

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE EXTRAORDINARY OVERVIEW AND SCRUTINY - RESOURCES -  
20 FEBRUARY 2023

(To be read in conjunction with the Agenda for the Meeting)

**Present**

Cllr Stephen Mulliner (Chair)  
Cllr Joan Heagin (Vice Chair)  
Cllr Dave Busby  
Cllr Brian Edmonds

Cllr Peter Martin  
Cllr John Neale  
Cllr Peter Nicholson  
Cllr George Wilson

**Also in attendance**

Councillor Richard Seaborne

Councillor Jerry Hyman (Virtually)

1 APOLOGIES FOR ABSENCE AND SUBSTITUTES (Agenda item 1)

Cllr Chris Howard, Cllr Jerome Davidson and Cllr Jan Floyd-Douglass

2 MINUTES (Agenda item 2)

There were no minutes to approve.

3 DECLARATIONS OF INTERESTS (Agenda item 3)

There were no declarations of interest made.

4 QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4)

There were no questions from members of the public.

5 QUESTIONS FROM MEMBERS (Agenda item 5)

There were no questions from council members.

6 PROPERTY PERFORMANCE AND ASSETS INVESTMENT ADVISORY ACTIVITY  
UPDATE (Agenda item 6)

Peter Vickers, Executive Head of Finance, addressed the Committee on the property performance and assets investment advisory activity. He advised that there had been progress made over the last 6-7 years and that there was an element of legacy residual from the commercial properties that the council held, he noted that the report provided a performance summary of the properties as they were a key part of the council's finance.

Peter Vickers also advised that there was an update in the exempt papers on the local investments and regeneration projects currently underway.

## 7 OCKFORD RIDGE - DEEP RETRO REFURBISHMENT (Agenda item 7)

Andrew Smith, Executive Head of Housing addressed the Committee, he advised that Louisa Blundell, Housing Development Manager would introduce the report. The Committee received a presentation and update on the next phase of the Ockford Ridge deep retro fit and green energy pilot. Louisa Blundell advised the Committee that Ockford Ridge was a regeneration scheme which to date had delivered three phases of new builds and four phases of retrofits which included an early-stage pilot (5 properties).

The Committee viewed example images of the pre and post retrofit properties which were part of phase three of the programme. The Chair sought further clarity on the phases and the total number of retrofitted properties. Louisa Blundell confirmed the following:

Pilot phase - 5 homes

Phase 1 - 12 homes

Phase 2 - 9 homes (which only underwent external work);

Phase 3 - 7 homes

She noted that there was a total of 33 units completed and there was another 7 units identified in Phase 4. Louisa Blundell outlined the different degrees of the retrofits, advising that the units in phases 1 & 3 were stripped back to brick and where required bathrooms were moved upstairs. The Chair queried whether the properties had insulation installed, Louisa Blundell confirmed that insulation was fitted in the lofts. She also noted that the ceilings in properties had been replaced with new modern materials and were better for the health and wellbeing of residents.

Louisa Blundell explained to the Committee that she would be seeking approval for Phase 4 and had identified a further 7 homes for refurbishment (16, 17, 169, 170, 172, 173 and 183 Ockford Ridge). She advised the Committee that planning permission had been obtained to extend 183 Ockford Ridge which would provide adapted wheelchair accessible accommodation with ground floor bedroom and wet room. She noted that they had used the garden at the front and side of the property to make the best the Council's asset whilst meeting a specific housing need.

Louisa Blundell advised the Committee that the difference in Phase 4 was that they intended to pilot green technology, she explained that this included replacing the double-glazed windows, to include wastewater heat recovery, electric charging points, PV panels, external insulations with the ability to match brickwork, and install smart thermometers which provide data analytics. Louisa Blundell noted that the installation cost for the thermostats were £350 per unit, and it would allow the council to obtain information on the performance of the property, help understand how the residents operate their property, provide advice, and increase engagement with residents around damp and mould.

Louisa Blundell discussed the data privacy, she advised that some councils who had adopted the technology have advised tenants that they have rights to the data

to ensure that the properties are managed appropriately, she noted that it was something that the council needed to clarify with legal services. The Chair queried if it was the intention to enter into an agreement with the tenant to access the data. Responding the query, she advised that it was so the council could provide advice and support regarding managing energy use. The Chair felt that it was important to collect the data and that the tenants should want to share the data to ensure their new homes operate efficiently.

