

Scrutiny Review on Communal Heating - Mini-Review

FINAL REPORT OF THE SCRUTINY COMMITTEE

Report of: Executive Member for Housing and Development

Meeting of:	Date	Wards
Scrutiny Committee	9 th May 2023	All

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Executive Summary

The Committee has considered the Council's communal heating systems and the challenges which a loss of service can generate for residents. The Council considered evidence from a number of witnesses for the purpose of the investigation. This report gives feedback on the serviced progress completing the recommendations.

Recommendations

That the scrutiny note the progress of the service on implementing its recommendations and comment as required

Scrutiny Recommendations Feedback

- 1. That subject to compliance with procurement rules, there should be standardised parts and equipment procured for communal heating systems so that spare parts/replacement parts are available and kept in stock in case of breakdown. Consideration should also be given to an inhouse team to be trained and available for emergency repairs call out.**

Procurement processes allow for the procurement of specific parts to meet specification requirements. It is not possible under competition rules to specify named brands or products. In some cases, a reference will be made to specific parts allowing providers to put forward these parts or an equal equivalent and approved alternatives.

The Council could secure large quantities of standard replacement components and hold them as repairs stock. Manufactures are regularly updating products to improve efficiency. In the event of held stock the Council may not be able to use the most appropriate component if they were holding quantities of outdated spare parts. Stored components would also be at risk of theft or damage.

Within the Council plantrooms and dwellings served by the communal heating service there are a significant number of high value non-standard components. It is not always clear when these components will fail and, in some cases, components outlive their anticipated life expectancy i.e. heat interface units, boosted water pumps, BMS (building

management) Control Panels etc. As these components are generally of a higher value, between £1000 and £10,000, holding these parts could expose the Council to possible financial loss if these components were not used for repairs.

There is however benefit in holding low value regularly used components on vehicles which attend maintenance or responsive repair works. The provider (GEM) does maintain this requirement and details of these parts held has been shared with the Council. The system would however benefit from been fully automated removing the need for site engineers to progress orders for replacement parts which can result in human error or parts not being replaced in the vans following site works. It should also be noted that recent world events have resulted in a steep increase in material shortages which has affected timelines for completion of some works.

To maintain access to replacement components the provider maintains service level agreements with a small number of large mechanical component retailers. These retailers can be called upon at short notice for standard replacement components therefore removing the need for the Council the purchase and hold stock which it may never use.

Progress has also been made on improved specification alignment between the new build and the communal heating repair and maintenance teams. The performance of components is now actively considered and feedback from the Maintenance Team is used to shape aspects of the New Build technical specification/employers' requirements for communal heating works and visa versa.

The inhouse communal heating and repair maintenance team is made up of Mechanical Engineers and Mechanical Inspectors and support staff. Engineers draw up technical specifications for repair works which are then monitored on site by the Mechanical Inspector up to taking final handover once works are complete.

The team do not currently have the skills or knowledge to undertake actual repairs on commercial boilers or communal heating plant and equipment; they have been established as a managing client.

Further consideration has been given to the use of an in-house team to undertake just the standard monthly planned preventative maintenance works. Property Services could further explore the resourcing of this option, and how such a team could be managed, but current industry skill shortages in this area would result in a real challenge to compete with the private sector for these resources. This is not a service recommended for insourcing at this time.

2. That the council maintain a risk register of boiler plant, and where faults have occurred/likely to occur, and to maintain records in order for the Council to have a history of repair and likely replacement parts that will need to be available in the event of breakdown

In May 2022 the Council instigated a register to capture occasions where a communal boiler breakdown results in a service outage of 3 hours or more. The Council is also working with an external provider to undertake detailed comprehensive surveys of poor performing plantrooms to identify works which would improve the plant performance and efficiency and reduce the risk of breakdown.

The council has also instigated monthly KPI reports of contractor compliance with the order callout priority codes i.e. 2 hour , 4 hour , 21 day.

Since April 2022 over 6000 responsive jobs have been raised on the Council's Conserve repairs IT system used to capture requests for repairs to the communal heating systems. This excludes planned preventative maintenance jobs.

The council is working with its contractor to ensure that this information is fed into parts purchasing and van stock.

- 3. That in light of the government regulations for end point metering/installation of heat pumps, the Council should explore the possibility of personalised heat tariffs for tenants to reduce fuel poverty. The Committee recognises that the introduction of end point metering/heat pumps, as a result of government legislation, will increase costs for some tenants, and that this introduction should be communicated to tenants in order to ensure tenants are aware that some bills are likely to increase**

There is no current legislation in regards the installation of heat pumps in the same way there is to install meat meters.

In regard to heat meters, the tariff Islington sets is on a block level, are based on the actual cost and no profit is made via the delivery of heat. Therefore, the tariff is the lowest it possibly can be without other households on the network providing subsidy, as it is already at cost.

