. For most properties in Hackney solid brick walls are the most common construction. The scale is 0-100. The lower the number the better. There are plans in place to bring the SAP rating down to zero.
- 4.9.11 The challenge for the council is getting in place a real meaningful measurement across this whole area of work.
- 4.9.12 There are 2 main types of walls a) solid brick, b) 2 layers of brick with a cavity in the middle.
- 4.9.13 Most walls in Hackney are single brick wall or 2 layers of brick with cavity in the middle. If you are insulating a brick wall you tend to use cladding on the outside. If insulating a cavity wall, you tend to fill the cavity with polystyrene or some form of insultation.
- 4.9.14 The system build wall is a modern type of wall. This type of wall is mainly found in the modern stock. This is a layer of sandwich in between the structure, insulation, and fire proofing. This type of wall is complicated, expensive, and more modern.
- 4.9.15 System build walls can be an issue whereby the fire insulation layer is problematic if you need to remove it but it's sandwich in between two other layers.
- 4.9.16 In Hackney there is a small number of timber frame, granite and sandstone walls.
- 4.9.17 The main heating system in Hackney is a boiler. There are 8 types of heating systems and a small section of other types. It was noted that it will be challenging to move away from boilers to heat source pumps (electric). There are approximately 100,000 boiler systems. It was pointed out that heat source pumps are coming in at the bottom of the heating system types

in Hackney. The challenge now is to move heat source pumps up in usage and move away from boilers.

- 4.9.18 It was pointed out that 90% of heating system in Hackney constitute a gas individual boiler.
- 4.9.19 The highest CO2 area from mapping in the borough is coming from the North of the Borough, and a few other hotspots. The property type in the north of the borough is more houses and Victorian type properties. As a comparison, the average tCO2 in 2019 figure for all of London is 3.28 tonnes.
- 4.9.20 In relation to the location of properties in the borough. There is an even spread across the borough of socially rented and private rented. A heat map of property types in the borough showed that social housing and private rented were quite evenly spread alongside owner occupation. All tenure types are present throughout the whole borough.
- 4.9.21 An indication of the costs for retrofit all housing stock in Hackney was outlined. The first pathway (Intermediate) aims for 30% of properties to be net zero. Pathway 2 (the Net Zero Pathway) aims for fabric efficiency and reduce CO2 emissions to zero using the grid carbon intensity expected in 2038. Pathway 2 will require a £2.746 billon investment for Hackney. Average investment per property is £22,300. This average cost figure will be higher for private rented and private owned stock.
- 4.9.22 The biggest issue with retrofit is the financial scale of the challenge.
- 4.9.23 For the net zero pathway cost the break down highlighted that £1.5 billion would be for heat and hot water systems; £0.9billion would be for the fabric improvements (insulation) and £0.3 billion would be for photovoltaic (solar panels).
- 4.9.24 Officers pointed out they will learn from the work they do with council stock to see what they can facilitate for implementation in owner occupied housing stock and private rented sector.
- 4.9.25 It was reiterated there is a different level of influence over private rented housing stock and owner-occupied stock. The council has more leverage over the private rented stock than the owner-occupied stock.
- 4.9.26 Private rented sector (PRS) has approximately 35,000 units. This number has increased significantly in the last 10-20 years. Hackney has seen the fasted growth in this area.
- 4.9.27 Key issues facing the private rented sector are:
 - Multiple owners
 - Different incentives between owners and occupiers
 - Transient population younger and mobile
 - Older, complicated properties
 - Regulation
 - Housing Market and Values

- Tenure loss.
- 4.9.28 There can be multiple owners one building can have a renter, owner occupier and housing association. This is a complication they identify regularly across the PRS.
- 4.9.29 Before any works can be carried out everyone has to agree. It was noted usually, renters are happy to have their building retrofitted.
- 4.9.30 For landlords (85% of landlords in Hackney are amateur landlords owning 1-3 properties) the cost to retrofit can be tens of thousands of pounds. The Council is hearing from landlords this is too expensive and that they will sell their stock. The Director explained the level of investment needed cannot be added to the rental value of the property.
- 4.9.31 It was highlighted there are different incentives for the owner occupier and the landlord.
- 4.9.32 It was highlighted the private rented sector has a very transient population. This is due to poor tenancies across the borough in Hackney. In addition, the PRS in Hackney mainly has older stock and complicated properties. Costs on these building is high. This is Victorian building, single brick, subsidence, difficult boiler systems etc. Furthermore, there is the fire safety work being contradictory to the energy efficiency work requirements.
- 4.9.33 The Commission was told there is a complicated relationship between fuel poverty and energy efficiency impacted by behaviours. The council is currently considering a new approach to the PRS in terms of fuel poverty.
- 4.9.34 It was highlighted regarding regulation the PRS is the polar opposite to council housing and housing association stock.
- 4.9.35 In Hackney there is a licensing scheme. To get a license in the borough you must meet some of the retrofit standards. This gives the council a good basis from which to start.
- 4.9.36 The council understands that retrofitting is being used by landlords / housing associations to review their stock e.g., start selling their stock that is too complicated / tricky or costly to convert. This could have an impact on the housing market.
- 4.9.37 In the PRS financial consideration is key. The council is lobbying government to front load all the work. Share key learning from council housing retrofit and housing association retrofit and for the provision of grants etc. The Council would also like there to be considerations as to how the EPCs relate to the financial considerations.
- 4.9.38 The final point is to have green loans, transition funds, better advice etc. All this is needed to get the PRS investing. Some of this does exist with the public sector but not for the PRS.

