

MINUTES OF THE Housing Select Committee
Wednesday, 28 January 2015 at 7.30pm

Present: Councillors Carl Handley (Chair), Peter Bernards (Vice-Chair), Paul Bell
Amanda De Ryk, Maja Hilton, Simon Hooks, Olurotimi Ogunbadewa, Jonathan Slater
and Susan Wise.

Apologies: Councillors John Coughlin and Damien Egan (Cabinet Member for Housing).

Also present: Vimal Bhana (Head of Energy, Barratt Homes), Jeremy Bungey (Head of
Community Energy, E.ON), Kevin Sheehan (Executive Director, Customer Services),
Genevieve Macklin (Head of Strategic Housing), Jeff Endean (Housing Programmes and
Strategy Team Manager), Madeleine Jeffery (Private Sector Housing Agency Manager),
Molly Gavriel (Project Officer, Housing Strategy and Programmes), Nina Morris (Lettings
and Support Services Manager), Rachel George (Partnerships and Regeneration
Manager), Martin O'Brien (Sustainable Resources Group Manager), Timothy Andrew
(Scrutiny Manager), and Roger Raymond (Scrutiny Manager).

1. Minutes of the meeting held on 17 December 2014

1.1 RESOLVED: That the minutes of the meeting held on 17 December 2014 be
signed as an accurate record of the meeting after the following amendment at 3.7:

- d) The Committee welcomed the approach of the Council in respect of
discretionary licensing on flats over shops. The Committee would support a
trial of discretionary licensing on flats over shops and would like an update on
this specific proposal in 2015-16.

1.2 The Chair also asked the Committee to amend the minutes of the meeting held
on 11 November 2014. Amendments were received by the Chair before the
meeting, but due to an administrative error, were not presented at the meeting.
The amendments were:

- 5.6: There are two different Code of Practice schemes being delivered in
2015. There is the Code of Practice, developed jointly by CHPA and CIBSE,
and there is the Independent Heat Customer Protection Scheme, which will be
an independently operated scheme.
- 5.7: GLA has previously published that 500 (not 5,000 in the minutes) is the
minimum amount of units to make a system viable.

1.3 RESOLVED: That the minutes of the meeting held on 11 November 2014 be
signed as an accurate record of the meeting subject to the amendments.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. Communal heating review: evidence session

3.1 Councillor Hilton addressed the meeting about her visit to Bunhill Heat and Power. The key points to note were:

- Islington Council's approach was to look at the borough's heat-map and then plan its communal heating accordingly.
- There were 720 council homes, 162 private homes and 2 leisure centres connected to the Bunhill Power centre.
- Bunhill Power Centre is owned and managed by Islington Council, with a back-up generator system available if necessary.
- Phase 2 of the project will look to connect the heating system to other parts of the borough, and also try to utilise other power sources in the borough.
- Unused electricity generated is sold back to the National Grid.
- The price is set by the Council through a service charge; there is no individual metering of properties.

3.2 Councillor Hooks addressed the meeting about his visit to Pimlico District Housing Unit (PDHU). The key points to note were:

- The PDHU has been in existence since the early 1950s and originally used waste heat from Battersea Power Station to supply housing. The system was upgraded in 2006 with a £6.9million boiler plant being added to the system, able to heat an additional 1,400 homes.
- The system provides heating and hot water services to 3,256 homes, 50 commercial premises and three schools in the area.
- The system is owned by Westminster Council and managed by CityWest Homes.
- It is priced by a service charge; there is no individual metering of properties.
- Those who manage the system work closely with a User Group to keep prices low and manageable.
- They are able to store water overnight to manage the use of heat and power and on the rare occasions when there are problems with the system.
- There is an approximate 7% loss of heat in the residential blocks.
- Individuals are able to leave the heating system if they so wish; however no-one has requested to leave as yet.

3.3 Councillor De Ryk addressed the meeting about her visit to SELCHP. The key points to note were:

- The waste from Lewisham and other boroughs contracted to SELCHP is converted to heat and power.
- Communal Heating is used to power approximately 2,500 Southwark properties, across a number of estates in Southwark, a leisure centre and a number of businesses.
- There is a back-up system of boilers on each estate in case there is a failure in the communal heating system.
- The use of heat exchanges to convert energy for use in a communal heating system has led to more much more energy being used than previously.
- The system should be sustainable over a period of time and the potential to expand to cover more properties.

3.4 In response to questions from the Committee, the following was noted:

- The Committee would like to know more about the pricing system at Bunhill and PDHU.
- There could be potential to expand the communal heating system operated from SELCHP's waste energy to the Surrey Canal development.
- The Council should be involved in the development of communal heating systems in Lewisham, rather than leaving it to the Housing Providers.

