

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 18 October 2022	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Response to the Environment Scrutiny Commission: Energy	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor James McAsh, Climate Emergency and Sustainable Development	

## **FOREWORD - COUNCILLOR JAMES MCASH, CABINET MEMBER FOR THE CLIMATE EMERGENCY AND SUSTAINABLE DEVELOPMENT**

The pistol shrimp may only be five centimetres long but it has an extraordinary ability. It attacks its prey by "shooting" a bubble from its claw at over sixty two miles per hour. The bubbles produce an enormous amount of energy, briefly reaching temperatures of 4,800 degrees Celsius – not much less than the temperature on the surface of the sun. In Southwark, we do not have a pistol shrimp claw to provide us with unbounded energy but we are fortunate to have an excellent Environmental Scrutiny Commission.

On behalf of the Cabinet, I thank the Environmental Scrutiny Commission for their hard work and for their energy report. It covers enormous ground and issues recommendations on everything from the construction of new homes to climate education in schools. The Cabinet response therefore draws on the skills, knowledge and experience of officers from across the council. On behalf of the Cabinet, I thank these officers too.

This report responds to the Commission's twenty four recommendations in turn. For each one, it outlines an officer response. In most cases, the council is either already taking action on the subject, or is now committed to doing so. The report also notes how each recommendation relates to the Climate Action Plan. In three instances, minor changes to the plan are needed to integrate the Commission's recommendations. A further three recommendations require more substantial additions to the Plan so we suggest that these be considered in its annual review next July.

Although our response to most recommendations is positive, there are a small number where council resources are insufficient. This is a stark reminder of the challenging context in which the council operates and the lack of desperately-needed finance from central government. Southwark Council is committed to tackling the climate emergency but we cannot do it alone.

## **RECOMMENDATIONS**

1. To welcome the Environment Scrutiny Commission's report 'Environmental Scrutiny Commission: Energy Scrutiny Review Report' (March 2022) and to agree the responses set out to their recommendations in this report.
2. To ask officers to amend the Climate Action Plan at the next quarterly update, in November 2022, with minor changes to existing actions to reflect recommendations 3, 5, 9 and 15.
3. To agree to review the Climate Action Plan at the point of the next annual review, in July 2023, to incorporate new actions around recommendations 1, 2 and 21 as required.
4. Notes the request for funding to support additional roles, as detailed in recommendations 8, 13 and 22, relating to energy reduction and retrofit in schools and the expansion of community energy work. Agrees to explore every route to maximise resources to tackle the climate emergency, and to bring forward further commitments in the 2023/24 budget.

## **BACKGROUND INFORMATION**

5. In March 2022 the Environment Scrutiny Commission published their report into energy in Southwark. This report made 24 recommendations to reduce the borough's energy consumption and enable more renewable energy generation.
6. The report reviewed the council's Climate Change Strategy and Action Plan, published in July 2021 and considered five approaches to reducing energy consumption and the associated carbon emissions:
  - Reducing energy/carbon in construction
  - Retrofitting and to reduce energy consumption in schools, social housing, private housing and offices
  - Energy from waste
  - District heating networks
  - Community energy.
7. In reviewing these areas, the Environment Scrutiny Commission considered the work that was already underway within the council, proposed future work including that detailed within the Climate Strategy and Action Plan and conducted wider research. This included taking evidence from a range of external stakeholders, alongside the Cabinet Member and council officers.
8. The report's recommendations cut across the council's work relating to the built environment, including planning policy, retention of buildings, retrofit, new homes and community energy.

9. Cabinet welcomed this report in July 2022 and asked officers to consider the recommendations and report to Cabinet. This report sets out the council's response to the Commission's recommendations.

## **CLIMATE CHANGE STRATEGY AND ACTION PLAN**

10. In July 2021, Southwark Council published its first Climate Change Strategy and Action Plan. As part of this, the council promised that it would annually review progress taken towards becoming a carbon neutral borough by 2030. This plan was the basis for the initial assessment by the Environment Scrutiny Commission into the council's work on energy related matters.
11. In December 2021, the Overview and Scrutiny Committee made a number of recommendations to Cabinet. These recommendations included that the climate action plan should be 'be fully costed, showing clearly what funding is currently available, all sources of potential funding, innovative solutions to be tried, and where gaps remain'. It also recommended that the strategy and action plan be 'aligned with other major Southwark Council policies like the New Southwark Plan, the Waste Strategy, and the Movement Plan'.
12. In July 2022, the council published a revised Climate Action Plan (CAP) to include smart targets throughout, including staged timelines for delivery, milestones, funding requirements and potential for carbon saving. This plan was agreed by Cabinet in July. As the Scrutiny Commission considered the 2021 Action Plan, we are pleased to note that some of their recommendations have already been implemented in the 2022 update.
13. The council is committed to continual improvement of its reporting of progress on climate change related projects and an action dashboard has been developed to share progress on the council's website. The feedback from the Environment Scrutiny Commission is welcomed as an opportunity to further reflect on the council's work and strengthen our response to the Climate Emergency.

## **KEY ISSUES FOR CONSIDERATION**

14. Due to the cross cutting nature of the report and in order to provide a full response, feedback has been collated from officers across the council.
15. As noted above, the council's CAP has recently been updated, and was approved by Cabinet in July 2022. The CAP has been reviewed to ensure it reflects the detail of the recommendations where appropriate. This is either through minor adjustments to existing actions, or if required adding new smart actions to the plan as part of the annual review process.
16. Any minor update to existing actions will be made on the council's climate dashboard which was also agreed by Cabinet in July 2022 and went live in September 2022. This will ensure that progress against agreed recommendations is reflected in the council's work and tracked going forward.

## **Council New Homes**

### *Scrutiny Recommendation 1*

17. Adopt Whole Life Carbon Assessment for all council New Homes, not only large scale schemes.

### *Response*

18. We support this recommendation. All schemes of over ten units are now required to submit a whole life carbon assessment. We are extending this to include all new council home schemes, and this will be implemented for any schemes submitted to planning after 31<sup>st</sup> October 2022.

### *Climate Action Plan*

19. This action is due to be completed ahead of the next Climate Action Plan update in July 2023. If it is not completed, it will be added at that point.