Any further discount would need to be paid for by the other people on that block level tariff. The Council is required to charge leaseholders on a cost basis and therefore would not be allowed to subsidise tenants from the costs passed on to them.

The installation of heat metres provides residents with real time information about consumption and cost and provides direct control over how they heat their homes. BEIS estimates that on average households are able to reduce their consumption by an average of 20% following installation of metres, on the basis of becoming more aware of their consumption and its impact on costs.

The Council will ensure that residents have a range of flexible options for payment, including the ability to make regular fixed sum payments to assist with budgeting across the year and accessible in person, by phone and online payment arrangements to suit different circumstances.

The Council is required to charge leaseholders on a cost basis and therefore would not be allowed to subsidise tenants from the costs passed on to them.

The Council is currently considering means to alleviate fuel poverty and best distribute assistance. This includes work by the IMAX team seeking out residents who have not claimed heating allowances from the government.

- 4. That the future development of new build properties should as be energy efficient as possible, in order to meet net zero carbon 2030, and to have adequate budgets**

in place to achieve this. The council do not want recurring costs in heating plant/repairs, and any risk register adopted should include new build as well as existing plant

All New Build schemes are designed to fabric first principles, reducing the requirement for heating as the first priority. However, this doesn't entirely negate the need for heating and hot water generating systems for our new homes.

Islington New Build require our heating and hot water generating systems to be fossil-fuel free, in line with our Decarbonising New Homes Compliance Guide. This means (air source) heat pumps in combination with MVHR (mechanical ventilation and heat recovery) systems in most instances. The MVHRs are needed to ventilate buildings that have been designed to current airtightness requirements.

Alternatively, for those developments that do achieve certified Passivhaus standard, individual, autonomous heat recovery systems can be considered - which we are looking to trial on one of our smaller schemes. These come at a reduced capital cost and a lower maintenance burden but are relatively new on the UK market and do have a limited volume of hot water instantly available.

The new systems will require additional annual maintenance to ensure they operate at optimum capacity. The Repairs Team are currently considering a contract to modern systems and also looking at a staffing plan to build in house capacity

- 5. That the Committee recommend clerk of works inspections, and supervision of works, should be increased in frequency, in order to ensure that plant is installed correctly, and that contract clauses ensure that any subsequent failures of any plant installation are legally enforceable by penalty clauses**

Mechanical Inspectors currently undertake daily visual maintenance inspections of council plantrooms, which include communal heating plant, communal ventilation and boosted water plant. These checks are made as part of day-to-day maintenance requirement where Mechanical Inspectors are tasked with checking planned preventative maintenance (PPM) work undertaken by the contractor.

Mechanical inspectors are hard to recruit. There is however an ongoing recruitment campaign to fill vacant roles. Additional mechanical inspectors once on board would yield benefits particularly during the communal heating season and would allow additional inspections of works carried out. To increase this level of inspection in the absence of additional resource would generate challenge to the current service delivery.

From a practical perspective recruitment continues to be a challenge and consideration should only be made to increase resources once the Council fills existing vacant Mechanical Engineering and Mechanical Inspector roles within the team to increase capacity for contractor oversight and capital work delivery.

Discussion is ongoing with the Council procurement and legal team to find ways to obtain better contract outputs and to strengthen the communal heating maintenance contract is part of the contract management and procurement cycle. This may include the addition of liquidated and ascertained damages for certain circumstances when

delivery/performance should have been better. Construction contract law does not allow punitive damages (financial penalties) in the event of poor performance.

- 6. That whilst the committee do not feel that hydrogen and other similar technology is well enough advanced, and is unsuitable at present, this situation should be kept in review in the future, if it is shown that heat pump technology is not able to be installed for certain properties, and as hydrogen technology and other progresses and become practicable and she looked at.**

The use of Hydrogen in communal heating is still some way off but the Council will continue to track this technology.

The U.K. currently does not have an available supply of hydrogen at scale and there would need to be significant investment in distribution infrastructure to deliver hydrogen supplies to domestic property.

- 7. That an investigation be carried out into the insulation of certain blocks, especially certain tower blocks, where the fabric of the building leads to a substantial heat loss. This is to ensure that any possible remedial action takes place during the major works programme, and adequate heating is able to be put in place to ensure tenants dwellings heating is as effective as possible and that the Council should make sure that, where there is one, the Energy Performance Certificate is made available for all properties including street properties to the resident.**

The Council is working towards an energy performance 'C' rating for all of its properties in line with the Islington zero net carbon target. All planned works seek to deliver a minimum of a 'C' rating unless constrained by a statutory issue such as listed building consent. The Council has just received a further £3.1 million to help fund insulation and energy improvement works from the Social Housing Decarbonation Fund (SHDF)

Properties can be provided EPC information upon request.

As part of the work completed by University College London the council has considered the opportunities for cladding and this is informing our capital programme and funding bids.