- 4.9.39 The Mayoral Advisor, Private Rented Sector and Affordability, Cllr Sem Moema added this is all very important to enable the Council to meet its targets for net zero. The Mayoral Advisor suggested the Commission could possibly contribute to this work in developing the idea of evolving their levers in relation to the PRS.
- 4.9.40 The Cabinet Member reiterated the point of learning from council social housing sector retrofit and applying the learning where possible to landlords. E.g. a number of private landlords are individuals that are saving for their pension etc. a piece of work that involves lobbying government to ensure there is funding for those people to invest, an incentive to retrofit and reduce the bills of their tenants.
- 4.9.41 The Cabinet Member reiterated the points made about the cross over with fuel poverty particularly in the south of the borough e.g., Kings Park Ward.
- 4.9.42 It was highlighted there are lots of multiple benefits to come from this, but a big part of this would be to incentivise landlords in the PRS.
- 4.10 **Questions, Answers and Discussion**
- (i) In reference to the points made about landlords and homeowners having different aspirations; Members acknowledged that the council could influence the properties in the PRS that needed a license but pointed out not all properties need a license in the borough. Members asked how will the Council communicate this information to landlords?
- (ii) Members referred to owner occupied homes and commented the government has given out mixed messages. Members commented the media had also reported the failure of the Government's green grant incentives. Pointing out many grants were returned unspent because builders could not get hold of the materials. Members asked if there were any further plans by the government to help owner occupiers and landlords?
- (iii) Members also asked if the council could give advice to owner occupiers and landlords about how they can retrofit their properties and the stages. Members recognised the commitment and investment needed but wanted to know if the council could influence people by giving advice on the best pathway to get to net zero for their property.

In response the Interim Director, Regeneration from LBH advised the government has not given any information at this stage about further plans. The issue is there is no policy, plan or strategy for this work at this stage.

The officer confirmed the £22k is an average figure and the cost for PRS properties is expected to be more. Pointing out a heat pumps system costs on average £5k.

The officer confirmed that green loans was a good idea but badly implemented. The Council has lobbied the Government about doing it properly because it is a good idea. In relation to advice the Private Sector Housing Team (PSH) does offer advice on how best to approach your property from a fabric and behavioural perspective to make it more energy efficient. Although this needs to expand. However, they do not have the team resources at this stage to handle all the queries they receive. The officer pointed out queries from this cohort are increasing. The council can review the advice resources it has to offer to all the public - particularly owner occupiers. In essence the team does have the functionality but not the capacity to deliver the volume of advice needed.

Regarding the licensing scheme, this currently exists in three wards in Hackney. There were plans to look at the geographical spread. The officer advised the council would like to expand the scheme more widely across the borough. Although to have a full borough licensing scheme in place it needs approval from the Secretary of State. Over the last 2 and half years the previous Secretary of State refused all licensing schemes presented for approval. It was also highlighted that the current licensing scheme does not have retrofit as a condition. However, the council can add this. Currently there is no indication of the current Secretary of State's views in relation to licensing schemes.

The council would like to have a broader licensing scheme in place with energy efficiency, retrofitting and tackling fuel poverty as part of the scheme.

The Mayoral Advisor, Private Rented Sector and Affordability added Hackney is one of a few boroughs that does this scheme properly. Particularly advising leaseholders on fire safety and cladding. Highlighting one third of the borough is in the PRS. The Cabinet Member pointed out if as indicated there is a tenure shift this could mean a third of the borough being homeless. The Cabinet Members stressed they need the means, capacity, and ability to work with the PRS landlords. Some of this is related to resources and staff time. When comparing the PRS to social housing it is projected to be 40% by 2030.

The Cabinet Member highlighted the PSH Team does not have a quarter of the staffing level as social housing. The ideal is not to reduce social housing resources. But consider the budgeting, some of the £2.7 million is about resourcing. They need to ensure they have the staff so that they can give advice to landlords and owner occupiers.

The Cabinet Member highlighted the Comprehensive Spending Review's (CSR) offer to the housing market is virtually non-existent. This has not been great for the housing sector irrespective of tenure. Commenting the government needs to do more work regarding retrofit and their obligations around net zero for COP 26.

(iv) Members referred to housing associations and asked if the Council had started talking to housing associations (HA) in Hackney. Pointing out a number of the housing associations in Hackney are large organisations but the properties in Hackney represent a small proportion of their portfolio. After noting the point that they might sell properties too expensive to retrofit. Members asked if there have been discussions with HA's about their plans to retrofit? Members also asked if there was any possibility of joint working with them? In response the Interim Director, Regeneration from LBH confirmed they are in dialogue and continue to have discussions with housing associations in Hackney.