### *Scrutiny Recommendation 2*

20. The Council intends to adopt BSRIA soft landings for a 3 year period (with matching warranties and defects) to begin addressing the gap in energy performance in 2025. The Commission recommends:
- That this is brought that forward to 2022
  - That the BSRIA soft landings research includes both energy demand reduction and carbon emission reduction data

### *Response*

21. We support this recommendation. BSRIA soft landings is a building delivery approach, focused on improving the operational performance of a building, from design through to operation. Southwark Construction will take this forward. The council have already commenced feasibility and viability of adopting this approach with the attempt to align to all schemes from 2023. The council will seek to amend all contractual terms such that building contracts awarded from 2023 are enabled to deliver BSRIA and are implementable.

### *Climate Action Plan*

22. This action is due to be underway when the Climate Action Plan is next updated in July 2023. If it is not completed, it will be added at that point within the theme 'Decarbonise council housing'.

### *Scrutiny Recommendation 3*

23. Develop a technical pathway to deliver to Passivhaus standards for all council new homes.

*Response*

24. We would like to see the delivery of a technical pathway to Passivhaus accreditation. Work is underway on a pilot scheme, which aims to achieve Passivhaus accreditation. The council will apply the learning from this, to create a set of standards leading to lower energy homes for all council new homes, whilst delivering value for money. The council will continue to explore all methods of carbon savings and carbon methodologies across the new build programme, for example green energy, materials, solar PV and ground source pumps. This work will be taken forward by Southwark Construction.

*Climate Action Plan*

25. The CAP already includes action to pilot Passivhaus:
- E.3.iii - Focus on pilot schemes for low carbon homes which can inform policy, including piloting Southwark's first 'Passivhaus' council homes

*Scrutiny Recommendation 4*

26. Continue to develop and promote the rooftop development approach to delivering council new homes, as an innovative way to retain embodied carbon.

*Response*

27. This recommendation is not currently supported. Prior to any roof top development being undertaken it is first imperative that fire safety design can determine alternate routes to retro fitting sprinklers to all existing dwellings to ensure the council meets Fire Safety Regulations. While the principle is supported on climate change grounds, as the potential for reducing the need for constructing new buildings is recognised, there are a number of technical challenges that must first be met for the council to meet the required legislation, prior to exploring roof top development.

*Climate Action Plan*

28. As noted in the officer response, this recommendation cannot currently be supported due to the immediate need to prioritise Fire Safety Regulations. While the CAP does therefore not have specific actions on rooftop development, it does contain a range of actions on retrofitting buildings across the borough, and exploring ways to reduce the embodied carbon in building design.

## **Council New Homes and External Development**

### *Scrutiny Recommendation 5*

29. The Council should explore further whether it can give greater support to initiatives that encourage or enable the use of timber and other low embodied carbon materials, including the use of cross-laminated timber in construction of all types of buildings.

### *Response*

30. We support this recommendation. It is being taken forward by Southwark Construction who are working with their design teams on developing new standards for lower embodied carbon materials including low carbon concrete and exploring the use of low embodied carbon materials where practical. Building control regulations currently make it very difficult to use timber, however the council will endeavour to investigate and use the most efficient materials and/ or initiatives and other low embodied carbon materials. Southwark Construction will also continue to explore all options and consider alternatives as far as possible within the limitations imposed.

### *Climate Action Plan*

31. This recommendation and the subsequent work of Southwark Construction will be linked into an existing actions within the CAP that will focus on introducing stronger planning rules that work to ensure all new developments in the borough meet high green standards:
- A.2.i - Assess options in the early review of the Southwark Plan for encouraging the use of recycled materials in new development as a means of reducing the embodied carbon of new builds
  - A.2.ii - Ensure compliance with planning policies for improved energy efficiency in all new build properties by creating standardised measuring frameworks

## **Council Planning Policy**

### *Scrutiny Recommendation 6*

32. With regard to the early review of the Southwark Plan:
- a. Introduce a requirement within planning policies for new developments to measure whole life carbon emissions.
  - b. Apply a policy similar to the London Plan Policy SI2 to all major developments.
  - c. Where land owned by the local authority is to be developed, leased or sold, bids to be scored on whole life-cycle carbon efficiency.

- d. Support the use of natural (bio-based) materials by e.g. requiring timber frame construction in non-relevant buildings (as defined by building regulations).
- e. Require planning applications to report the efficiency of the structure in mass of material per m<sup>2</sup> e.g. using IStructE calculator.
- f. In Local Plans identify areas for future development where soil conditions do not require carbon intensive foundations, by conducting EN15978 / ISO 21930 compliant evaluations.
- g. Set minimum levels for the use of reused and recycled materials for public projects.

For more information, see ACAN and Carbon Neutral Cities Alliance publications.

### *Response*

33. The council is undertaking a range of work in this area to deliver the recommendation as set out by the scrutiny commission. The early review is an update to Local Plan policies. This involves consultation on draft policies, the preparation of an evidence base and follows the same process as the full Local Plan process with an examination in public. A response to each point is provided below:

- a. The London Plan sets out that local authorities are encouraged to set local thresholds for Whole Lifecycle Carbon Assessments and Circular Economy Statements. This will build on the existing threshold for major referable schemes for Whole Life Cycle Carbon in P70 Energy and Circular Economy Statements in P62 Reducing Waste in the Southwark Plan 2022. We welcome scrutiny's recommendation and during the early review process, we will scope out this requirement and assess the minimum size of new development for which whole life carbon should be assessed.
- b. We are already going further than this recommendation proposes. The Southwark Plan 2022 is currently applying a policy (Southwark Plan Policy P70: Energy) which goes beyond the requirements set out in London Plan Policy SI2 Minimising Greenhouse Gas Emissions. Policy P70 'Energy' is one of the most ambitious energy policies in London. This policy is one of the most influential policies that responds to how planning and development can directly address the climate emergency. The policy requires all major residential development to be net zero and reduce on site carbon emissions by 100% against Part L Building Regulations. This policy goes significantly beyond the requirements of the London Plan (2021). P70 will boost the on-site performance of major residential buildings that are proposed, consented and built within the borough. The Early Review will scope out and review targets and methodologies for major and minor development to meet the 2030 net carbon zero target.

