



Democratic Services

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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 Corporate Resources &
Infrastructure Select Committee
c.c. Mike Emmett – Place Directorate
c.c. Karrie Whelan – Corporate Director of Pace

Date: 11 June 2024

Non-Key Decision request

Form D

CAPITAL RELEASE REPORT (April 2024)

DEPARTMENT: Place

SERVICE AREA/ PROGRAMME: Housing Revenue Account Works to
Stock 2024/25 Programme: Planned Replacement of Domestic
Boilers and Associate Works

RELEASE NO: 4

Dear Cabinet Members,

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 Wednesday 19 June 2024** 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.

Ryan Dell
Democratic Services

Title of Report: Housing Revenue Account Works to Stock 2024/25 Programme: Planned Replacement of Domestic Boilers and Associate Works. RELEASE NO: 4

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 2024)

DEPARTMENT: Place

SERVICE AREA/ PROGRAMME: Housing Revenue Account Works to Stock 2024/25 Programme: Planned Replacement of Domestic Boilers and Associate Works

RELEASE NO: 4

Cabinet Members	Councillor Martin Goddard Councillor Jonathan Bianco
Cabinet Portfolios	Cabinet Member for Finance Cabinet Member for Property, Highways and Transport
Officer Contact	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 2024/25 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 2024/25 programme to be funded from the Housing Revenue Account Works to Stock Capital Programme.
Relevant Select Committee	Corporate Resources and Infrastructure Select Committee.
Relevant Ward	All Wards.

RECOMMENDATION

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 2024/25 for the planned replacement domestic boilers within Housing Properties.

Reasons for recommendation

There are 8,636 gas boilers within the London Borough of Hillingdon's housing stock. 985 boilers 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 manufacturers 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 saw 2,006 new boilers installed plus two full system installations of Air Source Heat Pumps.

In 2035, 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 Council 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.

Therefore, it is crucial that budgets support the enhanced boiler strategy to mitigate the impacts of the significant costs linked to the installation of air-sourced heat pumps in 2036.

All new boilers are high efficiency "A" rated units.

Boiler Installations will be carried out by TSG Ltd, the approved term contractor appointed by Cabinet in 2023.

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 manufacturers 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 Standard Assessment Procedure (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 the 2024/25 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 2023.

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

This report is seeking the release of £4,670k for the planned replacement of 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 2024/25 HRA Capital Programme, approved by Cabinet and Council in February 2024, includes a capital budget for the Works to Stock programme of £26,767k. Within this, the Gas Boiler workstream budget is £4,510k, with the contingency allocation contributing a further £80k.

The works are programmed to commence upon release of the funds and the availability of the approved term contractor's resources. The additional budget required above the initial allocation can be covered from this year's contingency budget within the HRA WTS Programme.

TSG Ltd, the approved term contractor who will undertake the work, was approved by Cabinet in 2023.

The current MTFF Works to Stock programme budget for Domestic boiler replacements 2024-28 is £17,344k.

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 2024/25 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 confirm that the Council, as a landlord, is responsible for this function pursuant to section 11 of the Landlord and Tenant Act 1985 and the standard terms and conditions of its tenancy agreements. Moreover, new consumer standards for housing, effective from 1st April 2024, have been introduced by the Regulator of Social Housing under section 193 of the Housing and Regeneration Act 2008. The standards include the Safety and Quality Standard. This Standard, amongst other things, requires the Council to provide safe and good quality homes for their tenants and an effective, efficient and timely maintenance and planned improvements for their housing. The Council must meet these standards otherwise it may be subject to enforcement action by the Regulator of Social Housing pursuant to section 198A of the Housing and Regeneration Act 2008.

This report states that the boiler installations will be carried out by TSG Ltd, the Council's approved term contractor. The use of a term contractor is permissible under the Council's Procurement & Contract Standing Orders. Thus, there are no legal impediments to the Council following the capital release recommendations set out in this report.

As noted in this report, Part L of the Building Regulations 2010 is relevant to the planned boiler installations. This Part requires reasonable provision to be made for the conservation of fuel and power in buildings, which the new energy-efficient boilers will do. Approved Document L provides further guidance on how to meet Part L of the 2010 Regulations.

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 2024/25: Planned Replacement of Domestic Boilers within Housing Properties. Release No 4

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 2024/25 –	4,670			
Total seeking release			4,670			
Previously released			0			
Budget			4,670			
Remaining budget			0			