

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	18 <sup>th</sup> October 2022
<b>Lead Member / Officer</b>	Rhys Thomas – Lead Member Housing & Communities/David Lorey – Lead Officer Corporate Property & Housing Stock
<b>Report author</b>	Katrina Allen – Senior Architect / Mark Cassidy – Property Operations Manager
<b>Title</b>	District Heating System Betws Gwerfil Goch

## **1. What is the report about?**

- 1.1. The potential of a district heating system for the Village of Betws Gwerfil Goch incorporating the provision of ground source heat pumps (GSHP) to Council and Privately owned dwellings.

## **2. What is the reason for making this report?**

- 2.1. To update Cabinet on the community engagement during August/September 2022 and the proposal to appoint Kensa as the approved contractor for the design stages.

## **3. What are the Recommendations?**

- 3.1. That the Cabinet note the updated engagement activity and approve the appointment of the Contractor, Kensa to proceed with the design stage of the project. This stage of the project will take 12-16 weeks.

## **4. Report details**

- 4.1. In December 2021 the Welsh Government invited bids for round 2.1 of the Optimised Retrofit Programme. Denbighshire had already secured circa £4Million from previous bids in 2020/21 and 2021/22

- 4.2. An opportunity to extend the offer to private home owners in off gas/hard to heat areas was put forward for the Village of Betws Gwerfil Goch. The rationale for choosing the village was based on the poorly performing properties (thermally), the lack of mains gas supply (increasing heating costs) and the relatively difficult circumstances of delivering a scheme in a remote area (the thinking being if we can deliver here, we can deliver almost anywhere within DCC)
- 4.3. A technical partner was selected via procurement off a Welsh Procurement Alliance framework (Kensa) and initial feasibility studies produced which supported the viability of the scheme.
- 4.4. In January 2022, Welsh Government approved funding for the scheme, recognising the innovation aspect of a whole village approach. Grant funding was awarded on the understanding that the project would be delivered during 2022/2023
- 4.5. It was recognised that this would be a challenge by all and that community engagement would be key to successful delivery – not least to give confidence to private home owners that the proposals represent good financial and environmental benefits.
- 4.6. Stage 1: consultation and engagement plan was initiated week commencing 7<sup>th</sup> Sept which included a parish community meeting, information letters/leaflets, roadshows, door knocking, website sign up with unique owner codes and a public engagement session in the local Chapel etc.
- 4.7. Stage 1 engagement activity is almost complete. (Focusing on sign ups) which now allows us to carry out in depth surveys, design work and costs which will be developed by Kensa. To date, we have 26 interested residents, 4 residents have refused, 7 have indicated they need more information and no response yet from 17 homes. (we have some empty properties in the village) Further engagement/door knocking will continue while the Design Survey is ongoing.
- 4.8. A report will be presented to Cabinet in October 2022 giving full details of the outcome of community engagement, detailed proposals and costs and requesting approval to proceed with the contract. So far four surveys have been planned in tenant / resident homes.

4.9. The Local Member was contacted and briefed prior to the engagement taking place.

4.10. The design element is: £106,189.00 which includes:

- Room by room heat loss calculations to BS EN12831
- Survey of each property on the scope including an EPC
- Schedule of required heat emitter outputs
- Heating distribution system schematics
- Heat Pump & Cylinder location and M&E design
- System product specification and proposed special locations
- Compliance with all system design requirements of MCS
- Desktop geological study
- Borehole design and layout & drilling specification
- 2D System Hydraulic design
- Scope of Work
- Fixed Price quotation to deliver Scope of Work
- Mobilisation of Drill rig and Thermal Response test to determine ground conductivity and ascertain artesian risk. (£60K)

We will undertake our own surveys to produce the 'Passport' element of the scheme.

The Asbestos team have been asked to arrange surveys to these properties once we have the full list of signups.

The above cost is what we are requesting at this stage, however, this is a Direct Award using the Welsh Procurement Alliance and it is assumed we will continue to use their services past the design stage to completion.

## **5. How does the decision contribute to the Corporate Priorities?**

5.1. **Housing:** The EPC's for these houses are a mix of E,F and G which are the lowest performing in energy performance. Denbighshire's required targets are for our houses to get to an EPC A so this scheme will help put residents on a future road map to get them up to this target

**5.2. Connected Communities:** This scheme will help create a resilient and connected community as they will be in control of their own energy infrastructure. This pilot scheme forms the basis to build upon to roll out to neighbouring villages if suitable?

**5.3. Environment and Climate:** The sooner we get our homes off fossil fuels the quicker we will achieve our County carbon targets. GSHP's are an efficient form of renewable energy. Focusing on a whole off grid village will allow Denbighshire to reduce the amount of County carbon.

**5.4. Addressing Deprivation:** The residents in this village are at a disadvantage as they have no choice but to use Oil/LPG or Electric to run their houses. According to the EPC records for these houses some energy bills run up to £3/4K/year (based on 2020) these bills will be considerably higher now. Oil £/L this year doubled. This scheme will help reduce fuel insecurities for the village.

## **6. What will it cost and how will it affect other services?**

6.1. The overall scheme will cost circa £1.0Million

6.2. Welsh Government will provide £670K to cover the cost of the private dwelling GSHP in the area.

6.3. DCC's Housing Revenue Account will cover Circa £330K improvement works to our social housing stock in addition to the GSHP provision.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1. WBIA has been completed. The score for the sustainability approach was 3 out of 4 stars or 34/35. Full details in the attached WBIA.

## **8. What consultations have been carried out with Scrutiny and others?**

8.1. Community consultation and engagement activity is complete. We now await tenants and home owners accepting the proposal for the ground source heating system. Once the cabinet approval is given and tenants have signed up, a period of surveying each property will begin.

## **9. Chief Finance Officer Statement**

9.1. As outlined in Section 6 the scheme itself has attracted 100% grant funding from Welsh Government. Additional improvement works to our social housing stock amounting to approximately £330k, funded by the HRA, will also take place to compliment the scheme and ensure our tenants experience the maximum benefit. This is an exciting project and is fully supported.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1. Refusal of private owners to accept the scheme/works to their homes. The engagement exercise will mitigate by promoting the financial and environmental improvements.

## **11. Power to make the decision**

11.1. The power to make decision is contained in S2 Local Government Act 2000, S111 Local Government Act 1972, Regulation 33 Public Contracts Regulations 2015