They have spoken to them about a) joint projects; b) good examples of how to retrofit a property - learning from each other about costs, materials, supply chain, what works and what did not work; c) their concerns about the rationalisation of their stock because it might be too expensive to retrofit.

The challenge and issue for housing associations are not dissimilar to a council in terms of their stock type, what they must do and when they have to do it.

Through the Housing Association Forum, they will be monitoring quarterly the progress of the retrofitting projects for the different housing associations.

The Council reported supporting 3 of the smaller housing associations with schemes to obtain grant funding retrofitting. The officer was recently in contact with ISHA and Agudas Israel about a joint approach to retrofitting on their stock like the councils.

(v) Members referred to communications with owner occupiers and leaseholders and asked how they proposed to persuade people to change their lifestyle and their boilers?

(vi) Members asked if the council was aware of any private landlords planning to sell off their properties because they do not want to carry out the required works and if the Council would be in position to buy those properties?

(vii) Members enquired if the Council's heat and light company could carry out the work across the borough for private and public sector at a reasonable rate? To ensure the work is carried out thoroughly and of good quality?

In response the Interim Director, Regeneration from LBH agreed about needing to persuade people to make lifestyle changes. From previous experience the officer highlighted although an entire estate had a retrofit, they found that residents were still experiencing higher and higher bills. They found this was related to how people lived and their behaviours. Therefore, changes in behaviours and lifestyle is just as important as changing the physical fabric of properties.

The good news is there is a large volume of studies and information they can communicate. The challenge is in delivering the message and implementation. It was highlighted that often people say they would accept restrictions to their lifestyle, but more often individual households were not happy to accept restrictions.

Regarding the question about if the council is aware of any landlords wanting to sell their properties. The Director explained some landlords will sell because 85% of landlords in Hackney have their property as an investment

for their pension pot. Many are not going to be able to spend $\pounds 50k$, $\pounds 60k$ or $\pounds 70k$ to retrofit a property. It is unclear what people will do but the council is hoping that green grants will become available and as a last resort they sell.

In response to the question about the council purchasing these properties. The officer informed the council could consider this option for the Hackney Housing company. On the assumption if a property has not been retrofitted the market value will fall. Notwithstanding this will be subject to budgets and a review over the long term.

In relation to the heat and light company it is not set up to undertake these kinds of fabric works. The council is aware that other councils are looking at the possibility of extending the role of their energy service company to include doing these types of physical retrofitting works, advice etc. The current approach by Hackney is through their own supply chain and DLO services.

- (viii) Members commented there is a lot of work being carried out to meet the climate change challenges. Members referred to lobbying and asked if local authorities can start to collectively lobby the Government because it seems there are no funding streams in place to support this work in the long term.
- (ix) Members pointed out they regularly hear from residents about increases in service charges in respect of their housing association and the current cladding work. In addition, council leaseholder reference Section 20 notices in relation to affordability. Members were of the view this need to be funded adequately but can this be done collectively? Members recognize this is in the early planning stages but wanted to urge for a strong push from the council to lobby for the funds to support the work.

The Interim Director, Regeneration from LBH agreed with the comments made by Members. Highlighting through the better renting campaign Hackney is a leading borough. The Director explained they have been lobbying and have used their better renting campaign to include areas like fire safety and retrofitting. Secondly the Council has lobbied at a London Level through the London Housing Directors Group, London Councils and the GLA. However, there is probably more they can do as a collective group and officers will be steered and led by the Cabinet and Cllr Moema.

Regarding the point about service charges this is correct. People are getting ludicrous charges for fire safety (thousands of pounds). Currently they are receiving several cases related to this. It was pointed out where there is no clear plan or policy the council can only lobby for change. Currently the law is not on their side, but the council will continue to lobby.

The Mayoral Advisor, Private Rented Sector and Affordability added she was just talking to officers about an update to the better renting campaign. The Mayoral Adviser was happy to add reference to retrofitting for the new financial year and suggest this to the new administration to make it more explicit in some of the advice work they can provide. Pointing out there is a piece of work about having a robust risk analysis and having the money rechargeable to somebody somewhere if they have a leaseholder or landlord. Thinking about the fire safety issue Members would not like to see this compounded because they need to do something good.

The Cabinet Member added the Council needs to make sure its lobbying strategy is strong. There is an opportunity with a new Secretary of State to look at the options available to local government. There is scope to influence in the margins some of what they need as a borough. Although this process can be slow when working across London and may mean a slower pace for Hackney residents to bring about change. The Cabinet Member hoped this would be by 2030.

The Director, Neighbourhoods and Housing Finance from LBH added in relation to the potential purchase of private rented properties from landlords who want to sell. The key point to note is the huge financial challenge. Even with using the right to buy receipts, to buy a property at market value, the social rent receipt for the property would only pay the interest it would never pay back the debt. With the capital resources available they want to target and maintain the housing stock they have because they have a retrofit challenge themselves. The council will need to manage expectations and although they would like to see these properties continue to be available to their residents there is only so much the council can do without Government support. But all options will be explored.