- c. We will consider this recommendation through the upcoming work of the council's Land Commission. There may be opportunities to scope out the feasibility of carbon assessments within council business related to the management of land, which can be considered outside of planning processes. Whole life cycle carbon assessments will continue to be required for relevant developments through the planning process.
- d. We support the use of bio-based materials. There are however some limitations in use and further research is required. We also need to consider, for example, issues such as fire safety, water penetration, rot and the general construction skill base.
- e. We currently require Energy Statements to set out the carbon performance of buildings in major schemes. For major referable schemes, we require Whole Life Cycle Carbon and Circular Economy Statements as required by the London Plan. We will review the threshold for the requirement of these assessments and use of alternative will be reviewed in the Early Review.
- f. We will review this as part of the early review. The use of these standards will be reviewed for feasibility and may require evidence base work to be prepared regarding geology and building design.
- g. We support this recommendation. In planning policy, Policy P62 Reducing Waste in the Southwark Plan 2022, sets out a requirement for major referable development to submit a Circular Economy Statement. This guidance sets out that major referable schemes will provide a statement to demonstrate how the development has implemented circular economy principles and what the reuse and recycling rate of materials at different stages of the development process are. The London Plan encourages local boroughs to set their own lower thresholds for Circular Economy Statements. As a council, borough level minimum standards will also need to be scoped out. Some areas that targets could be set for include maximising recycled content onsite, maximising the reuse of surplus materials in the construction process, and maximising construction techniques, as well as reporting on actual achieved outcomes and looking at how buildings are managed within its lifetime.

### *Climate Action Plan*

34. The following actions are included within the council's updated CAP, published in July 2022:
  - A.1.i - Define options for energy performance standards, Energy Use Intensity targets and policy response to update the Building



Regulations 2022. The upcoming milestone for this action is to conduct the early review of the Southwark Plan energy policies in relation to energy performance standards and align to the council's 2030 net zero target. This would will also include consideration of whole life cycle carbon assessments for smaller buildings.

- A.2.i - Assess options in the early review of the Southwark Plan for encouraging the use of recycled materials in new development as a means of reducing the embodied carbon of new builds. This action will also focus on the early review of Southwark Plan, specifically the reducing waste policy (P61) in relation to recycled materials and reducing embodied carbon in new build development.

### *Scrutiny Recommendation 7*

35. Complete the Early Review of energy and environmental policies in the Southwark Plan by February 2023, in line with the declaration of a Climate Emergency.

### *Response*

36. We support an early review of energy and environmental policies in the Southwark Plan, but do not believe that the timescale is achievable. The Southwark Plan 2022 aims to meet the statutory target of net zero by 2050. The Early Review will review these policies to aim to meet the 2030 net zero target as set by Southwark Council. The Early Review is currently being scoped, to assess what needs to be included. To support this ambitious step change in policy a significant evidence base will need to be prepared to support it. This includes viability and feasibility testing of the implications of the new policy requirements, and also of a new carbon price to offset carbon from the Green Buildings Fund. The Early Review will be a step change in how planning applications consider carbon and climate implications, and it is no longer acceptable to follow business as usual. Therefore, the implementation of the Early Review policies will need to be supported by further guidance and extensive consultation which will take time to prepare to ensure the best outcomes for carbon reduction and climate change adaptation in new development.
37. The Early Review will need to go through a Regulation 18 and Regulation 19 Consultation in line with planning legislation and our own Statement of Community Involvement. This document is currently being finalised following consultation earlier in the year. The standard consultation period is 12 weeks. Post consultation the policy will need to be reviewed and revised based on the comments submitted, and these comments will need to be responded to. Once consultation has been prepared and the evidence base, and supporting documents are prepared the Local Plan update will be submitted to the Planning Inspectorate. Southwark is then allocated an Inspector, and the policies will be tested in an Examination in Public. At the end of this process, the Inspectors will recommend if this plan is found

sound, and then recommend its adoption. The policies will then be implementable and used by planning officers applying full weight to the policies.

38. There are a number of supplementary planning guidance documents (SPD) that need to be prepared to support the Southwark Plan 2022, including the P70 Energy policy which sets out carbon targets for new development. The schedule for this guidance and the Early Review is set out in the Local Development Scheme (LDS). The LDS is currently being prepared and will be going to Cabinet in October 2022 with a timetable guide of when these documents will be consulted on and published. The Environment and Climate Emergency SPD will be prepared and consulted on first in spring 2023, followed by the first consultation Regulation 18 on the Early Review in summer 2023. The first draft of the Early Review of the Local Plan is due to be published for informal consultation between January and March 2024, with public examination and adoption the following year.
39. The council wants to move forward as quickly as possible, but is bound by planning legislation, and must comply with the statutory plan-making process.

#### *Climate Action Plan*

40. The early review of the Southwark Plan with regards to energy and environmental policies is fully captured within the council's CAP. This includes actions that detail the update of the following policies to align with the council's 2030 net zero target; Climate Change Supplementary Planning Document, P50 (Biodiversity), P59 (Green Infrastructure) P61 (Reducing Waste) and P65 (Improving Air Quality), P70 (Energy).

#### **Schools – Energy Reduction and Retrofit**

##### *Scrutiny Recommendation 8*

41. Encourage uptake of school energy reduction and climate education programmes, through the appointment of a dedicated officer (see recommendation 22 under Community Energy).

##### *Response*

42. We support this recommendation although we are exploring whether we can deliver within existing resources. As part of the 2022 update to the council's CAP, an assessment of resourcing needs across the council was undertaken, to understand what additional resource is required to progress key actions that will result in emissions reduction. This has provided an initial understanding of where additional resource can be best targeted for the greatest benefit.
43. Working with schools, on both the retrofit of buildings and increasing climate education has been identified as a key area for additional resource.

Due to funding pressures this will need to be considered later in 2022 as part of the budget setting process for the 2022/23 financial year, alongside a number of competing priorities.

44. The council has begun to support schools work through the creation of a Let's Go Zero schools network, with an initial meeting having taken place with schools to scope out the benefits of a new network and how best to bring schools together with a climate change focus. This is a key action within the council's CAP, with the group due to meet again in autumn 2022.

