



Scrutiny Review on Communal Heating - Mini-Review

2024 UPDATE TO THE FINAL REPORT OF
THE SCRUTINY COMMITTEE

Report of: Executive Member for Housing and Development

Meeting of:	Date	Wards
Scrutiny Committee	18th April 2024	All

Delete as appropriate	Exempt	Non-exempt
-----------------------	--------	------------

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of held stock the Council may not be able to use the most appropriate component if they were holding quantities of outdated spare parts.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 vice 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 working with an external provider to undertake detailed comprehensive surveys of poor performing plantrooms to identify works and optimise performance. Where possible subject to funding these works are undertaken in the plantroom.

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

Anecdotally the winter of 23/24 experienced fewer heating disruptions than 22/23 but there is not a full set of data available to substantiate this. As the majority of boiler houses now have Building Management Systems installed, moving forward we will be able to generate technical reports for the coming winter measuring disruption.

In the meantime, if the number of complaints is used as a measure of service delivery, 82 complaints were either fully or partially upheld between April 2022 and March 2023 which has reduced to 61 between April 2023 and March 2024.

Interestingly more responsive repairs jobs were raised this winter compared to last (6242 v 6563) which reflects the increased investment and responsiveness of the service to ensure the service to residents is maintained.

The council is working with its contractor to ensure that this repairs information is fed into updating 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 still no legislation in regards the installation of heat pumps in the same way there is to install heat 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. The government department BEIS now the Department of Energy Security and Net Zero 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. Pay as you go and monthly payment options are available to residents, if they are in credit with the rent or service charges.

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.

The Council's last assessment in 2022 identified 1029 dwellings which were deemed financially viable to have heat meters fitted. To date 631 dwellings have had meters installed. Work is ongoing to obtain access to install meters at the remaining 335 dwellings. Following the site survey 63 sites were deemed not viable.

A further assessment was run prior to the deadline of December 2023 which identified an additional 1059 dwellings suitable for heat meter installation. Site surveys to date have identified 534 of these sites to be technically viable to have heat meters fitted. The survey identified that 273 dwellings were not viable. 252 dwellings are awaiting survey.

- 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 continue to 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 remain hard to recruit with a number of vacant roles still to be filled and other similar organisations experiencing the same issues. That said the council has recently recruited an additional Mechanical Inspector to support the existing team. Some of this new resource will also be allocated to inspections associated communal ventilation improvements which will support the council's priority work area around damp and mould.

The council has started the re procurement of the communal maintenance contract currently delivered by GEM. An external consultant has been appointed to advise and design the mechanisms of the new contract to include greater resilience, such as liquidated damages, and provision to pass on compensation costs the council may incur as a result of poor contractor performance. The current contract concludes in April 2025.

- 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. - No change?**

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.

The government is introducing heat network zoning in 2025, which will mandate connections to heat networks for certain buildings within zones. Nearly all of Islington (~95%) is planned to be classed as a heat network zone. As a result, individual heating systems may gradually be phased out, meaning the concerns about dwelling-level heat pumps may become irrelevant in most of the borough.

The team are keeping pace with the developments in this area to ensure that all new build and renovated plant rooms are future proofed as much as economically possible for the eventuality of network zonation.

- 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. Opportunities for insulating buildings or part of buildings are looked when blocks receive major or cyclical works and when reviewing our ability to improve those homes that are under a 'C' energy performance. All planned works seek to deliver a minimum of a 'C' rating unless constrained by a statutory issue such as listed building consent. Insulation will form part of these works.

The Council received a further £3.1 million to help fund insulation and energy improvement works from the Social Housing Decarbonation Fund (SHDF) and this work is currently being delivered on site, but has proved very tricky to deliver as the government scheme and processes are very prescriptive, making it challenging to include some of our properties that would most benefit from the funding and improvements.

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. Cost of projects can be very high and due to restrictions on available funding, it is not always possible to take works forward.

Further work with UCL is overlaying damp reports with insulation opportunities to maximise the impact of investment in tackling damp and fuel poverty. The report is due mid 2024.

- 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.**

The Council commenced the roll out of a new building Maintenance System (BMS) in June 2023. As of March 2024, 46 plantrooms have been fitted with a BMS connection. The BMS system has the technical ability to remotely reset plant although this function has yet to be enabled. The current functionality enables the BMS to remotely review how the equipment within the plantroom is performing and to provide an alarm directly to the Engineers if the boiler breaks down. The contractor and internal teams are receiving such alarms so more prompt action can be taken to rectify and minimise the downtime of the service.

The remaining 13 plantrooms are programmed for BMS installation over the next month bar those connected to Bunhill as these need to interface with the Bunhill BMS which has taken additional development.

- 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 upgraded their repairs system which went live in November 2023. This change has introduced improvements and accountability at each stage of the process. The new platform requires engineers to record and document each action to complete a repair with supporting photographic evidence. It also time stamps when the engineer gets to and leaves site via their PDF tracker. The new platform also interfaces with the Council's Oneserve repairs system allowing the Council to monitor and manage KPI performance measures.

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 where meters are fitted is recorded by the Council. The external provider, Switch 2 who are responsible for the recovery of charges where there is credit billing or pay as you go, also has full records of dwellings fitted with heat meters.

Accounts will be ended as residents move to a new property and new accounts opened for new tenants or leaseholders. They will need to let our provider Switch 2 aware of the date they are moving out, to ensure that the charges are correctly ended.

Further internal process improvements are required to ensure full details are shared when there is a change in tenancy.

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. An application last year 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). A further Green Heat application for this scheme was submitted in late 2023 and additional funding of around £345,000 was approved. The intention is always to seek additional grant funding for other projects where possible. Feedback from the Department of Energy and

Security has indicated that similar funding may not be successful for projects similar to the Bevin Court works.

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, now the Department of Energy Security and Net Zero (DESNZ) on grant funding opportunities for works to housing plantrooms have been constructive and positive. The council has recently received grant funding to undertake optimisation surveys in 5 plantrooms. Optimisation surveys are also being undertaken by the council internal energy team. Feedback from DESNZ has indicated limited availability of grant funding to undertake Optimisation studies in plantrooms with similar characteristics.

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.

The council has developed a hierarchy of preferred options for heating replacement and a lifetime cost and carbon reduction calculation to assist with decision making. This includes caps on the additional cost to leaseholders and tenants.

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 Bunhill heat network is a high-profile endeavour, and the Council receives regular media enquiries about it, as well as frequent requests to visit the site from a wide range of groups, including other local authorities, universities and overseas visitors. The Council maintains a page on its website with information about the network and the Bunhill 1 Energy Centre is open to the public as part of the annual Open House London event that takes place in around September, which gives local residents the opportunity to see inside the energy centre and ask questions of the team that run it.

The Council have taken a number of steps to improve the performance of the Bunhill network in the last year and are ensuring that the resident experience is the key focus of this work, particularly the need to maintain consistent levels of heating and hot water availability. The Bunhill operations team are in regular contact with the King's Square TRA regarding the estate's heating. A current focus of ongoing improvement works is the substation connections between the heat networks and estates. A programme of works will be carried out over the coming year to improve the interface between the network and communal systems, with the aim of delivering fully automated seamless switchovers

between the network and the on-site boilers when required. The Bunhill operations team would be happy to promote this work to estate residents via drop-in sessions.

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.

Residents who have a heating season are written to each year to inform them of the turn off and on dates, to ensure they are aware of these. This will also be advertised through Electronic Notice Boards in relevant blocks.

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 Feedback. As part of the Heat Metering installation works, there is an opportunity to include an internal heat sensor within the heat meter installation to remotely monitor what temperature residents are receiving in their homes when the communal heating is on or off. This data can be used to improve the level of service to residents on the communal heating service.

Conclusion

Considerable progress has been made implementing the scrutiny's recommendations over the last three years which has resulted in an improved heating and hot water service to residents. With this trajectory set, work will continue over the next few years to further improve the Communal Heating Service as a key focus for the Property Services Team. Whilst existing systems will be maintained and improved the department will be progressing and delivering wholesale low carbon heating 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