- 8. That the committee welcome the investigation being carried out on rapid resetting of boiler plant, in order that residents are not without hot water/heating whilst an engineer comes to reset the system, and trust that this is available as soon as possible.**

Rapid resetting of plant is best undertaken using controls which can be operated remotely. This allows remote visibility of equipment which is monitored. The Council is currently trialling 3 sites which were fitted with improved remote building management system (BMS) controls. On these sites the Council has access to live data on equipment which is connected to the BMS alarms. This allows for improved performance and awareness and detailed records of how the plant has performed. The BMS alarms provides an alert to highlight any faults which in turn allows the Council to act on specific

breakdowns. In some cases, the fault will be addressed long before it has any implication on the service provision to residents.

A further BMS roll out is progressing which will be used to connect all of the housing plantrooms to a new BMS system. Installation of works on site is due to start in June 2023 to be in place by the next heating season.

- 9. That the committee note that work is taking place with GEM on the BMS system, and the Oneserve System, in order to ensure maximum integration, and sharing of information between the Council and GEM, and that this should be expedited as soon as possible.**

Regular management meetings are held with the Council communal heating maintenance contractor (GEM) to review contractual issues of strategic importance. Issues such as improved communication and a live Oneserve interface are regularly reviewed.

GEM has made a decision to upgrade their existing IT system to a new platform. It is anticipated that this new system will help generate improvements with the communal heating maintenance service. This new system must be implemented before any Council Oneserve interface can be adopted. GEM are however confident that their new system will be operational by June 2023 and will improve the communal heating maintenance service for Islington Council with improved functionality to that currently in place.

- 10. That the Council maintain information on those tenants who have heat meters and heat pumps installed to ensure that when there is a change of tenancy, that the council are aware of such changes so that heat tariffs can be adjusted accordingly.**

Details of all properties which are fitted with heat meters is retained by the Council along with technical details on the equipment installed in the dwelling. This information is shared with the team responsible for the recovery of heat metering charges and will transfer to the new tenant should a change occur.

- 11. That further information be provided to leaseholders about the support available to assist them where there is a low carbon solution alternative that is less expensive than a traditional system.**

The Council is committed to taking advantage of suitable available grant funding for low carbon solutions due to be installed. A recent application for low carbon grant funding was successful and circa £850,000 was secured for a project to replace a traditional gas communal heating system with a low carbon heat pump system (Bevin Court). The intention is to progress similar applications at the appropriate time for other low carbon projects which will in turn reduce the leaseholder's contributions.

In the absence of a low carbon statutory legislation requirement, this funding has helped play a critical role in bringing leaseholders on the journey to low carbon solutions and played a critical role in ensuring projects are viable.

Recent discussions with BEIS on grant funding opportunities for works to housing plantrooms have been constructive and positive. Early indications are that funding may be set aside for the Council to undertake technical optimisation surveys in housing plantrooms. Once complete the Council can apply for further grant funding to undertake the actual optimisation work within the plantroom.

Because the cost of electricity is linked to the price of oil it is not easy to assume that a low carbon (electrical) supply of heat will be cheaper than gas powered ones. The council is carefully considering the operating cost for residents when commissioning low carbon heating replacements

12. That the Council promote awareness on the benefit of the Bunhill 2 network, particularly amongst those residents who have been affected by the Bunhill 2 installation works

The Council have taken considerable steps to improve the performance of the Bun Hill network and are ensuring that the experience to residents is the key focus of this work. The energy team will be visiting TRAs and tenants groups connected to Bunhill to update them on progress and the work they have been doing.

13. That greater awareness be promoted across different platforms of the dates proposed that the communal heating system is due to shut down for the summer months.

A full round of consultation is being undertaken towards the end of the current heating period to identify the most appropriate date for services to shut down and re commence. Once these dates are finalised they will be widely advertised via all of our engagement mechanisms. Direct communication will also be shared with residents affected by the by service adjustments.

14. On blocks where external sensors are used to control the boiler plant a check is undertaken to ensure that these sensors are in the correct location and giving representative readings.

It is recognised that fixed localised north facing outside air temperature sensors (OATS) have particular limitations. These sensors will be considered as part of the pending BMS upgrade works with further consideration given to how this system could be improved.

We are also trialling the use of remote environmental sensor from a range of suppliers to monitor heat and condensation as part of our Damp Task Force

Conclusion

Considerable progress has been made implementing the scrutiny's recommendations. With work continuing over the next few years. Improving the Communal Heating Service is a key focus for the Property Services Team both maintaining existing boilers and looking for new low carbon alternatives.

Final report clearance:

Signed by:

Jed Young, Corporate Director of Homes and Neighbourhoods

Date: Date the report received final approval

Report Author: Stephen Platt Assistant Director Property Services

Email: Stephen.Platt@islington.gov.uk