3.5 Jeremy Bungey, Head of Community Energy E.ON, gave a presentation to the meeting. The key points to note were:

- E.On currently operates 28 Communal Heating Systems in various types of housing developments.
- When designed, constructed and operated correctly communal heating systems can deliver value for money for residents without compromising on service and protection whilst also delivering significant carbon benefits.
- The average Barratt customer heat bill is approximately £500 per year and the average carbon saving on heat produced during 2014 was 30%, compared to a gas boiler. The average cost of heating a property in the UK including a fully maintenance and replacement service. Based on market data, is approximately £1,000-£1,100 a year.
- E.On and Barratt have worked closely over a number of years and endeavour to provide high-quality fully-maintained customer services to their residents, for example a 24-hour/7-day call-out.
- Some of the challenges in respect of communal heating systems are:
 - Installing the best equipment for the communal heating system required (e.g.) piping, Hydraulic Interface Units (HIUs) etc.).
 - Managing the demand throughout the day.
 - Installation of adequate heat storage and back-up boilers where necessary.
- The individual metering of properties or block-level metering is a requirement for new housing development installing communal heating systems from April 2015.
- The Department of Energy-sponsored 'Independent Heat Customer Protection Scheme' is an attempt to provide customers who are in communal heating systems with some protection in a fairly new industry. Suppliers must provide customers with transparent heat charge calculations indicate how prices might change in the future and provide an industry-wide heat charge comparator. It's a voluntary regulatory scheme, which E.On has been involved in developing, and will join.
- E.On has a 25-year 'Price Promise' to its customers; larger communal heating schemes would ensure that the Price Promise would be more beneficial to their customers. For a rough estimate the smallest scheme to get the most benefit out of the E.On Price Promise would be about 120 homes and a leisure centre, or between 300-500 homes.
- A developer or local authority should consider whether they should have an ESCO or Energy Services Company, who can take the risk of operation of the communal heating system. If they are to use an ESCO, it is important to make this decision early in the process so leases can be amended, they are involved in the design and customers are informed.

- Some lessons learnt by E.On in their development of communal heating systems are as follows:
 - Early consideration of operating and billing requirements.
 - Early consideration of Customer Protection requirements.
 - The system needs to work for the first customer to the last and needs to be designed as such.
 - Things tend to go wrong with setting up the AMR and control systems
 - Ensure the low carbon technology actually runs.
 - Communicate with the customers early.

3.6 Vimal Bhana, Head of Energy, Barratt Homes, addressed the meeting. The key points to note were:

- There are currently over 5,500 Barratt Development customers connected to a district heating network. This will increase to over 13,500 when fully built out.
- Some of the developments that Barratt's have are as follows:
 - Cannon Wharf – 679 units + 14 commercial units & business centre.
 - Catford Stadium – 588 units + 2 retail units & community centre.
 - Loampit Vale – 794 units + leisure centre.
- Some of the challenges and lessons learnt from Barratt's are:
 - Informing the customer what a communal heating system is, and how it operates, alongside all the information they receive whilst buying a home. Barratt's have developed their training of staff so they are able to provide customer-friendly information on communal heating systems.
 - Provide a Customer Sales Code for customers.
 - Make sure customers are aware of Landlord and Tenant Act Provisions in relation to their property.
 - Barratt have signed up to the Independent Heat Customer Protection Scheme.
- Some of the technical lessons that Barratt have learned are as follows:
 - Air quality Nitrogen Oxide (NOx) target levels can impact carbon performance and costs to end users. Communal heating systems are good at producing low carbon heat and power, but can emit some NOx is an irritant gas, which at high concentrations causes inflammation of the airways. The installation of ultra low NOx boilers will reduce the impact considerably but have a shorter life-span before they would need to be replaced.
 - There are issues over whether there should be individual cylinders installed versus whether additional storage in apartments is preferable to residents.
 - Overheating in developments – communal heating systems causing overheating can be designed out at the installation stage, or mitigated at a later date once the causal factor has been identified.
- Some of the planning issues that Barratt has learned are:
 - Requirement to connect to future strategic networks – need to consider whether this might be feasible when planning heating systems for its developments.
 - Expanding communal heating networks to neighbouring loads – this is difficult to plan in advance without knowing what the technology will be in the future. However they will where appropriate, such as its expansion of

the Loampit Vale development communal heating system to connect to properties on Thurston Road.

- Requirement for heat networks where appropriate.
- Renewable targets versus carbon equivalent offset.

