



Democratic Services

Location: Phase II
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**To: COUNCILLOR MARTIN GODDARD
CABINET MEMBER FOR FINANCE**

**COUNCILLOR JONATHAN BIANCO
CABINET MEMBER FOR PROPERTY, HIGHWAYS
AND TRANSPORT**

c.c. All Members of the Property, Highways and
Transport Select Committee
c.c. Mike Emmett - Place Directorate
c.c. Perry Scott – Corporate Director of Place

Date: 05 April 2023

Non-Key Decision request

Form D

CAPITAL RELEASE REPORT (April 2023)

DEPARTMENT: Place

SERVICE AREA / PROGRAMME: Housing Revenue Account Works to
Stock 2023/24 Programme: Planned Replacement of Domestic Boilers and
Associate Works

RELEASE NO: 8

Dear Cabinet Member

Attached is a report requesting that a decision be made by you as an individual Cabinet Member. Democratic Services confirm that this is not a key decision, as such, the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 notice period does not apply.

You should take a decision **on or after Monday 17 April 2023** in order to meet Constitutional requirements about publication of decisions that are to be made. You may wish to discuss the report with the Corporate Director before it is made. Please indicate your decision on the duplicate memo supplied, and return it to me when you have made your decision. I will then arrange for the formal notice of decision to be published.

Steve Clarke
Democratic Services Officer

Title of Report: Housing Revenue Account Works to Stock 2023/24 Programme: Planned Replacement of Domestic Boilers and Associate Works - Release No: 8

Decision made:

Reasons for your decision: (e.g. as stated in report)

Alternatives considered and rejected: (e.g. as stated in report)

Signed Date.....

Cabinet Member for Finance / Cabinet Member for Property, Highways and Transport

CAPITAL RELEASE REPORT (April 2023)

DEPARTMENT: Place

SERVICE AREA / PROGRAMME: Housing Revenue Account Works to Stock 2023/24

Programme: Planned Replacement of Domestic Boilers and Associate Works

RELEASE NO: 8

Cabinet Member(s)	Councillor Martin Goddard Councillor Jonathan Bianco
Cabinet Portfolio(s)	Cabinet Member for Finance Cabinet Member for Property, Highways & Transport
Officer Contact(s)	Mike Emmett – Place Directorate
Papers with report	Appendix A – Capital Release Request for Approval

HEADLINES

Summary	This report seeks Cabinet approval to release the budget allocation for the 2023/24 Planned Replacement of Domestic Boilers and Associated Works within Housing Properties.
Putting our Residents First Delivering on the Council Strategy 2022-2026	This report supports our ambition for residents / the Council of: Live in good quality, affordable homes in connected communities. This report supports our commitments to residents of: Thriving, Healthy Households.
Financial Cost	The recommended release of £4,670k for the 2023/24 programme to be funded from the Housing Revenue Account Works to Stock Capital Programme.
Relevant Select Committee	Property, Highways and Transport Select Committee
Relevant Ward(s)	All Wards

RECOMMENDATIONS

That the Cabinet Member for Finance and the Cabinet Member for Property, Highways & Transport agree to the following capital release request of £4,670k from the Gas Boilers workstream within the Housing Revenue Account Works to Stock Programme 2023/24 for the planned replacement of 1,917 domestic boilers within Housing Properties.

Reasons for recommendation

There are **8,636** gas boilers within London Borough of Hillingdon housing owned stock. 2,167 properties have a boiler installed which are 15 + years old,

The inefficiency of these older boilers contributes significantly to carbon emissions and causes Council tenants to spend more on their energy bills than necessary.

With the advancements in boiler technology in recent years, many manufactures have stopped producing parts for older boilers that are no longer in production. It is becoming increasingly difficult to obtain major part replacements for boilers more than 15 years old. This can cause significant delays trying to source parts, if possible, leading to discomfort and frustration to tenants who rely on their boilers for heating and hot water.

The planned replacement programme 2023/24 (*1,917 Installations*) would see the domestic boiler stock age reduced to below 7 years old to 25%.

In 2030 the current Government proposal is to ban the sale/ installation of gas fired domestic boilers and move domestic heating and hot water systems to “air to air” or “ground sourced” heat pump installations. These installations require significant improvements to building fabric insulation levels and the installation of PV Panels (in most cases) to offset the increase in electricity usage associated with heating and hot water provision to a domestic property. Therefore, the planned boiler programme will allow LBH time to improve fabric insulation levels in our housing stock. It is also expected that “heat pump” technology will further improve over the coming years and the current high costs of installations will reduce with technological improvements.

All new boilers will be high efficiency “A” rated units.

Boiler Installations will be carried out by TSG Ltd, the approved term contractor appointed by Cabinet on 24 September 2020 for a 4-year period, with 1+1 year contract extensions subject to Member approval.