4.11 Housing Services presentation

- 4.11.1 The Strategic Director, Housing Services commenced the presentation and made the following main points:
- 4.11.2 Direct emissions from communal heating and electrics constitute most the Council's direct carbon emissions.
- 4.11.3 Regarding heating and power emissions from council stock it was noted the Council does not control over consumption use but does have significant influence over the building fabric, heating systems installed and leaseholders.
- 4.11.4 The first stage of moving to net zero is to reach EPC C rating. The council has approximately 50% at EPC C.
- 4.11.5 Hackney Council owns over 30,000 homes; approximately two-thirds tenanted and one-third leasehold.
- 4.11.6 The current approach to move towards retrofitting is alignment with the asset management strategy.
- 4.11.7 Moving from EPC C towards net zero the principles remain the same but the level of work that needs to be undertaken will increase and the housing management strategy will need to be updated.
- 4.11.8 The current approach is looking at the fabric first. This is to ensure the walls, windows, doors, roofs, and installation of the building is as good and as thermally efficient as it can be. This is best way to reduce carbon emissions from a heating system.

- 4.11.9 After the fabric of the building the second stage is the services. This covers boilers and moving towards being more energy efficient.
- 4.11.10 Currently they are looking at air source heat pumps and how they can utilise them. The council wants to ensure the services they instal are as environmentally effective as possible.
- 4.11.11 The final stage is renewables particularly around photovoltaics (solar panels).
- 4.11.12 The timeline of work has involved doing research to understand their properties, construction, and the nature of the properties. This will continue throughout. This research includes national studies, other local authorities, and housing associations so they can share the research.
- 4.11.13 The aim is to pilot some of the work. There should be a small pilot in the next financial year.
- 4.11.14 Their current research has been to consider how they can retrofit to EPC C rating. They have been doing that work around 13 estates covering 94 blocks. In preparations for the wave 2 funding that will be released shortly for the social housing decarbonisation fund.
- 4.11.15 One of the challenges they had for wave 1 funding was the requirement to have a scheme ready and a contractor in place for the work to start in January 2022. The Council did not have this in place due to the timeline for some of their capital works contracts. The Council is working to procure their contracts so they can carry out some of the works to achieve net zero under those contracts.
- 4.11.16 There will be more detailed research into the energy performance of homes to support their detailed bid application. It was noted that the lower the EPC rating the more money will be needed to spend on the property.
- 4.11.17 Through the local authority delivery (LAD) of the green homes grant the Council bid for some funding through the GLA and was successful. There are some challenges with delivering against that now and getting the funding in place.
- 4.11.18 There has been work on establishing performance indicators across the housing stock, including average EPC. This baseline is needed to enable the council to track and measure the benefit and impact their work is having. A fundamental requirement of the bid process is to understand where you are; what initiatives and interventions are being put in place and then what positive impact this has had.
- 4.11.19 There is also a lot of work around investing in skills and training for council staff. They have 3 qualified in-house staff as Retrofit Coordinators (PAS 2035); 2 qualified Energy Assessors
- 4.11.20 The council is in the process of procuring for new heating system contracts too. Continuation of the work around Heat Meter Installation Programmes.

- 4.11.21 The financial considerations and challenges should not be underestimated. The capital investment levels required across the housing stock, including the level of external grant funding available, puts the average cost for social housing between £20k - £70k per unit. With high and medium rise flat accommodation being the most expensive to retrofit.
- 4.11.22 The Council is reviewing its investment plans over the next 20 years to understand what proportion of the investment could potentially support some of the work towards achieving net zero.
- 4.11.23 A significant proportion of the planned work in the assessment management strategy is non carbon zero related. E.g., Kitchens, bathrooms, rewiring etc. It was noted for some work they might be able to put in more energy efficient systems. Notwithstanding a significant proportion of their current funding will need to be spent.
- 4.11.24 It was explained that the Asset Management Strategy works on a sevenyear cycle. The current strategy estimates an average spend of £15k per unit. Over 3 cycles this equates to £35k per unit.
- 4.11.25 Based on the current funding and assumptions and taking the mid-range cost of £50k the estimated shortfall per unit is £30k. If this is equated to council units only, that's nearly £700 million on the funding that is not currently in the Housing Revenue Account (HRA) business plan.
- 4.11.26 The Council needs to be mindful of fuel poverty, particularly in the short term. Air source heat pumps are being pushed as the potential solution, but electric is more expensive than gas – even with the gas prices increase. The council is mindful that if they move to this system, they will see household heating and electric bills increase from where they are now. Potentially impacting on fuel poverty.
- 4.11.27 The retrofitting work needs to be integrated with fire safety works to make sure the work does not have a negative impact on fire and building safety work that has come out of the Buildings Safety Act.
- 4.11.28 It was acknowledged there are leaseholder implications. They will need to look at this and co-produce some of the work with leaseholders because the Council will face some of the challenges that private landlords have with their council leaseholders.
- 4.11.29 There may be work that imposes a requirement for payments from leaseholders. A lot of leaseholders will want the works undertaken because they can see the benefits, but it will come at a financial impact for them.
- 4.11.30 The Council also needs to understand the impact on residents as they move forward. As this will have a significant impact due to the amount of work.
- 4.11.31 Alongside all the considerations the Council wants to align with the industry including understanding new technologies and how they will work. There are opportunities around aligning some of the targets, research, and skills to industry expertise on retrofitting their existing housing stock.