Louisa Blundell noted some key benefits for progressing with the pilot, mainly the principle of refurbishment, the council's commitment to the change emergency declaration, maximising potential and value of properties and use of pilot and lessons learnt will help with future pilots when the council will need to address the issues with the rest of its housing stock. The Chair summarised the key benefits highlighted in the presentation and noted that by investing in the deep retrofit the council could receive the best value potential from its properties in terms of carbon reduction and energy efficiency and could increase value as a result on the investment.

Councillor Nicholson addressed the Committee, he felt that the deep retrofit was a worthwhile scheme and that 7 was a good number of properties for a pilot as it would provide a good level of feedback to the tenants, contractors, and the council. He raised a query regarding the size of the pipe work for the air source pumps and if the air pumps were compatible with existing gas systems. Responding to the query Louisa Blundell advised that air source heat pumps worked with underfloor heating and wet radiators systems, she noted that the wet radiators system generally needed to be oversized. She also advised the Committee that she was in discussions with the Housing Asset Manager about the possibility of using underfloor heating.

Councillor Edmonds queried Net Zero and the amount of carbon used in the upgrade and how much carbon the programme anticipated on saving. Louisa Blundell agreed to come back to the committee with a response to the query raised. Councillor Edmonds queried the cost of the programme and the revised budget of £1.765 million, he noted that the between 7 properties, it equated to approximately £250,000 per property and the average cost of a semi-detached property was £300,000, he advised that he was having difficulty in seeing the value for money. Councillor Edmonds highlighted the significant budget increase and sought further insurances against further budget escalations.

Louisa Blundell informed the Committee that with regard for value for money, there would be enhanced value in the council's housing stock because of the retrofit investment. She also felt that by retrofitting the properties the council were getting a new build property because of taking the property back to brick internally and the investment in the external insulation. She noted that the only item that would not be replaced was the roof, which had inspected did not need replacing.

Councillor Edmonds raised further question on the capital loss for the payback duration, i.e., carbon and greenhouse gas reduction and what the council would gain from its investment. Louisa Blundell advised the Committee that the council would have enhanced 7 properties and improved energy efficiency for tenants and support the long-term aim for a carbon neutral council. Councillor Edmonds raised a query regarding ventilation for thermally insulated buildings and the possibility of

damp. He also queried if the council had indemnity against the contracted works in case there was an issue with the remediation.

Louisa Blundell advised the Committee that yes there would be recourse and the council would enter a JCT contract and there would be a 12-month defect period and then a further period covering latent defects. She noted that there would also be a building control inspections and other warranties that would be supplied with products within the retrofit. She also advised the Committee that the property would have a whole house ventilation system and reduce the risk of damp and mould working across the whole house to ensure the air is exchanged, refreshed, and then exhausted or recirculated.

Councillor Edmonds sought assurances on the materials, highlighting the gross error on the materials used on Grenfell, he pointed out that the council must make sure that there was no chemical or fire hazard from the materials used in the thermal insulation. Louisa Blundell informed the Committee that a multi-layer system had been proposed and had been tested for fire autonomy. She explained that it was a layered render, and it was not cladding. Councillor Edmonds asked how the remaining Waverley housing stock could be refitted and financed in a similar manner.

Louisa Blundell informed the Committee that the project was a whole house retrofit pilot, not done in stages so could be potentially inconvenient to tenants. She noted that the contractors would start with the fabric first and this would mean that the homes would require ventilation. She advised the Committee that it was a pilot and essentially the learning was important to inform future phases. Councillor Edmonds asked if all the council housing stock would be upgraded to the retrofit standard. Louisa Blundell advised the Committee that the government had set an EPC rating of C across all council stock and the programme would help the council achieve a pilot that could demonstrate to the government that council was working towards Net Zero.

The Chair addressed the Committee, he felt it was important to note that the programme was a pilot because no one could be sure the technology worked in terms of delivering liveable homes, but it was the hope that it would be successful. He noted a comment made by an Officer at the Landlord Services Advisory Board, that this type of home would be cooler than a standard gas heated home and you keep the occupants comfortable by having better wall and loft insulation. He felt that it would be important that underfloor heating was included as the home would be comfortable without it. He added that the radiator flow temperature would be down to 35-40 degrees compared to 60-70 degrees temperature typical of a gas flow system.

Councillor Neale addressed the Committee, he advised that he was fully supportive of the council's pilots as he was keen on the new technologies and innovations in the area. He noted that he did have some concerns with regards to the comparative costs of major refurbishments cost and a new build. Councillor Neale raised a query with regard to the direction of the programme and the balance between the work the council was intended to undertake to provide green efficient homes, compared to homes in the private sector that would not be able to spend similar amounts of money to improve homes. He sought clarification of the provision of underfloor heating and whether this would be standard.

The Chair asked officers for confirmation on whether underfloor heating would be included as standard. Louisa Blundell confirmed that depending on the specification and clarification the council would consider underfloor heating as an option. She advised that the project had been tendered with a detailed specification for a wet radiator system and there would be an opportunity to discuss the design with the contractor, therefore it was a possibility. The Chair noted that the council would be fitting 3700 gas boilers in tenant homes, because the council had a duty to keep its tenants warm. He added that most of the council stock would be unsuitable without that sort of expenditure and the pilot was intended to test if the technology would work in real life.

Councillor Seaborne addressed the Committee, he felt that the committee should be looking to suggest an adjustment in the way the project had been represented. He felt that the project was a full refurbishment with green technology added onto it and the Committee had been asked to review an amended budget of £1.765 million of which 70% was refurbishment work and 25% was the green technology pilot. Councillor Seaborne also felt that the costs seem relatively high for a refurbishment but would still deliver seven effectively new homes for approximately 20% less than any of the current new build projects. Councillor Seaborne also noted that the costs sounded like a lot but were within the ballpark for a full retrofit for green technology so good value for money, but extra care should be taken to ensure the project was appropriately represented when taken for final approval.

The Chair clarified with Councillor Seaborne that the title of the papers should read 'Deep Retrofit including Green Technology Pilot'.

Annie Righton, Strategic Director addressed the Committee, she advised the Committee that she felt it had been an interesting debate and like the members thought that it was a significant amount of money. She added that from a director's point of view it was an opportunity for Housing authorities to learn. She queried if any other local authorities were doing similar retrofits. Annie Righton advised the Committee that the council could not replenish all its housing stock and there was always a need for people to have homes, she felt that there had to be another way of approaching the issue.

Annie Righton noted that there were two important aspects, firstly, that the council should seek any opportunities for grants from the government to support learning about deep retrofits; and secondly that the council learns what it can and shares the knowledge with other authorities. Annie Righton advised the Committee that if the council decided to retrofit its housing stock it could be an expensive and difficult; and that the outcomes were important learning factors the council needed to take into account. She also welcomed Councillor Seaborne's suggestion to retitle the report.

The Chair also noted that the other great unknown was seeing how the tenants operated the properties, as the council could have the best green building in the world, but if the tenants did not operate it the way they should, there could be a awful lot of wasted energy and costs.

Councillor Martin agreed with the comments made by Councillor Seaborne, he also felt that the report should clearly outline the elements of the basic retrofit and the elements of the green technology in more detail. Councillor Martin also made a

plea to officers that the technology should not be too complicated to operate or it could end up being self-defeating. Councillor Martin also queried the revised costs, the Chair noted his queries and agreed to differ the question to the exempt part of the meeting.

Councillor Edmonds raised a further query regarding the cost, he sought confirmation on whether the operational costs i.e., the maintenance costs had been considered against the capital cost. Louisa Blundell confirmed that this had been considered as part of the proposal and whole lifecycle costs would be obtained. Councillor Martin felt that it was important to continue to monitor the ongoing cost want the tenants were living in the properties, and their ability to understand and operate and maintain the systems.

Andrew Smith addressed the Committee and thanked them for their feedback and comments as they were very helpful. He informed the Committee that the council were going to embark on the biggest stock condition survey the borough had ever conducted, and they were likely to be shocked by some of the things that may come back and the work that would need to be done to address those things. Andrew Smith felt that there would be a lot of money spent over the next few years and he felt that the retrofit projects would provide the council with knowledge and intelligence about the how council approached and tackled those.