Alternative options considered / risk management.

Wherever practical, economical, and safe to do so, boilers are repaired. Boilers that are beyond repair because parts cannot be obtained or are beyond sensible economic repair, are replaced. Boilers that are Immediately Dangerous ('ID') and cannot be repaired are disconnected. This leaves the resident without hot water or heating; therefore, these boilers require replacement.

Select Committee comments

None at this stage.

SUPPORTING INFORMATION

Boiler manufactures on average provide a 7-year warranty. In respect of Boiler Efficiency, all new boilers must be “A” Rated and meet all requirements of the Part L of the Building regulations. The “Boiler Plus legislation” was introduced to increase the efficiency of homes across the UK by stating that all gas boilers must meet certain requirements. One of those requirements was with the efficiency level of all boilers installed needing to be at least 92% efficient.

Officers estimate the energy savings at the current energy rates to be a minimum of £190 per property per annum and an estimated carbon saving of 30% per property, though this is dependent on usage, and the dwelling current SAP rating. This will have a positive impact on the property SAP (Standard Assessment Procedure) rating (energy/environmental performance of dwellings).

It is expected that there will be a requirement to replace 1,917 boiler installations within 2023/24 year.

The budget estimates in Table 1 have been calculated using the schedule rates for replacing the domestic boilers within the Council’s Planned Boiler Installations term contract with TSG Ltd, appointed by Cabinet in 2020:

Table 1: Planned Boiler Replacement Programme Cost Plan

Item	Total Cost (£)
Planned Boiler Replacements in 1,917 properties	4,447,440
Project Management Fees 5%	222,372
Total Estimated Cost	4,669,812

Financial Implications

Budget £4,670k, Previously Released / Pending Release £NIL, Capital Release Requested £4,670k.

The 2023/24 HRA Capital Programme, approved by Cabinet and Council in February 2022, includes a capital budget for the Works to Stock programme of £22,437k. Within this, the Planned Domestic Boiler Replacement workstream budget is £4,670k.

This report is seeking the release of £4,670k for the planned replacement of 1,917 obsolete boilers with new high efficiency boilers, to spend against an approved Cabinet contract. The release request is based upon the schedule rates within the Council’s planned boiler installations term contract and includes a project management fee of 5% of the estimated replacement costs.

The works are programmed to commence upon release of the funds and the availability of the approved term contractor’s resources.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities

The replacement of inefficient and obsolete boilers will reduce energy usage for our tenants and improve reliability of heating and hot water systems in their homes. The replacement of domestic gas boilers would contribute to the Council's overall carbon reduction targets. It would also improve air quality within Hillingdon by reducing the number of air pollutants released from older boilers.

Consultation carried out or required

None undertaken. The provision of effective heating and hot water services is a landlord's statutory responsibility.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed the report and concurs with the financial implications set out above, noting that the recommended action to agree a release of £4,670k for the Planned Replacement of Domestic Boilers within Housing Properties will be funded from the approved 2023/24 HRA Works to Stock Planned Domestic Boiler Replacement capital budget. The release request has been calculated using schedule rates within the approved Council's planned boiler installations term contract and includes a project management fee of 5% of the estimated replacement costs.

Legal

Legal Services confirms that the Council is responsible for carrying out this function pursuant to Section of the Act. Thus, there are no legal impediments to the capital release being authorised, although any contract that is entered into must comply with the Council's Procurement and Contract Standing Orders.

Infrastructure / Asset Management

Asset Management officers authored the report.

Capital Release Protocol

The release of all capital funds, and certain revenue funds, held by the Council is to be made by a formal democratic decision. No expenditure can be placed or committed by officers until this formal approval is given by Democratic Services. Release of funds must be for identified projects only and strictly not for the general release of funds for projects to be identified at a later date. No block releases of capital or funding will be allowed, except if authorised by the Leader of the Council in advance to Corporate Finance. The release of funds will only be made if previous

Council, Cabinet or Cabinet Member agreement has been given to the project and only if there is an approved budget.

BACKGROUND PAPERS

NIL.

APPENDIX A – CAPITAL RELEASE REQUEST FOR APPROVAL

Housing Revenue Account Works to Stock Programme 2023/24: Planned Replacement of Domestic Boilers within Housing Properties. Release No8

Location	Project / Expenditure Title	Information	Funds Release Sought £000's	Approve	Hold	More Information Required
Various Housing Properties	Planned Replacement of Domestic Boilers	Domestic Boiler Replacement Planned Programme for 2023/24 – 1,917 replacements	4,470			
Total seeking release			4,470			
Previously released			0			
Budget			4,470			
Remaining budget			0			