

Environment and Green Investment Committee Minutes

Date: 18 April 2024

Time: 10:00 a.m. – 11:23 a.m.

Venue: New Shire Hall, Alconbury Weald

Present: Councillors Lorna Dupré (Chair), Nick Gay (Vice-Chair), Anna Bradnam, Steve Corney, Steve Count, Piers Coutts, Stephen Ferguson, Ian Gardener, John Gowing, Ros Hathorn, Catherine Rae, Mandy Smith, Steve Tierney, and Andrew Wood

194. Apologies for Absence and Declarations of Interest

There were no apologies for absence.

There were no declarations of interest.

195. Minutes – 14 March 2024

The minutes of the meeting held on 14th March 2024 were agreed as a correct record and signed by the Chair.

The Committee noted the Minutes Action Log.

196. Petitions and Public Questions

No public questions or petitions were received.

197. Heat Pumps for Friday Bridge

The committee received a report on the findings from Phase 2a of the Heat Pumps for the Friday Bridge project, which included a proposal to proceed to installation works for the properties that had signed up to the scheme, and for the Heat Pumps for Friday Bridge Consortium to include a private finance offer for residents. Members were informed of a minor change to the mean capital cost before grant, as detailed in Paragraph 3.1.4 of the report, which had reduced from £15,020 to £13,634. The consortium had also provided responses from residents that had been sent surveys and home reports, with three of the fourteen properties showing interest in proceeding, eight properties indicating they would not like to proceed, and three properties yet to respond.

While discussing the report, individual Members:

- Expressed concern about the low level of uptake, with one Member arguing that although three properties had not yet responded, it was unlikely that they would choose to proceed, given the amount of time they had already had to decide. It was also suggested that it would be beneficial to seek feedback from those that had chosen not to proceed. Members queried how many properties would have been required to reach the 15% threshold and were informed that there were approximately five hundred properties in Friday Bridge, although the number of properties varied for each respective substation, with the smallest area requiring uptake from less than 10 properties. As the still incomplete responses had only recently been provided by the consortium, the final percentage of uptake had not been calculated. It was agreed to provide Members with the final figures for uptake if the project continued to the installation phase, as well as final costs. **Action required**
- Clarified that the 15% uptake threshold set by the government related to the total number of properties in an area served by one low voltage substation. It was suggested that this was an ambitious target, despite having been reduced from 25%, given that it was unlikely that such a high proportion of properties were planning to replace their boiler at the same time, and members were informed that the government's Boiler Upgrade Scheme had achieved only 0.15% uptake in the East of England in the two years since its launch. It was confirmed that the failure to reach the 15% threshold would not result in any additional costs for residents, as the administrative costs of proceeding would instead be covered by the consortium and the same grant towards installation costs applied under both Heat Pump Ready and Boiler Upgrade Schemes.
- Clarified that the additional administrative costs resulting from not reaching the government's 15% threshold for uptake, which the consortium had indicated it would be willing to fund itself, did not include installation labour costs, which were instead included in the mean capital cost before grant figures.
- Expressed concern that a heat pump would result in higher energy costs for residents and clarified that the average bill impact detailed in Paragraph 6.4 of the report had been calculated using current consumption and the projected consumption with heat pumps installed, using Ofgem's current capped prices for electricity and gas. It was also confirmed that these figures did not include any borrowing costs for residents or the loss of interest on savings.
- Confirmed that the home surveys and proposals included detailed heat loss assessments to ensure the properties were suitable or whether they would require any additional insulation measures. It was clarified that two of the fourteen properties that had been issued a report were pre-1900 buildings, with the remaining twelve all constructed after 1967 and therefore benefitting from cavity walls. It was also confirmed that the funding only covered the full replacement of gas boilers with a heat pump, and therefore did not include hybrid systems.
- Highlighted the importance of avoiding issues that had arisen on previous domestic solar installation projects, and the reputational damage that had been caused to the

Council as a result. Members were informed that lessons had been learned from previous projects, although it was emphasised that the small number of properties reduced the level of risk. The installation contractor had been appointed by the Council, and an insurance-backed warranty provided protection against the contractor entering administration. Standard financial checks on the contractor had been carried out and the Council had ensured contractors held the required accreditations that qualified them to carry out the work. The contractor had previously carried out successful domestic refits for district councils around the county, while the heat pump supplier was a reputable supplier with a local support depot.

- Established that taking learning from the process was one of the main reasons for the consortium wanting to continue and cover additional costs, and it was confirmed that such data would be reviewed to see how the Council could provide support in the future.
- Sought clarification on the differences between low and high temperature heat pumps. Members were informed that there was an efficiency benefit from providing heat at a lower temperature, although it usually required radiator upgrades. High temperature systems were more expensive to run and were less popular.

The following amendment was proposed by Councillor Count and seconded by Councillor Smith (additions in bold, removals in strikethrough):

- ~~a) Agree that the Heat Pumps for Friday Bridge project should proceed to installation works for the limited number of properties that have signed up for the scheme. This could be either:
 - ~~i. Continuing as Phase 2b of the Heat Pump Ready programme, if DESNZ permit this~~
 - ~~ii. Using Boiler Upgrade Scheme funding as outlined in Section 3.2~~~~
- ~~b) Agree that the Heat Pumps for Friday Bridge Consortium includes a private finance offer for residents wishing to proceed with a heat pump installation and requiring finance to do so and that residents be encouraged to compare this with other sources of borrowing (see section 3.3).~~
- a) Delay considering this proposal for one year, or after the Government has indicated how it proposes to rebalance the costs of Gas and Electric, whichever comes soonest.**

While discussing the amendment, individual Members:

- Considered whether the project could be considered a success, with some Members arguing that the low uptake and increased costs for residents suggested that the scheme had been unsuccessful and would not result in widespread uptake of heat pumps. It was suggested that uptake could be increased if the installation phase were delayed and further participants were sought, although members were informed that the consortium was keen to proceed with installation, learn from the process, and then potentially look for further properties.

- Suggested that the residents who had expressed an interest in continuing with the process might be able to install heat pumps without the funding support, or via an alternative scheme, and that the public funding could be better spent on more effective projects, particularly in an area of high deprivation. Notwithstanding, other Members argued that it was important for the Council to encourage and support residents to adopt measures to improve energy, particularly when the government was providing financial support.
- Drew attention to the likelihood of future changes to the government's policy of the cost between gas and electricity, suggesting that it could be beneficial to wait for that to happen before committing to the installation phase of the project. However, it was also suggested that delay could send a negative message on heat pumps, while installation and other contractual costs could increase during this period due to inflation. There would be a reputational risk for the Council if it withdrew from the scheme at this stage, which could also affect the working relationship with the consortium in the future. The Council would also lose direct access to the learning from the installations, and although there was other data available on similar projects, learning from the detailed aspects of these particular installations, throughout the entire process, would be valuable.

On being put the vote, the amendment was lost.

It was resolved by majority to:

- b) Agree that the Heat Pumps for Friday Bridge project should proceed to installation works for the limited number of properties that have signed up for the scheme. This could be either:
 - i. Continuing as Phase 2b of the Heat Pump Ready programme, if DESNZ permit this
 - ii. Using Boiler Upgrade Scheme funding as outlined in Section 3.2
- c) Agree that the Heat Pumps for Friday Bridge Consortium includes a private finance offer for residents wishing to proceed with a heat pump installation and requiring finance to do so and that residents be encouraged to compare this with other sources of borrowing (see section 3.3).

198. Environment and Green Investment Committee Agenda Plan and Appointments to Outside Bodies

The Committee noted its agenda plan.

Chair
4 July 2024