3.7 In response to questions from the Committee, the following was noted:

- It is difficult to determine a 'minimum' amount of properties to make a communal heating system viable. However, depending on the density of properties, there would be more benefit for the customer, and the beneficial in decarbonise energy, if there was a minimum of 250 properties for a high-density property scheme, and a minimum of 800 for a terraced property scheme.
- Communal heating systems are at their most efficient when they capture a lot of 'waste heat'. That way you can recycle its use, and keep costs to a minimum. One way of achieving this is having a diverse mix of properties in the heating system, like leisure centres, or swimming pools, that use heat and power throughout the day.
- The price tariff for the Loampit Vale and Thurston Road parts of the development would be the same.
- In respect of dealing with possible overheating issues after communal heating systems are installed, Barratt's Dalston Square development had some overheating issues. These were been addressed with ventilation, distribution design techniques and employing different types of heat exchangers.
- Barratt employs staff on-site major developments they are involved in, for after-care services, to deal with any issues that may occur.
- Some developments are designed differently to Barratt/E.On developments, so there may be additional factors as to why some buildings suffer from overheating once communal heating systems are installed.
- Customers are able to leave communal heating systems if they so which, but there are infrastructure costs that may prohibit them from leaving, such as the cost and installation of an individual boiler.
- E.On and Barratt were involved in the Steering Group for the Independent Heat Customer Protection Scheme, and see this scheme as a precursor to a statutory scheme in the future, once communal heating systems expand in use.
- The larger the amount of properties attached to a communal heating system, economies of scale dictate that it would be of more benefit to the user in respect of cheaper costs and less wasted energy.
- There will be a Which? report in February that compares the costs for properties that are currently using communal heating systems.

3.8 RESOLVED: That the Committee:

- a) Note the evidence presented.
- b) Consider the evidence as part of its Communal Heating Systems Review Report.

4. Lewisham Housing Strategy (2015-20)

4.1 Jeff Endean (Housing Programmes and Strategy Team Manager), gave a presentation to the meeting. The key points to note were:

- The four key themes that emerged throughout the consultation period, where respondents felt we should build in to, or strengthen in, the final strategy, were as follows:
 - Affordability
 - Sustainability, energy and climate change
 - Involving communities
 - Delivering the Housing Strategy.
- The consultation consisted of the following:
 - Online consultation from 3 December 2014 – 19 January 2015
 - Lewisham Housing Summit held on 22 January 2015
 - housingstrategy@lewisham.gov.uk mailbox was open throughout the consultation process
 - A Homelessness Forum
 - Lewisham Affordable Housing Group (LewAHG).
- The Online consultation had a small take-up, but results were overwhelmingly positive/majority in agreement. Some examples of the online consultation consisted of:
 - 94% of respondents agreed or strongly agreed with the statement 'building the homes our residents need'
 - 92% of respondents agreed or strongly agreed with the statement 'helping residents in severe and urgent housing need'.
- In terms of feedback from the Housing Summit, there were eight tables for group discussion, with each table with a key topic for discussion
 - New build and regeneration
 - Private rental sector
 - Affordability
 - Housing tenures
 - Homelessness and temporary accommodation
 - Housing conditions and standards.
- Some examples of the key issues were:
 - New build and regeneration: there should be a levy on empty land and support innovative models of development and scaling up, ensure you get the supply chain right.
 - Affordability: defining 'affordability' as there's a difference between the 80% that GLA advocate and 'truly affordable'; and more solutions needed for those in the 'middle'.
 - Homelessness and Temporary accommodation: outreach to schools and young people; fighting zero-hour contracts and ensuring a living wage; and services need to be flexible to be accessible.
- There was also written feedback to the consultation, for example from the Lewisham Green, Public Health and the Youth Offending Service.
- The final draft will consist of sections on:
 - Helping residents at times of severe and urgent housing need
 - Building the homes our residents need
 - Greater security and quality for private renters
 - Promoting health and wellbeing by improving our resident's homes.
- It will also set out 'housing affordability' as a key theme throughout. It will also include a final section on delivery. This will set out Strategic Housing's

approach to involving our communities and working with partners, as well as our annual action plans.

4.2 In response to questions from the Committee, the following was noted:

- Housing Options were working closely with schools in respect of young people and homelessness and this would be captured as part of the Housing Strategy.
- Leaseholders are always given the option of staying in their property before any compulsory tender takes place.
- The Committee is happy with the focus on homelessness in the Housing Strategy.
- Strategic Housing and Planning work closely together on a number of issues and this has continued to improve in recent times.
- The Single Homeless Intervention and Prevention (SHIP) continues to do good work in the borough in difficult and complex circumstances.