#### *Climate Action Plan*

45. The 2022 update to the council's CAP contained new action focused on engagement and behaviour change, to strengthen the council's work with schools. This action directly supports the scrutiny recommendation:
  - D.3.i - Launch a network of Southwark Let's Go Zero schools to get children and parents involved in action to tackle the climate emergency. This is also a Council Delivery Plan target, with the first full meeting of the network scheduled for October 2022.

#### *Scrutiny Recommendation 9*

46. Undertake a retrofit assessment of Southwark's primary school estate using PAS2030/5. Identify 5 exemplar schools willing to undertake a deep whole building retrofit and reach EnerPHit Passivhaus, where possible. Use the Green Building Fund to take this forward.

#### *Response*

47. In February 2022 the council completed a retrofit energy feasibility study of two primary schools; Crampton Primary School and Brunswick Park Primary School to set a strategy for achieving EnerPHit standard across the school estate. The feasibility study identified the areas of work to achieve this standard and funding has been allocated to deliver these works. Consultants are in the process of being commissioned to develop the specification of works to deliver these improvements to both schools via the LHC Framework, Energy Efficiency Consultancy Services (N8C).
48. The strategy set out in the feasibility study will be expanded across the rest of the school estate. Two primary areas of work that we are seeking to progress on all schools is the upgrading of all lighting systems to LED fittings and the provision of either Photo Voltaic (PV) or Solar Heating systems to improve the energy performance in each school and get them ready for changing over to Heat Pump systems. The Green Buildings Fund will be considered for projects going forward.
49. The school maintenance programme has also incorporated works in line with the strategy to improve the fabric performance of schools that they are working on (i.e. increased insulation to walls/roof, double glazing, BMS controls on heating systems etc.). On undertaking a deep retrofit of the

buildings, the study examined this as one of the options and this demonstrated that there is a high potential for the school to be overly disrupted during these works. It might not be beneficial to the delivery of teaching in the school for this work to undertaken in a single operation or contract.

#### *Climate Action Plan*

50. The 2022 update to the council's CAP contained a number of new actions focused on school retrofit, to recognise the ongoing work already taking place within the council, but also to further strengthen the council's work with schools on retrofit:
- D.1.v - Prioritise energy efficiency improvements and maximise funding for the worst-performing council owned schools. There are three separate actions within the plan, one each focused on developing feasibility studies, submitting funding bids and delivering works. This allows the council to track those projects in the pipeline, alongside those already in construction, while continuing to explore new funding opportunities as and when they arise.

#### *Scrutiny Recommendation 10*

51. We would encourage council officers to engage with Energy Sparks and/or RAFT, and/or other relevant organisations with a specialist practice in energy reduction and retrofit.

#### *Response*

52. This recommendation is supported. The council have engaged with consultants who are specialists in the energy management and retrofit field. All appointments for service contracts are governed by the Councils Contract Standing Orders which sets out how the council can procure consultant services.

#### *Climate Action Plan*

53. There are no actions within the CAP on the contractors used to deliver retrofit projects, as noted above this is governed by the council's procurement processes and managed accordingly.

### **Retention of Buildings**

#### *Scrutiny Recommendation 11*

54. The Commission would like to see the recommendations from the Planning and Environment Scrutiny Review report of 2021 on retaining existing buildings expedited through the Early Review of the Southwark Plan and draw attention to the recommendation in the UK Green Buildings Net Zero Whole Life Carbon Roadmap to: 'Use planning reforms to prioritise reuse of existing buildings and assets, and disincentivise demolition and new

build' and Architects Climate Action Network recommendation to 'Require planning permission for building demolition, and where demolition is proposed applicants to submit whole life carbon studies for both retrofitting and new-build options'.

### *Response*

55. An update on the recommendations from the Planning and Environment Scrutiny Review is provided in Appendix 1.
56. The remainder of the recommendation is welcomed. With regards to the Architects Climate Action Network recommendation to - 'Require planning permission for building demolition, and where demolition is proposed applicants to submit whole life carbon studies for both retrofitting and new-build options'. Demolition does not require planning permission unless the building is in a conservation area, it is a listed building, scheduled ancient monument, pub or other drinking establishment, concert hall, theatre or venue for live music performance, is an unsafe/un-inhabitable building, outdoor statue, memorial or monument.
57. The General Permitted Development (England) Order 2015 (as amended) introduced Class ZA which is a permitted development right allowing disused commercial buildings and disused blocks of flats by allowing the building to be demolished and rebuild new residential dwellings. This means planning permission is not required and the Council would not be able to impose conditions however prior approval is required. Southwark has imposed an Article 4 Direction to remove this permitted development right in certain areas such as town centre sites and site allocations.
58. However, where planning permission is required, the Southwark Plan 2022 sets out requirements for all major referable development to submit a Whole Life Cycle Carbon Assessment and Circular Economy Statements following the GLA's London Plan Guidance. These documents together assess the embodied carbon in existing structures and materials, and assess sustainable approaches and what the impact is on whole lifecycle carbon. The Circular Economy Statement provides more detail on the recycling and reuse strategy for the materials on site.
59. The Early Review will consider thresholds for which further types of development may require these assessments, and also explore policy approaches for encouraging retrofitting where appropriate. In addition to the Early Review, the Planning Policy Team will prepare an Environment and Climate Change SPD that sets out planning guidance on these themes. This SPD is currently being scoped out and will be prepared for public consultation in spring 2023.

### *Climate Action Plan*

60. As noted above, the preparation of the Climate Change SPD is the primary piece of work that will deliver against this recommendation. This

encompasses a number of actions contained within the existing CAP, including one focused on heritage assets:

- A.1.ii - Review planning policy to support the retrofitting of heritage buildings to reduce carbon emissions

61. In October 2021 the council also agreed its Empty Homes Action Plan. This action plan sets out the council's zero tolerance approach to long term empty homes and plans to bring empty homes quickly back into use. This is a critical part of the council's work to seek alternatives to new build and ensure the existing housing stock is fully utilised.

### **Retrofitting homes and wider council estate**

#### *Scrutiny Recommendation 12*

62. Southwark ought to mirror Zero Carbon Britain's target of 60% energy descent, by undertaking a Fabric First insulation programme for our buildings, to reduce energy usage and enable renewable energy, where feasible, to meet the reduced demand.