- 4.11.32 The Council is keen to expand its DLO services. The council is looking at the opportunities to align, grow and reskill the DLO to the skills and industry to enable the council to undertake some of the work themselves. Helping to build the skill base within Hackney.
- 4.11.33 Some experts predict some of the solutions that will be implemented in 15 years time are not currently available. They need to make sure they do not fit something now that will need to be replaced in at that point in time.
- 4.11.34 There is also the need to understand the opportunities that will come from economy of scales. For example, when solar panels were introduced, within a 7-8 year period the costs dropped by 50% of their initial price.
- 4.11.35 Housing services need to develop the most optimal retrofit investment for housing stock building in all the lobbying work to this too; to accessing grants and low carbon heating funding.
- 4.11.36 Some of the next steps will be to continue to focus on laying the groundwork to ensure that pilot projects for delivery can start. The aim is to have a pilot project ready in the next financial so housing services can understand the impact on some of the properties.
- 4.11.37 The council is developing its performance analysis. It will be important to have in place performance indicators and the tools to be able to track the impact and positive impact it is having. This will be a significant part of the rationale and evidence base used in their dialogue with leaseholders.
- 4.11.38 The council is working through the procurement. Housing services are starting to go out to tender on a suite of capital contracts necessary to deliver capital investment works. Making sure they have procurement routes and routes to the market in place so when grant opportunities become available they will be ready.
- 4.11.39 The Council is working to understand the retrofit standards and the best way to use the different building typologies. There will be different solutions for different buildings.
- 4.11.40 Further research on the long-term technical possibilities around communal systems will be undertaken. To consider how they can link in Hackney light and power to make the best of the opportunities for communal heating systems.

4.12 **Questions, Answers and Discussion**

(i) Members asked for clarification of the acronym EPC and if C was the average rating?

In response the Strategic Director, Housing Services from LBH confirmed it means Energy Performance Certificate (EPC). Explaining EPC is an assessment of the energy performance of the property. This ranges from A+ - G. It confirms how energy efficient the property is. An EPC certificate tells you the current energy performance rating and also the potential energy performance rating. The national target to reach for an energy rating is C.

Hackney currently has 43.8% of properties at C; 6% at B and 0.5% at A. The initial national target was to get to EPC C. This is the minimum of where they are aiming for but to move to net zero carbon they will need to go further than a C rating.

- (ii) The Co-Chair of the RLG commented the council and housing services have embarked on an ambitious and wide-ranging major works programme to upgrade properties on council estates. And the Council is into year 2 of this programme. The Co-Chair asked what contribution this will make to reduce Hackney's carbon footprint? The RLG Co-Chair also asked if this has been quantified and if there are figures to illustrate this?
- (iii) The RLG Co-Chair commented in reference to leaseholders, based on the presentation of information this would appear to be a phenomenally expensive programme to meet the targets of 2030 and 2050. He hoped the Government would make some contribution towards the costs. The RLG Co-Chair expressed concern for leaseholders adding that most leaseholders would be quite happy to contribute to the work they think needs to be done. But there is concern about the works taking place where there is no evidence to support the need for this work. There was also concern that many leaseholders in the borough will find themselves in extreme financial hardship. The RLG Co-Chair asked what strategies will be considered by the council to have in place to address some of the issues if the works are progressed.

In response the Strategic Director, Housing Services from LBH advised the Council has an Asset Management Strategy and this works on a 7-year cycle. They are at the very beginning of this piece of work and currently they do not have all the answers to the questions. They are carrying out work on 13 estates to understand what needs to be done to enable them to get the answers. The current Asset Management Strategy and HRA business plan is based on a per unit spend of £15k every 7 years. The Council estimates in 20 years they will need to do a heating system in addition to other works that they will need to do to the fabric of the building too.

Regarding the question about what will have a positive impact and support the move towards net zero carbon is a piece of work the Asset Management Manager is in discussion with the Director about.

They have analytical tools to help understand if they do X it results in Y benefits. This is information they need to monitor for social housing decarbonisation fund. But this is one of the requirements the Government is keen to see. They need the ability to track and understand the impact and benefits both for carbon reduction and for residents. As a result, they anticipate they will gather some of the evidence base from this work to present in their dialogue with leaseholders.

It was highlighted that the council has 30,000 council houses and leaseholders. This is approximately 1/3 of the housing stock in the borough. This means approximately 60,000 homes are in the private sector

or will be home ownership. These cohorts will have challenges too and there is the view the Government will need to support them too. But to what level and at what point remains unclear. There are no detailed answers currently, but the council is working towards getting those answers and understanding how to use their money in the best possible way.

The council is aiming to align their major works programme towards the retrofit, the benefit and impact it will have. Building data that shows the impact on carbon reduction. The council plans to utilise this information to have a dialogue with leaseholders.

The Cabinet Member for Housing added the asset management strategy, and the 30-year business plan predated the climate emergency motion at Full Council with the declaration to reduce the council net emission to zero by 2040.

However, the asset management strategy did incorporate work to reduce carbon emissions.

In response to how much they will be covered in their existing plans. They have factored in reduction of carbon emission to EPC C rating. Although this is not zero rating at the time of producing the strategy this was viewed as a good contribution to reducing carbon emissions. Pointing out to get from a C to an A rating will take £700 million just for social housing stock.

It was pointed out this is in addition to the mandatory retrospective fire safety works and other maintenance works they must carry out. E.g., upgrading the central heating systems, installing modern kitchens and bathrooms, paying for estate improvements and tenant engagement.

The Cabinet Member pointed out there is considerable pressure on the HRA and funds to cover this comes from tenant rent and leaseholders' charges. Adding the Council currently has a large volume of arrears in the HRA. The Council is confident the work can be done, and they will continue to lobby. But to pay for all this work the Government will need to pay.

- (iv) Members pointed out due to the shortage of social housing there is overcrowding, and washing being dried inside because there is no outdoor space, storage etc. Members urged for this to be taken into consideration. Members asked if they have looked at how properties are used?
- (v) Members pointed out some leaseholders are former council tenants and will struggle to have the funds to pay. Highlighting many will get a shock when they receive a bill for £20k plus. Members acknowledge the HRA is stretched, and they hoped the Government will provide some financial support. However, is there a plan B to work with leaseholders who are former council tenants?
- (vi) Members commented there is conflicting information about heat pumps. There is information stating they do not heat properties to the same levels as traditional gas boilers. Therefore, people will not have homes heated to their desired level. This may result in people using

additional heaters to reach their desired temperatures. Members referred to the points in the presentation about having people with the right skills and training to carry out retrofitting. Members queried if the funding became available are there enough heat pumps?

- (vii) Members pointed out most of the Government Green Homes grant was returned. It was reported the issue seemed to be getting access to the equipment / materials needed. Members were concerned this seemed very complicated and that the council would need to start informing residents about what they were going to do. Members pointed out so many people are in fuel poverty and this needs to be considered in their decision making.
- (viii) Members were of the view there was conflict with Planning's work. Although Planning aims to ensure the buildings being built are zero carbon in the future. They do not require planning permission for retrofitting and how it is done. The Commission also learned at the previous meeting about the aesthetics of cladding on certain buildings and how this was rejected at the planning stage. In addition to the issue of cladding and placing this on outside walls and whether it is fireproof. This is all of concern to people.

In response the Strategic Director, Housing Services from LBH advised we recognise there is a housing crisis, a shortage of properties and that people are living in overcrowded conditions. When they consider fuel poverty as part of the strategy to achieve net zero, they recognise the need to ensure they are making the right decisions at the right point in time. One of the decisions is the type of services they will put in. The officer referred to the holy trinity of retrofit with the first stage being fabric first, then services, then renewables.

This could mean not moving to heat pumps in the first (initial) phase because it is focused on getting the fabric of the properties as energy efficient as possible. There might also be an economy of scale around heat pumps or different solutions. There is talk in the industry about hydrogen, different uses, and different fuels. There is a whole range of different options that will need to be considered that the council will need to understand them as they carry out their research. They want to ensure they are making the right decisions at the right time.

The Director acknowledged a significant proportion of their leaseholders are ex-council tenants and will not necessarily have the funds to cover this type of investment. This will require lobbying Government to recognise investment is needed. There will also be some challenges around what is mandatory for the council and therefore mandatory for leaseholders.

The challenges being highlighted by Councillors and residents are the same challenges officers have highlighted for consideration. The challenges being faced are not just in Hackney but across London and nationally.

The Director, Neighbourhoods and Housing Finance from LBH added as part of work around developing the actions for the climate action plan they have a finance task and finish group which the Director is leading on. Part of this work involves meeting with other professionals across London to look at and scrutinise the finances. The issue of affordability for leaseholders is being considered. By working together and examining the options they are hoping to come up with options for lobbying or solutions for how they can support leaseholders either to access funding or other solutions.

The key thing about investment in retrofit, particularly around heating systems is normally if you make an investment, there is a yield. E.g., lengthening the life of an asset or obtaining some sort of gain that you can pay back the loan with. With retrofitting and heating systems it is the potentially the tenant or leaseholder getting that benefit / gain. Therefore, they are working together to come up with solutions or decide to lobby government harder with the same messages.

- (ix) Members commented there a huge amount of expenses and challenges as well as a mountain to climb. In these scenarios it can be hard to identify where to start. Members commented one way to start could be to focus on quick wins. To make some fast and advantageous moves. Members questioned the approach of fabric – service – renewables. Member commented if the focus is on fabric first, they cannot get to some of the quick wins which are the renewables. Members queried if the newer buildings could go straight to renewables. The example was given of Parkside estate that has recently been renovated, therefore can the Council go straight to implementing renewables instead of waiting for the 7-year cycle again to look at the fabric first?
- (x) Members referred to the target of getting all properties to EPC C. Members comments some houses will take a significant amount of work to get to a C rating. Members asked if it would be better to get an average of C for properties and implement renewables into properties of a C rating so they can reach a rating of A quicker? This would be quite encouraging for people.
- (xi) Members referred to leaseholders and noted at the last session one of the things they were talking about was that the most efficient heat pumps are the area ground heat pumps. Not air heat pumps. Ground source heat pumps are more expensive but more efficient if putting it into a whole estate. Members commented this could be sold to leaseholders as something that is a communal heating contract. Although a very expensive investments at the outset it is a very energy efficient way. This could be a quick win. Instead of taking the methodological approach of fabric – service – renewables could they mix up it up to obtain faster progress.

In response the Strategic Director, Housing Services from LBH replied that would be an interesting strategy. The Director agreed when looking at new builds they should already be as energy efficient as possible - built into the fabric. And where possible for those properties they should be looking at renewables.

In reference to fabric first, asset management strategy and the 7 year cycle. The Director explained as they are doing works, they should be aligning. Although they have the underlying principle of fabric first, if they are doing a new roof etc they will look at integrating renewables or photovoltaics (solar panels) at the same time.

One of the real challenges from some of the work to support this is the funding. Most of the funding particularly from the government (social housing decarbonisation fund) is driven by the principles they want to see which is a fabric first approach. The Director explained renewables are quick wins in one sense and seen as providing a real benefit and doing something. But if the fabric is not efficient you are losing that benefit. Therefore, this might give a visible quick win but its not having a wider impact on benefits.

The Strategic Asset Manager from LBH added there are opportunities for the council to look at the variety of quick wins. The reason they are prioritising on research for the year ahead is it covers more than the fabric.

From a technical point of view for the council to consider a heating system for either communal or an individual, that is quite low carbon (including area ground heat pumps), the property needs to be ready for such a system. This hinges on the basis of reducing the power demand first before implementing innovative systems. Ultimately if the energy performance is low for the building or property it means that the fabric will be inefficient, and the heat and power demand will be too high (particularly for over crowed properties) to enable the efficient and low carbon technologies to perform optimally.

The Council needs to be careful and in the coming year understand more. With the work to understand the baseline coupled with which properties; they could be in a position to target such quick wins.

- (xii) Members agreed with concentrating on the DLO to maximise the skills sets of council staff. Adding the council should use all the green works to create local labour and local jobs for businesses.
- (xiii) Members referred to the council giving advice to private landlords and homeowners and asked if the council had considered giving advice? Members commented in relation to property improvements the market had been flooded with scammers. Leaving people unsure if they are being scammed. Members commented the council is likely to be seen as a trusted source. Therefore, could the scope of the advice to private landlords and homeowners include recommended contractors. Members asked would this sensible or possible? How much consideration has the council given to providing that advice? Members were of the view this could encourage people to invest.
- (xiv) Members pointed out when people are considering investments in their home it can be quite daunting and hard to understand what a good deal or a reputable organisation to go with. In addition, because of the cladding scandal, problems associated with damp, condensation and insulation; some of these modifications to homes

have a bad reputation. Members were of the view the council needs to win back confidence in these investments. Pointing out advice that gives this would be very valuable.

(xv) Members also referred to the point that if 85% of private landlords are amateur / small scale they may be homeowners in Hackney as well. Whilst they may be more included to invest in their own home first before moving on to investing in their private rented properties. The provision of advice could be a good way of having quite a strong influence over the PRS.

In response the Interim Director, Regeneration from LBH confirmed the Council does give advice to anyone who asks about building work and work within the PRS. However, the council does not recommend any organisation. The advice given covers pointers about what to look for e.g., if a business is registered with a professional body, offers warranties, certificated works etc. They would be reluctant to produce a list of firms. They have been in discussion with councils about providing some form of good guide, but this is not ready.

The PRS Team's advice function would need increased resources to provide more advice. There is not enough staff to advise across the size of the stock and the volume of problems in the borough. The Director agreed advice and prevention are key to this.

Regarding cladding yes, it can cause dampness and be lethal in terms of a fire. Although it helps to keep the building warm it can have a thermal burn rate that is faster than petrol. They are looking at this but there are no immediate solutions because it has huge cost implications.

The cost of building retrofit can be £70k, £80k or £90k. This will be applicable to the private sector too. Therefore, the fabric first approach is key, and cladding is key. Unless the financing is right it was hard to see how this will proceed at scale.

In relation to 85% of landlords being amateurs it was highlighted that quite a proportion of the landlords do not live in Hackney. Many have bought, invested, or purchased their right to buy property in Hackney. The key challenge first and foremost is the ability to cover the cost. The council's current advice to people who are concerned is to pause while they lobby government. In the meantime, they provide advice related to other areas like renewables and other parts of the fabric. This level of advice is currently being provided to people.

The key area of activity for the council currently is to lobby about these issues and get support for costs. There are contradictions between if you own the property compared to living in the property. All these points the council is lobbying government about.

(xvi) Members commented if you are thinking about the good guide, it could be an opportunity to tie it in with the previous comments about maximising local working opportunities.

In response the Interim Director, Regeneration from LBH agreed they should keep things as local as possible and grow the local market.

(xvii) Members asked about ground heat pumps in Woodberry Downs which is supplying heat to some of their properties as well as the leisure centre.

(xviii) Members also asked if the council was thinking of using solar panels on properties too.

In response the Strategic Director, Housing Services from LBH explained the system in Woodberry Downs is supplying some of the properties and the leisure centre. This is being considered through the Hackney Light and Power work. This is being reviewed to see if it can be extended to make it more beneficial, not just for new builds but to the property base.

It was explained that solar panels are part of the research being prioritised. But not all properties are orientated correctly to make solar viable. There is also a challenge about how to utilize solar panels because currently any solar panel routes back into the communal system. Therefore benefiting Hackney not, the individual residents. There needs to be further work to see how they can aggregate this for residents to benefit too. There will also need to be consideration given as to which residents can benefit from it. The council is considering solar panels where it makes sense.

The Interim Director, Regeneration from LBH added on the solar panel point housing associations are reiterating the same point. The Director explained solar panels are more complicated than you first think because you need the right elevation, access rights etc. This is being considered including looking at the different types to generate excess power that can be rerouted back into the grid.

The Interim Director, Regeneration (Chris Trowell) from LBH picked up the points on Woodberry Downs and heat pumps. The Director explained Woodberry Downs is a large multi phased project. The next phase (phase 3) starting construction will be heated through a communal air source heat pump system feeding a district heat network. This is the best deal on offer currently. They expect this will be replaced by new technology in the future. Therefore, it is important to future proof current installations to enable the air source heat pumps to be replaced by other forms of technology as it becomes more cost effective and efficient.

The Director pointed out the Edmonton heat and power incinerator scheme will be pumping heat. The tube network will pump out heat and there are two large reservoirs that are embedded heat.

The idea is to future proof the installation so the pipes and tubes that go to the houses will be capable of taking heat from different sources in the future.

This is consistent to what they are doing with directly delivered new build housing stock. The Director highlighted air source heat pumps are the current deal particular for the small – medium sized projects where they do not have the benefit of a district heat network. The plan is that these will be future proofed so that they can be changes in the future as new technology becomes available. Further information about this will be provided in the new build presentation at the next meeting.

(xix) Members asked how deeply the light and power company will be embedded in the investigation being undertaken now? Particularly in respect of fuel poverty and this being a means of protection against future fuel costs and rises. Members asked will there be scope to roll this out more widely.

> In response the Strategic Director, Housing Services from LBH advised it is at the very early stages in the research being undertaken. The research in Housing Services is about understanding more of the buildings and what can be done. It is one element they need to build in around the longer-term strategy to understand the best source of servicing heat to properties. Currently ground air source heat pumps are the best carbon efficient systems they can get.

> If they can develop and extend district heat networks out to more properties this will be a real benefit. They need to build and understand how that will be rolled out and built it into the longer-term strategy. The council also needs to understand the locations of where they are with understanding the heat loss from the initial source to the final property.

> This is at the early stages, but they recognise they will need to look at this at the middle stage (services) to understand the best way to heat properties.

- (xx) The Chair announced the Commission agreed to postpone the following presentations and defer them to the next meeting.
 - New Homes Delivery how new build home and regeneration developments will achieve / deliver the net zero carbon target
 - Council Strategic Property the council's maintenance programme, retro fit and work to deliver net zero carbon in relation to non-residential council property.

The Chair apologised to the officers' present in the meeting waiting to commence their presentation and explained the Commission would like to defer the remaining two presentations to the next meeting in December 2021 to allow adequate time for the presentation and Q&A.

The Commission was of the view the information being presented was vitally important and they wanted to ensure there was sufficient time for the presentations.

The presentations were deferred to the next LiH meeting on the 13th December 2021.

5 Minutes of the Previous Meeting

5.1 The minutes of the previous meeting were not available. The minutes will be available at the next meeting.

6 Living in Hackney Scrutiny Commission- 2021/2022 Work Programme

- 6.1 The Chair referred to the work programme and outlined the discussion items for the next meetings.
- 6.2 The next meeting would include the 2-remaining presentations from the buildings and climate change session and also an item on electric charging infrastructure looking at the costs and charging infrastructure across the borough.

7 Any Other Business

7.1 None.

Duration of the meeting: 7.00 - 9.15 pm