

DRAFT

Housing Services and Property Services Panel Meeting 26 May, 2022 – 4pm The Stray Room, Harrogate Civic Centre

Additional meeting to consider the draft policy for provision of compensation for tenants with ground source heat pumps who have recently suffered unusually high energy costs.

Attendance:

Involved tenants: Duncan Morris; Lesley Peplow; Gill Parker; Jenny Pateman-Harrison; James Jenner; Barbara Rickards; Mandy Wilcock (involved Tenant); and Arnot Wood

Officers: David Allford (Tenant Involvement Officer); and Lorraine Larini, (Executive Officer, Property Services)

Action:

1. Welcome, introductions and apologies

1.1 David welcomed everyone to the meeting and thanked all for attending at relatively short notice.

1.2 Apologies for absence had been received from Jim Clemans (Operations Manager, Property Services); and David Thomas (Involved Tenant)

2. Overview of the draft policy for the provision of compensation for tenants with ground source heat pump heating systems, who have recently suffered unusually high energy costs

2.1 By way of background to the draft policy, Lorraine explained that between 2005 and 2011 contractors had installed ground source heat pump systems at some 99¹ of our council homes. At that time, the technology had been relatively new and the council had received government funding to assist with the costs of installation. The council had regarded this installation programme as a trial and, in some

¹ Please note, this is a correction of the figure given during the discussion. The figure given at the meeting included air source heat pump systems which are not the subject of this draft policy

cases, tenants had volunteered to have the systems installed in their homes.

2.2 It had become clear that some of the installations and set-up processes were not done to the standard we would have wished although the scale of faults had only come to light over the last year or so. The company which undertook the installation work in 2005-2011 has since ceased trading.

2.3 In the last couple of years the council had employed a specialist contractor to service and maintain the ground source heat pump systems which currently exist. That contractor had identified issues with the installation of a number of systems and had begun a programme of necessary remedial works. In a small number of cases the systems had been subject to a radical overhaul or removal and replacement with alternative heating options. Lorraine confirmed that where systems had been rectified the council was confident that they were now performing as they should.

2.4 The draft policy had been prepared with the recognition by staff that in some cases the declining efficiency of the systems had led to unusually high energy bills for the tenants affected. Lorraine then highlighted the main elements of the proposed policy:

- Affected tenants would be asked to provide billing information to evidence the level of electricity usage
- Where such data was not available, the council would use national averages for energy usage in comparable properties
- Compensation would seek to redress additional energy costs which had been incurred at the tenant's home over the three year period prior to repair and re-setting of the ground source heat pump system
- Payment would be made at £0.16 per kWh (unit) of additional energy used (inclusive of any standing charge costs)
- Any offers of compensation would be made in writing to the affected tenant (s). The offer would be made on the basis of being a full and final settlement of the matter of the additional energy costs which had been incurred
- In the case of any tenant with rent arrears the amount paid in to the tenant's bank account would be the balance after their rent arrears were cleared

3. Questions and discussion

3.1 David then opened up the meeting to questions and discussion.

Q1 Have all the tenants who have a ground source heat pump been informed that their systems may not be working efficiently / that a compensation policy is being discussed?

A1 A relatively small number of tenants have previously approached us with their concerns about the efficiency of their system / reporting a break down. However, Property Services will be writing to all 99 tenants once the compensation policy has been approved. We're likely to do this on a phased process – to write to all 99 in one go and then deal with all responses concurrently would create very significant pressure on staff resources. So we'll send out letters in batches to ensure we have the right level of staff support available to work with those tenants as they respond.

Q2 Do you have a rough assessment of how much higher electricity bills might have been where the systems have not been operating properly?

A2 In a 'worst case' scenario it's possible that some tenants may have been paying up to 75% more than we might otherwise expect. However, the situation is likely to vary considerably between different properties.

Q3 How do ground source heat pumps work? What's been the main problem with the systems?

A3 Ground source heat pump systems rely on a series of pipes laid underground. Fluid is used to absorb heat from the surrounding soil which tends to be warmer than the air temperature. Using electricity the fluid is then compressed and raised to a higher temperature. That heat is then sent to radiators or stored in a hot water cylinder.

Because the piping is laid underground any significant fault requires that we dig up the area where the system has been laid. This process is very disruptive for the tenant and is one reason why we have not installed any more of these systems.

