

**EXECUTIVE
COMMITTEE**

23rd August 2011

WINYATES ESTATE - INSULATION AND HEATING IMPROVEMENTS

Relevant Portfolio Holder	Councillor Brandon Clayton, Portfolio Holder – Housing, Local Environment and Health Councillor Michael Braley, Portfolio Holder - Corporate Management
Portfolio Holder Consulted	
Relevant Head of Service	Liz Tompkin, Head of Housing Services Angie Heighway, Head of Community Services
Wards Affected	Winyates
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The Winyates Estate contains a number of properties, constructed in the 1970's of the Wimpey No Fines method of construction. The properties consist of flats, in 3 storey blocks and two storey houses. Their external walls cannot be insulated in the traditional method as they do not have cavities to fill.
- 1.2 These properties are within an area identified by the Department of Energy and Climate Change (DECC) as being suitable for inclusion in the power suppliers and the Country's power generators Community Energy Savings Programme (CESP) obligation. This obligation can provide finance towards improvements to insulation and heating systems to both social landlord/Council owned properties and those in private ownership as part of an area based scheme.
- 1.3 An offer has been received from E-ON, the power company, to part fund a scheme to provide external wall insulation, loft insulation and the replacement of original gas central heating boilers to 339 properties on the Winyates Estate.

2. RECOMMENDATIONS

The Committee is requested to RECOMMEND that

- 1) up to £300,000 be vired from within earmarked Housing Capital resources for the purposes indicated below;**

subject to which

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to RESOLVE that

- 2) the improvements to the 339 properties on Winyates Estate be provided, as detailed in the report; and
- 2) Officers be authorised to enter into a contract with E-ON, on the terms indicated in the report, for the provision of heating and insulation improvements to the Winyates Estate.

3. KEY ISSUES

Financial Implications

- 3.1 a) It is estimated that the capital cost of the improvement proposals will amount to over £1.07 million. E-ON are to contribute £776,300 and the Council £300,000.
- b) The Council has £300,000 in its housing capital resources which has been ear-marked for external wall insulation of 'hard to treat' Council homes within the Borough. Officers are of the opinion that entering into a Community Energy Savings Programme (CESP) partnership with E-On is the best way of utilising Council funding which effectively 'levers' over two and half times as much of external funding to complete the work on the Winyates Estate. Without CESP funding the Council could only resource the improvement measures to 70 of the 212 properties in its ownership within the Winyates CESP area.
- c) It will be necessary to provide energy performance certificates for the 127 properties in private ownership amounting to additional expenditure of £7,000 which is to be funded utilising the Energy Efficiency Budget held by the Council for insulation improvements to homes in the private sector.
- d) It is not envisaged that there will be any costs to the owner occupiers as a result of implementing the scheme, as the inclusion of private properties increases the total energy saved and the resultant funding to the Council through CESP. Many of the owner occupiers are in fuel poverty.
- e) All OFGEM approved energy providers and power generators have been contacted and asked to consider contributing to CESP funding towards the scheme. They have not been able to provide sufficient funding in addition to Council funding to complete the scheme.

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Furthermore there is no 'management' charges with E-ON involvement, as there would be with other organisation involved in managing CESP projects throughout the country.

- f) CESP funding is time limited and will be allocated on a "first come first served" basis with the majority of funding going to the Metropolitan Districts in England where there is the highest concentration of fuel poverty. Hence the offer of funding from E-ON to the Council gives Redditch an ideal opportunity to maximise its capital resources, improving some of its housing stock and helping to reduce fuel poverty in the Borough. If the offer is not taken up the finance will be allocated to another local authority. There is no certainty that such an attractive offer would be made by any other energy company and a protracted tendering process would delay the commencement of work on site with a possibility that the funding could not be expended by December 2012.
- g) An appraisal of other insulation options has been carried out. To obtain the necessary improvement in thermal efficiency of external walls to satisfy the CESP funding requirements only internal or external insulation can be used on these solid wall properties. Internal insulation is not really a viable alternative to external insulation as the properties would have to be voided to carry out the work. The resultant reduction in room dimensions would not prove popular with the residents and would prove more expensive than the external solution offered in the E-ON scheme.
- h) As this is a somewhat unique situation and service a form of waiver is to be submitted to satisfy the Council's contract procedure. Officers are of the opinion that the enquiries that have been made with the various providers of CESP funding has produced the best offer from E-ON to maximise the Council's contribution and secures the completion of the entire Winyates project within the timescales of the programme. CESP funding has to be fully expended by December 2012. This type of procurement being unique as it is our lower contribution of £300,000 which releases the maximum CESP funding to complete the scheme. The funding being awarded to the Council on the total energy saved from the maximum number of measures installed, hence the need to include properties in private ownership within the CESP area.

3.2 The Council's Head of Finance and Resources has been consulted with regard to the financial implications of this proposal.

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Legal Implications

- 3.3 The Community Energy Saving Programme (CESP) was introduced in late 2009 by the Government and is administered by the Department of Energy and Climate Change (DECC). It is intended to improve energy efficiency in areas of low income and fuel poverty in order to reduce CO² emissions and fuel bills.
- 3.4 Funded by energy suppliers and generators CESP will improve energy efficiency through the development of community based partnerships involving energy suppliers, local authorities and community based organisations. The estimated cost of the national programme is £350m. It is necessary for energy suppliers to seek approval from Ofgem before schemes can be implemented, which have to be completed by December 2012.
- 3.5 CESP involves creating a local programme of works involving a 'whole house' approach, treating as many properties as possible in low income areas identified by DECC. These areas have been identified using the Income Domain of the Indices of Multiple Deprivation (IMD).
- 3.6 Those areas which ranked in the lowest 10% in England will qualify for CESP funding. Redditch has two such areas. One at Winyates Central and the other at Woodrow Central. Winyates having been chosen by Officers as meriting priority due to the area containing 192 flats in three storey blocks in need of additional aesthetic improvements, which external rendering can provide. Maps showing the extent of the two areas are attached to this report (see Appendix 1). There are 491 eligible CESP areas in the West Midlands.
- 3.7 The implementation of a CESP programme for the Winyates Estate will ensure that the Council meets its obligations for these properties under the latest Decent Homes guidelines. Properties meet Decent Homes standards with regards to 'thermal comfort', where residents do not have to spend more than 10% of their disposable income on fuel because they have effective insulation and efficient heating.
- 3.8 The Council's Head of Legal, Equality and Democratic Services has been consulted with regard to the legal implications of this report.

Service / Operational Implications

- 3.9 As E-ON have a team of in-house professional, technical and support resources to 'manage' the CESP Scheme, there will be minimal staff resource implications for the Council. The cost of the management of the scheme is included in E-ON's contribution towards the total cost of the works.

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- 3.10 E-ON have requested the use of a works compound near the properties to be provided and Officers will liaise with E-ON to identify a suitable location for the duration of the works, which is likely to take 9 months.
- 3.11 Whilst the scaffolding is erected it is intended that other essential maintenance work to the Council's properties will be executed by the Council's own workforce or their sub-contractors.
- 3.12 Once fixed to the properties it is not envisaged that the external cladding will need any regular maintenance or replacement for many years to come.
- 3.13 A schedule of the properties to be included in the scheme is attached to this report (see Appendix 2).
- 3.14 There are no Human Resources implications associated with this report as E-ON are providing technical supervisory and customer liaison staff for the duration of the scheme as indicated in the Expression of Interest attached to this report (see Appendix 3).
- 3.15 The inclusion of the Winyates CESP Scheme is in line with the Council's Affordable Warmth Strategy, adopted in December 2002, which includes working with partners to eradicate fuel poverty in the Borough.
- 3.16 Climate Change remains a corporate priority for the Council under the 'Clean and Green' agenda. This proposal will significantly contribute to reducing CO₂ emissions arising from unnecessary heat loss in this traditionally 'hard to treat' area. This will also enable owner-occupiers to reduce their emissions and costs, which would otherwise be financially impracticable to install.
- 3.17 The external wall insulation / rendering proposal for the Winyates Estate is deemed to be 'permitted' development and does not require planning permission.
- 3.18 The three storey blocks of flats in Council ownership within the CESP area have been the subject of a recent community safety initiative. Entrance doors have started to be replaced and an intercom and CCTV provision will be included as funding allows. Additionally it is intended to remove some of the refuse bin stores and for landscape improvements to be made. It is hoped that with the replacement of the current drab rendered wall surface with a pleasing modern coloured aggregate finish that, together with the other enhancements proposed, the general appearance and resident's satisfaction of the Winyates No Fines Estate will be greatly improved.

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Customer / Equalities and Diversity Implications

- 3.19 The owner-occupiers of the houses in the scheme area have been consulted regarding the proposals and the majority have to date given a positive response requesting that the work be undertaken to their properties. The Council tenants within the scheme area are to be consulted regarding the scheme once a full survey of the properties has been carried out and a timescale negotiated with E-ON. Council Members have been informed of the work. However no comments have been made to date. There are no residents' or tenant groups representing the area.
- 3.20 Each flat should save around £200 per year in heating costs based on current gas prices, and reduce their CO₂ emissions by just under 1 tonne per year.

4. RISK MANAGEMENT

The authors of the report have not identified any risks associated with the proposals for the Council. The private householders agreeing to the work will enter into an agreement with E-ON for the works to commence. E-ON having responsibility for any defects or negligence and providing product guarantees, with no redress on the Council.

5. APPENDICES

Appendix 1 - Maps of CESP areas.
Appendix 2 - List of addresses in the Winyates CESP area.
Appendix 3 - E-ON - expression of Interest.

6. BACKGROUND PAPERS

Energy Savings Trust: www.energysavingtrust.org.uk
Dept of Energy & Climate Change: www.decc.gov.uk
Ofgem: www.ofgem.gov.uk
E.ON: www.eon-uk.com

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