#### *Response*

63. Cost is a significant challenge in retrofitting council homes, a recent report from Parity Projects estimated the cost of achieving net zero in the council's housing stock as between £600m and £800m. The council has a number of competing demands for its social housing portfolio which includes building safety and maintaining decency. The council is preparing a refresh to its Asset Management Strategy, which will come to Cabinet in December 2022, and future projects will consider fabric first insulation subject to financial resources being available and site specific feasibilities. The council has already taken advantage of ECO funding, in partnership with energy company Warmfront, to install insulation in several hundred properties during 2022. The council is now preparing a bid for the Social Housing Decarbonisation Fund (SHDF) Wave 2, which will take a Fabric First approach to improving energy efficiency in the properties identified for the bid. The bid will be submitted in November 2022 and feasibility surveys are currently underway.

#### *Climate Action Plan*

64. This recommendation is fully supported within the council's CAP. There is a section of the action plan dedicated to decarbonising operational council buildings and there are a series of actions to raise the energy efficiency of social housing, including;
- E.1.i - Prioritise energy efficiency improvements and maximise funding for the worst-performing social housing properties
65. This action is split into three separate actions, to cover feasibility, funding and proposed and current works. This supports the work of the council's

Asset Management team, to track new and ongoing funding bids, the design of housing retrofit projects and their implementation.

*Scrutiny Recommendation 13*

66. Add extra staff capacity in order to:
- Survey and plan a phased retrofit programme for the Council estate utilising the new British Standards and making best use of available technology.
  - We could encourage officers to consider CHROM software and / or IRT Surveys DREam methodology, and any other organisations with the right tools to facilitate a plan to retrofit the Council's estate.
  - Join Mayor of London's Innovation Partnership as this provides a route to scale up retrofit and build local capacity.
  - Enable Southwark's council estates, and both small and large Registered Providers (RP) of housing, to access the Social Housing Decarbonisation Fund, in line with the millions of pounds of inwards investment this could attract. Support for RPs could range from promotion of the fund and support available from BEIS/ Turner and Townsend all the way up to forming and leading consortium.
  - Develop best practice in co-creation of retrofit with social housing tenants to support the Council and housing associations in delivery of their programmes.

*Response*

67. The council is currently running pilots on the Kingswood and Aylton Estates, looking specifically at damp and mould. These pilots include the trialling of the latest technology relating to humidity and damp. The results of these pilots will inform further work, and partnerships are being developed with external agencies such as Impact on Urban Health to better understand the issues affecting residents' well-being. The council will use this learning, as well as that from the SHDF bid, to help develop future programmes of work and future funding bids, including SHDF Wave 3. The council is also working with energy consultants Parity, whose Portfolio software gives officers access to data and scenario modelling to support investment choices. The council will explore additional methodology and software options going forward to complement current systems. However, as above, the call on funding for building safety alongside maintaining decent homes means that significant funding gaps will need to be closed to deliver a comprehensive retrofit programme, including with regard to additional staff.
68. The council is now a participating member of the London Councils' Retrofit London Programme and further partnership working will always be considered.
69. The council is preparing an application to the SHDF Wave 2 for potential street properties. Timescales for applications and ensuring procurement is undertaken in line with the council's financial regulations can cause

challenges to securing this funding. Partnership/consortium bids will be considered for Wave 3.

70. A programme of resident consultation will be developed alongside all funding bids. Best practice from other local authorities and the third sector will be sought.

#### *Climate Action Plan*

71. As noted above under Recommendation 12, the CAP contains a series of actions around decarbonizing the council's social housing stock. This includes tracking of funding bids such as the SHDF.
72. Beyond this, there are a series of actions within the CAP centred on ensuring guidance and support are made available to improve energy efficiency across the borough:
- B.1.i - Highlight best practice and leading examples of decarbonised buildings
  - B.1.ii - Launch a Southwark Green Finance initiative
  - B.1.v - Establish a free green homes advice service for homeowners to help make homes greener and lower carbon emissions.

#### *Scrutiny Recommendation 14*

73. Urgently build and train a local workforce with the capacity to retrofit at scale across Southwark. A possible model is Cosy Homes Oxfordshire, based on an organisation called Retrofit Works, which builds a network of local suppliers to deliver high quality retrofit.

#### *Response*

74. We welcome this recommendation. Southwark has been working jointly with Lambeth and Lewisham councils towards the shared aim of building a skilled local workforce and supply chain capable of retrofitting at the required scale in south London. In 2021 the tri-borough partnership appointed a shared post to focus specifically on this challenge.
75. Modelling for London Councils suggests a requirement for an average workforce of around 2,400 full time trades per year in Southwark alone, to meet the net zero 2030 retrofit pathway. Many of the retrofit workforce will be pre-existing roles, reskilled to meet requirements for retrofit installer and coordination qualifications under PAS 2030 and PAS 2035 standards. However, the scale of likely labour demand calls for a strategic approach to training in specialist retrofit and wider construction skills, both for new entrants to the sector and the existing workforce. The council has an important role in setting expectations under social value obligations that our retrofit contractors contribute to building the local retrofit workforce through high quality training, upskilling, mentoring and apprenticeships.



76. A key initial step in growing the local retrofit skills base has been the opening of the Green Skills Hub at London Southbank University. The hub, in which Southwark, Lambeth and Lewisham councils are strategic partners, has been funded initially for 2 years under the Mayor's Academies Programme. The Green Skills Hub brings together skills providers including South Bank Colleges, Lewisham College, the Skills Centre, and The Engineering & Design Institute London (TEDI-London). It will also build a network of employers and employer networks focused on energy efficiency retrofit and low-carbon heat and energy sources.
77. Further funds of £2.75m have since been secured from the Department of Education to support capacity building in central London's FE colleges to enable delivery of the Microgeneration Certification Scheme (MCS) certifiable green skills provision required to install low carbon heating and micro-generation systems such as heat pumps and solar panels. This project aims to bridge the gap between industry skills needs and our local FE offer in this critical sector.
78. In addition to workforce skills gaps, we also have low numbers of local smaller contractors registered with the government-endorsed quality schemes, such as Trustmark and MCS, required to work on publicly funded retrofit projects. Future planned activity will therefore include incentives and support for SME registration, and exploring opportunities for encouraging local tradespeople and smaller contractors to join cooperatives or consortia delivering major retrofit schemes, such as Retrofitworks or Warmworks, as well as seeking to create mentoring and 'first retrofit job' opportunities through our social value obligations. The FE partnership with MCS will also include support and advice about MCS certification to local SMEs and tradespeople interested in moving into low carbon heat and energy sectors.

#### *Climate Action Plan*

79. The CAP has a section focused on implementing a green new deal, which includes targets on new jobs, and working to fill the skills gap in the retrofit market. As noted above, there has been significant progress in this area, the primary actions being:
- T.2.ii - Establish a green jobs, skills and technology centre in the borough
  - T.2.iii - Support innovation in green business sectors through council business support and workspace programmes.

#### *Scrutiny Recommendation 15*

80. The Mayor of London has several good schemes but these are hard to navigate. Accessibility would be helped by providing easy to read briefings aimed at the following cohorts: Councils, Social Housing providers, Private Landlords, Tennant and Owner Occupiers outlining the many programmes made available by the Mayor of London and further afield to enable people and organisations to make the most of what is on offer.

*Response*

81. We support this recommendation. The council has an existing commitment to highlight best practice and leading examples of decarbonised buildings and to launch a green finance initiative, both actions will consider what is on offer from the Mayor of London and how this can best be promoted and supported.

*Climate Action Plan*

82. As noted above there are relevant, existing actions contained within the CAP centred on sharing information in this area alongside the development of new services. These actions are listed below. The climate change pages of the council's website have also recently been updated, this includes a section on what residents can do reduce their emissions and will be extended in the future to highlight external schemes and funding opportunities of relevance.
- B.1.i - Highlight best practice and leading examples of decarbonised buildings
  - B.1.ii - Launch a Southwark Green Finance initiative

**Waste**

*Scrutiny Recommendation 16*

83. The Environment Scrutiny Commission to undertake a waste strategy review, once the new measures, obligations and funding associated with the Environment Bill become clear.

*Response*

84. This is not a recommendation for Cabinet as it is a recommendation for future work of the commission, however, we would support further scrutiny on this issue. A waste strategy review will be undertaken by the council once the new measures, obligations and funding associated with the Environment Act become clear. As part of the review there will be consultation with all relevant stakeholders. The draft for the new waste strategy will be presented to the Environment Scrutiny Commission during development to allow inputs and recommendations to be made.

*Climate Action Plan*

85. The Waste Strategy Review is a separate policy document to the CAP, and therefore not contained as an action within. However, as strategies are reviewed, officers will ensure that they are aligned with the climate change strategy and action plan.

## District Heating Networks

### *Scrutiny Recommendation 17*

86. Review the requirement for developers in the Old Kent Road opportunity area to connect to SELCHP DHN as it maybe be more optimal to achieve zero carbon through micro local energy networks using renewables and demanding better operational carbon standards.

### *Response*

87. This recommendation is not fully supported, with the current arrangement achieving carbon reduction in a flexible, site specific manner. While it is agreed that some developments may be able to achieve a more optimal solution than the SELCHP DHN connection, there is sufficient flexibility within the current policy and process to identify and implement the most appropriate heating solutions to reduce carbon emissions. Officers will be undertaking a review of Planning Policy 'P70 Energy' including the decentralised energy hierarchy, as part of the Early Review of the Plan.
88. Developers building new developments along the Old Kent Road have a planning policy obligation to connect to existing district energy networks, or to be 'connection ready' if a network does not currently exist. Planning conditions are always implemented on a case by case basis and always include the phrase "if it is technically and economically viable" which allows both planning offers and developers to use a common sense approach.
89. Below a certain scale, it is agreed that district energy connections may not be technically or economically viable. Viability is also heavily dependent upon proximity to the existing / proposed network, likely heat loads and a number of other factors. It may be possible to achieve similar or even better carbon standards in some cases through the use of micro / on-site renewable solutions, but it is also important to recognise that an area-wide heat network such as the SELCHP DHN means that each site does not need to operate its own electrically powered heat pump, which means less load is being placed upon the local electricity grid. Furthermore, most new schemes along the Old Kent Road are high density flatted developments with limited roof space for renewables so will often struggle to make an onsite renewable solution work. The current arrangement therefore promotes both flexibility and carbon reduction.

### *Climate Action Plan*

90. There is no requirement to update the CAP based on this recommendation and the officer response provided. As detailed below, there are a number of actions within the CAP on both expanding the use of district heating, but also ensuring the required flexibility within policy to explore using renewables as an alternative:
- C.1.iii - Set policy and share best practice on installing non-gas heating systems in new non-domestic development that is not connected to

#### SELCHP

- E.2.i - Carry out initial feasibility and commercialisation assessments with the end goal of increasing the number of homes on the SELCHP network
- E.2.iii - Complete feasibility studies (with input from residents) which will allow every estate in the borough to design plans to move away from gas as an energy source.

#### *Scrutiny Recommendation 18*

91. Ensure that only council estates that would not be better served by a deep retrofit and use of renewables are connected to SELCHP DHN. Evaluation must be made by conducting a comparison of carbon and capital expenditure, and projected eventual resident fuel bills to identify what would be the best value option.

#### *Response*

92. We do not support this recommendation. Typically switching an existing property or development to a low carbon heat source (such as a heat pump) comes with a heat price increase. This is because a heat pump normally produces around three units of heat for every one unit of electricity used in the system, but the price of electricity is more than three times the price of gas.
93. To counteract this increase in heating bills, a deep retrofit could reduce the heat demand of the properties so that even though the price per unit of heat is higher from a heat pump, the overall heating bill is the same or lower than the original gas system. Unfortunately, delivering a deep retrofit and a heat pump to every home comes with a very high capital cost (estimated at around £40k per property) less than half of which could come from grants in the current market. Connecting existing housing estate heat networks to an area-wide SELCHP heat network is a quick way of delivering major carbon reductions without increasing residents' heating bills. It has the added benefit of all capital costs being borne by Veolia and external grants, so neither the council nor home owners have capital contributions to make.
94. Evaluation is ongoing, however, to ensure that any extension to the SELCHP heat network offers good value to all residents by delivering low carbon heat at the same or lower cost than the current gas fired boiler heating. The opportunities in this area will continue to be monitored and the aims of the recommendation further explored.

#### *Climate Action Plan*

95. The CAP includes an action that will explore the options for replacing gas with low carbon technologies in council housing. This will consider the challenges above regarding the cost of deep retrofit and the expansion of district heating:
- E.2.iii - Complete feasibility studies (with input from residents) which will

allow every estate in the borough to design plans to move away from gas as an energy source

*Scrutiny Recommendation 19*

96. Ensure as much as possible the eventual District Heat Network can be repurposed to use other sources of renewable energy including solar, if viable, and ground and water sources given the excellent geological prospects.

*Response*

97. This recommendation is welcomed and fully supported. Long term considerations regarding District Heat Network operation are very important. Indeed one of the key benefits of District Heat Networks is that they are 'technology agnostic' i.e. it doesn't matter what the heat source is. The network is simply a piece of infrastructure that allows heat to be transferred from one place to another. We must not simply rely on this benefit of heat networks in a general sense though, as early consideration of future technologies can mean far easier integration. These considerations are already happening, not just for the long term but also for the short and medium term. Veolia are actively considering whether the installation of a heat pump at the SELCHP Facility would enable even greater environmental and economic benefits. Officers have also considered other locations outside of the SELCHP Facility that could be used for renewable energy generation feeding into the network, such as the Household Waste Recycling Centre.

*Climate Action Plan*

98. This recommendation is already a consideration within the council's work that looks to extend district heating. This work is covered within the existing CAP listed below and no further changes to approach are required:
- E.2.i - Carry out initial feasibility and commercialisation assessments with the end goal of increasing the number of homes on the SELCHP network.

*Scrutiny Recommendation 20*

99. Investigate whether to prioritise future connections to the planned District Heating Network for properties (including clusters of street properties, e.g. Victorian terraces) that cannot be completely retrofitted because of architecture or heritage characteristics, and consider bringing these forward.

*Response*

100. We support this recommendation. Commercially heat networks need to be built upon 'anchor loads' to get enough heat demand onto the network to make it worth investing the significant capital required. This is the reason

for seeking to connect to large housing estate heat networks, where with relatively few 'connection points' a lot of heat load can be connected onto the district network. Once the network has reached a viable threshold, in terms of sufficient heat demand density, adding smaller heat loads such as clusters of street properties becomes much more possible.

#### *Climate Action Plan*

101. As with recommendation 19, this work is already a consideration of the council's feasibility work in expanding district heating in the borough. The consideration of this point is covered within:

- E.2.i - Carry out initial feasibility and commercialisation assessments with the end goal of increasing the number of homes on the SELCHP network

#### *Scrutiny Recommendation 21*

102. Consider how best to move towards a system of billing all residents for energy on the basis of their actual consumption. Any such system must adequately protect against fuel poverty, whilst encouraging all residents to avoid wasting energy.

#### *Response*

103. This recommendation is supported. The council is currently consulting on a draft heat metering policy which outlines its thoughts in detail on the best way of delivering heat meters in Southwark to achieve better thermal control and comfort, better system management (this includes responding to unplanned outages and reducing impact for our residents) and energy savings while also seeking to protect against fuel poverty. It is important that we allow all of our residents to express their views on the draft policy during this consultation period before finalising any policy decisions.

#### *Climate Action Plan*

104. The outcome of the heat metering strategy consultation will be reviewed with appropriate actions being considered for inclusion in the CAP from July 2023.

### **Community Energy**

#### *Scrutiny Recommendation 22*

105. Directly employ or provide funding for a FTE staff member to deliver Community Energy potentially in collaboration with another borough. This person would:

- Communicate with schools leaders the benefits of Solar PV and LED Community Energy
- Link in with school Estate Officers to coordinate surveying of roofs to identify potential projects and timescales

- Link with TMOs and community organizations to facilitate Community Energy on housing estates in community buildings
- Develop and provide standardized legal documents for schools, community buildings and housing estates.

*Response*

106. We welcome the recommendation, but are reviewing whether it could be delivered within existing resources. As noted above in regard to schools, as part of the 2022 update to the council's Climate Action Plan, and assessment of resourcing needs across the council was undertaken, to understand what additional resource is required to progress key actions that will result in emissions reduction. This has provided an initial understanding of where additional resource can be best targeted for the greatest benefit.
107. While resource in this area would certainly assist in pushing forward work on community energy, it must be considered as part of a wider conversation on resourcing needs. This will take place later in 2022 as part of the budget setting exercise for the 2022/23 financial year. Consideration will also be given to opportunities for a joint role, a model which has recently been established with Lambeth and Lewisham councils on green skills and jobs.

*Climate Action Plan*

108. The 2022 refresh of the CAP introduced a new action to ensure that the council focused more on community energy. This work will be led by the Climate Change Team within the current constraints of resourcing. As noted above, any additional resource will be explored through the budget setting work for 2022/23. The new action is as follows:
- N.2.i - Support community energy projects where a demonstrable carbon saving can be made.

*Scrutiny Recommendation 23*

109. Cabinet to expedite agreeing and finalising the funding criteria and the application process for The Green Building Fund, in order to enable the considerable Carbon Offsets in this fund to be allocated and used for deep retrofits.

*Officer Response*

110. This recommendation is supported and being progressed by officers. The application form and guidance criteria for the Green Buildings Fund has been developed for internal council projects and tested with regards to the ability of schemes to meet the required price per tonne of carbon saved. The first formal application for retrofitting of council housing on the Tustin Estate was taken to the council's Planning Committee in September 2022. Subject to approval the funding stream will then be promoted internally with

a view to consolidating a number of schemes together in order to maximize use of the available funding.

#### *Council Action Plan*

111. The CAP contains the following action regarding the Green Buildings fund:
- B.2.i - Through the Green Buildings Fund, allocate £2 million for internal capital projects that meet the eligibility criteria by 2024. As noted above the first full application was considered in September.

#### *Scrutiny Recommendation 24*

112. The final funding criteria and application process for the Green Building Fund is set up to support Community Energy applications for PV and LED in schools, housing estates and community buildings, from BenComs.