Additional comment - James Jenner pointed out that in some cases pipework had been laid at an insufficient depth – in his case presumably due to the level of the water table - which had meant the systems had not performed as they should.

Q4 Have we installed these systems in bungalows as well as houses?

A4 Yes – the programme of installation included a variety of different types of property.

Q5 I'm concerned that many tenants will not have records of what their electricity payments have been or will find the whole process confusing / stressful. Wouldn't it be easier to give each affected tenant a standard sum? And what about tenants who have pre-payment meters?

A5 We could consider a standard payment to all but that would seem unfair for those people who were actually 'due' more – and the differential between different properties might be quite large. Pat Shulver, Housing Officer (Support), is already working closely with many of the affected tenants and she'll continue working with them helping to gather the necessary info from electricity suppliers etc. And in cases where the data just isn't available we'll apply national average rates according to the type and size of the property so people won't miss out just because they don't hold detailed records. We'll check the situation with pre-payment meters and also ask Pat to advise whether any people who have these heating systems still have meters of that type.

Q6 Of the systems which you've had to repair recently what's been the extent of the work?

A6 To date we've investigated 14 systems. In two cases gardens had to be dug up and the piping loops reinstated and in another two instances the systems were removed altogether and replaced with alternative heating.

Q7 What sort of figure do we estimate we'll need to pay in compensation for each property?

A7 Our preliminary work suggests we could be looking at an average payment of £2,000 compensation to cover the three year period before the system is rectified.

Q8 If tenants have changed over the three year period how will the payments be sorted?

A8 In the case where a property has changed tenancy over the three years each tenant will be approached in respect of a proportion of the compensation payment. That payment will be based on the relative time they have lived in the home.

Q9 Shouldn't we be going back to the installation company or manufacturers and make a claim against them?

A9 Unfortunately, the installers are no longer in business so a claim against them would not be possible. The manufacturers are an international company but we suspect they would argue that it was the installation which was at fault rather than the systems themselves.

Q10 Do we know if the other two district councils which have housing stock and are within the area which will become the new North Yorkshire Council unitary area have also previously installed these systems / are likely to organise a similar compensation system? Are

we likely to have to use money from the Harrogate HRA towards any compensation paid to tenants in those areas?

A10 No, we don't currently have information on any systems installed in Richmondshire or Selby but agree it would be useful to research this. We will speak to colleagues in those council areas and report back to the panel.

With the creation of the new unitary authority, all three HRAs (Harrogate, Selby and Richmondshire) will be merged in to one so, in that sense, monies which are currently in our HRA could, ultimately, be used for service priorities in other parts of the unitary authority's area. However, this does make the point that we need the policy to be approved as soon as possible so we can begin to implement the compensation process for Harrogate tenants.

Q11 How often are the ground source heat pumps serviced?

A11 The systems are serviced annually so we'd want to resolve all claims within 12 months of the date by which each service is completed.

Q12 The wording of para 2.2.1 in the policy reads as though we assume a tenant will have arrears. Could it not be re-worded?

A12 Yes, we agree the wording could be a little more sensitive and we'll replace with something along the lines of 'Prior to the compensation award being paid to the tenant, council staff will check to see if any rent arrears are outstanding'.

Q13 It's important that the letters which tenants receive relating to this policy are easily understood and, as far as possible, free from jargon / legal terms. Would the panel members be able to review them?

A13 Yes, we'd really appreciate your input so will send out the letter(s) in draft form to members of the panel for your comments / feedback.

A few other general comments were made:

- Duncan felt HBC should be commended for taking forward this initiative but wondered whether an alternative option may be to provide all affected tenants with a basic compensation payment and then increase this on production of detailed usage data
- James indicated that he felt the policy was fair, however observed there was no mention that the 16p per kwh included any element of compensation for inconvenience, emotional

distress etc. as a result of work to rectify faulty systems. He felt this should be made clear in the policy documentation

- Lesley pointed out that she has a pre-payment meter but that usage is recorded and readily available from her supplier.

4. **Closing comments**

4.1 Lorraine thanked the panel for a useful discussion and for all the various comments. She would be attending the next meeting of the Housing and Property Services Panel and would be able to report back progress then.

4.2 David closed the meeting at 5:30pm.