Andrew Smith confirmed that he only knew of a couple of local authorities conducting retrofit projects and not to the standards of Waverley Council's project. Louisa Blundell responded to the point raised by Councillor Martin regarding educating tenants on operating the green technology systems, she explained that the tenants will be provided with information, through face to face induction, home user guide and that a walk through video was proposed too. Councillor Heagin suggested having access to a help desk and someone to talk to as then may not like engaging with a video.

Councillor Heagin also noted that some councils would insist on access to the analytical data, and some would consider it is a GDPR issue. She felt the council had an opportunity for a very persuasive agreement and felt the best way forward was an enforceable agreement where tenants should give permission for the council to access the data and cooperate with any advice given on obtaining the optimal use of their very expensive green technology. She felt that this should be one of the recommendations put forward do the executive.

Councillor Neale raised a point regarding the continual maintenance and the need to regularly change filters and the high-level monitoring that would be in the hands of council tenants and how the council manages all the elements will be a significant factor in the pilot's success.

Councillor Hyman addressed the Committee, he noted that air source heat pumps were not the way forward as they require more electricity to pump heat. He added that adding insulation on the outside and new windows had not persuaded him to support the project. He noted that with Covid and mould, tenants would need to have windows open therefore he felt it did not make sense and the green pilot was a mistake. Councillor Hyman advised the Committee that the council should learn from the mistakes of other not be the one to make the mistake. He informed the

Committee that the council could not afford to do the green pilot and would not learn any lessons that they had not already learned.

Councillor Hyman felt that the council should not throw away money to learn lessons that others had already invested in, he also noted that the costs of the project had doubled. Councillor Hyman asked if the homes were non-smoking, he commented on the access to the analytic data and felt that there was nothing to be gained if the council forced tenants to provide the information. He felt that it was important to learn from the mistakes of others before throwing that level of money away.

## **Ockford Ridge Recommendations**

### **Summary**

The Resources O&S Committee are currently uncomfortable with agreeing the recommendations as the difference in cost between the two tenders is a variance of 45% and they do not feel they had enough information to justify the higher cost of the preferred contractor.

The Resources O&S Committee made the following recommendations to the Executive:

1. In relation to the data regarding the energy performance of the homes, the Committee wishes to ensure the Council's entitlement to the performance data which may necessitate an agreement be entered into with the tenant. Also that our tenants will be supported in understanding how to make optimal use of the equipment, undertake maintenance required and otherwise engage with us to ensure we get maximum value for both tenants and the Council.
2. The title of the project is changed to make clear that the majority of the cost (70%) relates to a high-quality refurbishment project with retrofit of green technology as the minority cost (30%).
3. All opportunities for grants be sought on the basis that this is a learning opportunity, and opportunities for shared learning should also be explored.
4. An indication of expected annual CO<sub>2</sub> savings (i.e., current CO<sub>2</sub> output from equivalent dwellings minus expected CO<sub>2</sub> output from the refurbished dwelling (recognising the CO<sub>2</sub> footprint of grid electricity used to power the heat pump)) should be included as well as the expected payback period in years (i.e. the CO<sub>2</sub> emitted in the refurbishment exercise divided by the expected annual CO<sub>2</sub> savings).
5. Greater clarity is needed regarding how much of the cost is for the refurbishment (as opposed to the new technology) and how these refurbishment costs compare with previous refurbishment phases 1 and 3.

In addition, the Committee expressed its concern that only two tender responses were received, of which only one was considered suitable, which casts doubt on the ability to find contractors to scale up this project should funds be available to do so.

8 EXCLUSION OF PRESS AND PUBLIC (Agenda item 8)

9 PROPERTY INVESTMENT QUARTERLY REPORT AND PROPERTY PERFORMANCE REPORT (EXEMPT) (Agenda item 9)

10 OCKFORD RIDGE - DEEP RETRO REFURBISHMENT (Agenda item 10)

**The meeting commenced at 7.00 pm and concluded at 8.30 pm**

**Chairman**