#### *Officer Response*

113. As noted above a Green Buildings Fund application form and guidance criteria has been developed, and the first application focused on building retrofit on the Tustin Estate was taken to Planning Committee in September 2022. This process will be fully tested with internal council projects, in particular regarding the ability of schemes to meet the require cost per tonne of carbon saved.
114. Following this testing and successful allocation of funding, it is proposed to make the scheme available to the public in early 2023. Consideration will be given on how best to support community energy projects through this process, including utilisation of the £400k of funding for community energy projects agreed at the Cabinet meeting in July 2022.

#### *Climate Action Plan*

115. As noted under recommendation 23, there is an existing action within the CAP to deliver the Green Buildings Fund (B.2.i). This action includes a milestone to publically launch the fund to external applicants in early 2023. This work will be tied into the council's approach to expanding community energy.

#### **Policy framework implications**

116. The primary implications for policy are referenced in Recommendations 6 and 7; Planning Policy. The key document under review is the Southwark Plan, with the officer response detailing where the Early Review of the Southwark Plan aligns with the recommendations set out by Environmental Scrutiny.
117. The report also details how the Climate Action Plan will be updated in line with the recommendation set out by scrutiny that are agreed by officers.



## **Community, equalities (including socio-economic) and health impacts**

### **Community impact statement**

118. This report sets out how the recommendations of the scrutiny commission are being incorporated or are already incorporated into the council's CAP. In developing the CAP, the impact on communities, equalities and health was fully considered. Any changes that are recommended for inclusion in a future version of the CAP will be assessed against our commitments to community, equalities and health. A separate Health and Equalities Impact Assessment has also been conducted specifically for this report to ensure all potential community benefits are captured.

### **Equalities (including socio-economic) impact statement**

119. While everyone is affected by climate change, the extent of that impact is not equal. Climate change has the biggest impact on those who are poorer or have underlying health conditions. Black, Asian and Minority Ethnic residents are disproportionately affected. Social justice is central to our approach including maximising the co-benefits of action and ensuring that climate change policy reduces inequality and promotes fairness.
120. We recognise that high energy costs can risk widening poverty and health inequalities. The council is coordinating its efforts to address the components of fuel poverty – energy efficiency, income, and fuel prices - by hosting regular meetings between council teams. These meetings aim to maximise the impact of our actions by sharing knowledge and bringing together a range of expertise.

### **Health impact statement**

121. Warm homes and good housing are important contributors to health and wellbeing. Fuel poor households must choose either to spend a large amount of their income on heating – potentially at the expense of other important expenditure like nutritious food - or to under-consume energy and live in a cold home. Cold homes can exacerbate health conditions including cardiovascular and respiratory conditions. Low room temperatures may contribute to poor mental health outcomes. Older people, children, and those living with chronic conditions are particularly vulnerable to the health impacts of fuel poverty. Worsening health outcomes from fuel poverty could lead to additional pressure on health services.

### **Climate change implications**

122. This report directly addresses how the council is continuing to focus on climate change within its work, ensuring it underpins all we do as a council. The report demonstrates the breadth of work ongoing within the council to

address the Climate Emergency and how this sits across a large number of council departments in the energy sector alone. The report also highlights what more could be done if additional resource is made available. As noted this report will form part of the continual review and improvement to the council's Climate Action Plan and the scrutiny process is welcomed.

### **Resource implications**

123. As detailed within the report, the council will explore how to effectively close the resource gaps in key areas to allow delivery of actions, in particular related to schools and community energy as both were identified as priorities. However, this resourcing need must be considered as part of the overall picture of emissions reduction and working towards the 2030 net zero target. There are ongoing resource constraints across a number of areas of the council's work, not directly related to energy, which must be considered in parallel. The commission makes a number of recommendations for additional staff to deliver roles. We will try to deliver recommendations within existing resources, but will invest in additional staff resource if it is required.

### **Legal implications**

124. None.

### **Financial implications**

125. The Council has committed to becoming carbon neutral by 2030 and has invested in excess of £100m in the capital programme. In addition, in February 2021, cabinet approved a capital budget of £25m as part of the council's capital programme to help tackle the Climate Change Emergency.

126. The cost gap in achieving net zero remains substantial, with the 2021 Climate Strategy and Action Plan estimating the total cost of net zero for Southwark at £3.92bn.

127. Any agreed additional projects and actions that cannot be contained within existing budgets will be considered as part of the council's budget setting process for both revenue and capital budgets.

128. Officers will continue to explore external and central government funding opportunities in contributing towards the council's agenda for climate change to close the substantial funding gap that remains.

### **Consultation**

129. Internal consultation was required in order to prepare this report, with the respective teams listed under point 12 above. Seeking the respective leads on the relevant subjects was essential in order to provide the latest thinking on the recommendations as set out by scrutiny. No external consultation

was required in preparation of this response, as the purpose is to set out the council's position.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Governance**

130. The Director of Law and Governance will make arrangements for any legal advice to be provided as necessary and as indicated in this report.

### **Strategic Director of Finance and Governance (CAP22/016)**

131. The strategic director of finance and governance notes the recommendations for Cabinet with regards to officer response to the 24 recommendations made in the 'Environmental Scrutiny Commission: Energy Scrutiny Review Report' and agree to review the Climate Action Plan for all supported recommendations.

132. The strategic director of finance and governance also notes the request for funding to support additional roles relating to energy reduction and retrofit in schools and the expansion of community energy work.

133. Officers' time and any other costs associated with this recommendation will be contained within existing departmental revenue budgets

## **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Environment scrutiny commission report – cabinet June 2022		
<b>Link (please copy and paste into browser):</b> <a href="https://moderngov.southwark.gov.uk/documents/s107246/Appendix%20A%20Energy%20Review%20report.pdf">https://moderngov.southwark.gov.uk/documents/s107246/Appendix%20A%20Energy%20Review%20report.pdf</a>		

## **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Responses to Recommendations from the Environmental Scrutiny Commission 2021

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor James McAsh, Climate Emergency and Sustainable Development	
<b>Lead Officer</b>	Chris Page, Climate Change Director	
<b>Report Author</b>	Tom Sharland, Climate Change Programme Lead	
<b>Version</b>	Final	
<b>Dated</b>	6 October 2022	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	Y	Y
Strategic Director of Finance and Governance	Y	N
Policy Officer, Healthy Places	Y	Y
<b>Cabinet Member</b>	Y	Y
<b>Date final report sent to Constitutional Team</b>	6 October 2022	