4.3 RESOLVED: That

- a) A presentation from the Single Homeless Intervention and Prevention (SHIP) to be added to the Committee's 2015-16 work programme.
- b) The Committee to receive an update on the Housing Strategy early in the 2015-16 work programme.

5. Temporary Accommodation Pressures (Information Item)

5.1 Genevieve Macklin (Head of Strategic Housing) gave a presentation to the meeting. The key points to note were:

- The Council is using a number of strategies to manage the individuals and families that are currently in temporary accommodation, and this is causing budgetary pressures.
- Homelessness applications have gone up by 50% in less than three years. Acceptances on a homeless duty have gone up by 20% in the same period. About 50% of these have lost their accommodation in the private sector (for a number of reasons) and that is the growing trend across London.
- Lewisham are in the top 3rd of London Borough in Homeless Acceptances for 2013-14 and 2014-15 (April-September).
- One of the issues that has also caused the growing trend in those presenting as homeless has been the Welfare Reform changes brought in by the Coalition Government and this is causing added pressure on resources. The cap on welfare benefits means that the Council still has to cover the shortfall on temporary accommodation and this has led to an overspend of £1.1m in 2013-14, and a projected overspend of £2.5m in 2014-15. Further overspends of £2.4m in 2015/16 and £1.9m in 2016/17 are projected.
- To alleviate the budgetary pressures, officers presented three policy options for the Committee to consider:
 - Changing the local connection policy, from two years to five years
 - Suspending choice based lettings and making direct allocations to homeless households

- Discharging our homeless duty into the private rented sector – in or out of borough.
- A number of London Boroughs have already changed their local connections policy to five years such as Greenwich, Southwark and Bromley. Changing the policy would mean that Lewisham would fall in line with fellow local boroughs. However there is a risk of a perverse incentive: if you don't have five years local connection then homelessness is the only route into social housing.
- There are a number of benefits to suspending the choice based lettings, such as it has the potential to reduce backlog and expense, reduce the length of time individuals and families spend in temporary accommodation, and more Council control over the "queue". However it removes choice, and may lead to more challenges and complaints. It also may be more complicated and costly to administer, especially considering welfare reform and affordable rents for example. There is no certainty this policy would do much more than now (80% of lets to homeless) and there is no precedent
- With discharging into the private rented sector in or out of the borough, half of all homeless households were previously PRS tenants, so the PRS would not be new to them. Also, other boroughs are already using the power, so the precedent exists and there is risk from us not being in line with neighbouring boroughs. A well-managed approach would offer a new policy tool to be used only in certain circumstances, which could send a message to decouple homelessness and social housing. There would also be an extensive number of exclusions from such an approach, for example care leavers, people with support needs which make the PRS unsustainable and older residents to name a few.

5.2 In response to questions from the Committee, the following was noted:

- Members of the Committee have previously stated their support for a change of policy to extend the local connection from two years to five years before applicants are eligible to join the housing register.
- Members would like officers to provide more information to the Committee at a later date so it can consider further the option to suspend choice based lettings and make direct allocations to homeless households.
- The advice from officers is that the power to discharge the Council's homeless duty into the private rented sector – in or out of borough – is a tool they would like to obtain. However, it is the Committee's opinion that this power, if adopted, should only be used in certain circumstances, and be annually reviewed.

5.3 RESOLVED: That:

A referral be sent to Mayor and Cabinet with the following:

The Committee recommends that:

- a) It supports the policy option to change the local connection policy, from two years to five years
- b) It supports the policy option to discharge the Council's homeless duty into the private rented sector – in or out of borough. However, the Committee would like the policy to be reviewed annually. In addition, with regards to the list of exclusions from this approach recommended

by Housing officers, the Committee would like the following exclusions to be added:

- i) Certain specified medical conditions
- ii) Those with disabilities
- iii) Members of the Armed Forces, in line with the Council's commitment to the Armed Forces Community Covenant.

6. Select Committee work programme

6.1 Roger Raymond (Scrutiny Manager) introduced the report. The key points to note were:

- The items scheduled for the March meeting were as follows:
 - Invitation to Registered Providers
 - New Homes Better Places: phases 2, 3 and 4
 - Annual Lettings Plan
 - Key Housing Issues (if necessary)
 - Communal Heating Review: Draft Report.

6.2 In response to questions the Committee, the following was noted:

- Members should send suggestions for next year's Work Programme to the Scrutiny Manager for collation.

7. Items to be referred to Mayor and Cabinet

7.1 There was a referral in relation to item 5 - Temporary Accommodation Pressures – as outlined above.

The meeting ended at 10.10pm

Chair:

Date:
