



The Gateshead Housing Company Asset Management Committee

Thursday 23 February 2012 at 9.30am
Board Room 2, The Gateshead Housing Company, Keelman
House, Fifth Avenue Business Park, Fifth Avenue, Team Valley
Trading Estate, Gateshead NE11 0XA

Agenda

Item	Business
1.	Apologies for Absence
2.	Declarations of Interest
	<u><i>ITEM FOR DISCUSSION</i></u>
3.	The Green Deal and Energy Company Obligation Consultation (Pages 3-28) Report of Director of Corporate Services and Presentation by David Connor, Gateshead WarmZone
	<u><i>ITEMS FOR DECISION</i></u>
4.	Minutes (Pages 29-34) To approve as a correct record the minutes of the last meeting of the committee held on 20 October 2011
5.	Matters Arising
6.	Review of the HomeBonus Scheme (Pages 35-37) Report of Director of Corporate Services

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 17 February 2012

Item

ITEMS FOR INFORMATION

7. **Fire Safety Improvement Works to Multi-Storey Blocks (Pages 38-40)**
Report of Director of Corporate Services
8. **Fire Safety Improvement Works to Regent Court (Pages 41-46)**
Report of Director of Corporate Services
9. **Housing Investment Programme 2012/13 (Pages 47-50)**
Report of Director of Corporate Services
10. **Repairs Retender**
Verbal update by Director of Corporate Services
11. **Forward Plan (Pages 51-53)**
Report of Director of Corporate Services
12. **Items for Future Agendas**
13. **Date and Time of Next Meeting**
To be agreed



Report to Asset Management Committee

23 February 2012

Title: The Green Deal and Energy Company Obligation Consultation

Author: Director of Corporate Services

Purpose of Report

1. To inform the committee about the Green Deal and Energy Company Obligation (ECO) Consultation released by the Department of Energy and Climate Change.

Background

2. On the 23 November 2011 the Government opened a consultation to seek the views of stakeholders on the proposed Green Deal and ECO policies. Following discussions with the Gateshead Warm Zone and Gateshead Council's Climate Change Team a joint Gateshead response was submitted to the Department of Energy & Climate Change on 18 January 2012. A copy of the response is attached at the Appendix.
3. The Energy Act 2011 is designed to provide a step change in the provision of energy efficiency measures to homes and businesses. It is also designed to enable and secure low-carbon energy supplies and fair competition in the energy markets.
4. The Act includes provisions on the Green Deal for a new financing framework to provide fixed improvements to the energy efficiency of households and non-domestic properties. This would be funded by a charge on energy bills that avoids the need for consumers to pay upfront costs.
5. The Act amends existing powers in the Gas Act 1986, Electricity Act 1989 and the Utilities Act 2000 to enable the Secretary of State to create ECO which will take over from existing obligations to reduce carbon emissions (the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP)), which expire at the end of 2012.
6. ECO will work alongside the Green Deal finance offer by targeting appropriate measures at those households likely to need additional support – in particular those containing vulnerable people on low incomes and in hard-to-heat housing.
7. The Act also includes measures to: improve energy efficiency, improve energy security and enable low-carbon technologies.

Implications

8. The consultation proposes that subject to eligibility residents can, with the permission of the landlord, enter into Green Deal Plans to install energy efficient measures in their home.
9. The Green Deal allows residents to access these measures without any upfront costs. The repayment charge is instead levied against the customer's electricity meter and bill. The measures installed to a property should generate savings that are equal to or greater than the cost of the monthly repayments
10. ECO will release an additional £1.3bn per annum to target energy efficient improvements at fuel poor households and those living in solid wall hard to heat properties.
11. The consultation proposes that the affordable warmth element of the ECO funding is only accessible to households in the private housing sector. This will limit the types of works that customers and the company could access. Meaning all major energy saving works would have to be funded from the Housing Revenue Account Capital Programme.

Links to Values

12. Being customer focused, innovative and professional.

Impact on tenants

13. Where tenants opt to access Green Deal works they will be liable for a charge levied against their electricity meter. This charge will stay with the meter and the property for the life of the charge, even when a tenant terminates the tenancy.
14. New tenants accepting the tenancies of dwellings with existing Green Deal measures will become responsible for the charge once they accept the property.
15. It is possible that the Green Deal 'pay as you save' concept will not benefit those households in fuel poverty. Evidence suggests that most of those fuel poor household will already be on low incomes and be unlikely to heat their homes fully. A high percentage of the group may already be in financial difficulties or be debt adverse.

Risk Management

16. There is a risk that properties with high Green Deal tariffs attached to them may prove difficult to relet, if prospective tenants are concerned about the additional charge.

Health Implications

17. There is a risk that the proposals in the Green Deal consultation may make it more difficult for fuel poor households and tenants of social landlords to access works that increase warmth and well being in the home.

Financial Implications

18. During any void period the landlord will become liable for any Green Deal charge levied against a property. Responsibility for this charge would impact upon the void loss costs incurred while reletting a property.

Equality and Diversity Implications

19. There are no equality and diversity implications associated with this report.

Value for Money Implications

20. There are no value for money implications arising from this report.

Environmental Implications

21. The works associated with the Green Deal consultation would contribute towards reductions in CO² emissions and improve energy efficiency.

Consultation

22. The company has contributed to Gateshead Council's consultation response following discussions with the Gateshead WarmZone and Gateshead Council's Climate Change Team.

Recommendation

23. The committee is asked to note the contents of this report and request an updated briefing once further detail of the scheme are published.



The Green Deal and Energy Company Obligation consultation.

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

PERSONAL DETAILS
<p>Respondent Name: Peter Thompson</p> <p>Email Address: peterthompson@gateshead.gov.uk</p> <p>Contact Address: Environment & Regeneration, Gateshead Council, Civic Centre, Regent Street, Gateshead, Tyne & Wear, NE8 1HH.</p> <p>Contact Telephone: 0191 433 3422</p> <p>Are you responding as an individual or on behalf of an organisation: Organisations.</p> <p>Organisation Name: <u>Gateshead Council & The Gateshead Housing Company (ALMO).</u></p> <p>How were members views assembled: Circulation to relevant sections including Area Planning, Natural Environment, Urban Design, Climate Change.</p> <p>Would you like this response to remain confidential? Yes/No (Delete as appropriate)</p> <p>If yes, please state your reasons:</p>
CHAPTER 1: Assessment
<p>Q1: Do you feel the proposed requirements on Green Deal assessors set out in the main body and at Annex A of the Code of Practice are clear and robust enough to support the Green Deal assessment?</p> <p>Yes/No/I don't know (Delete as appropriate)</p> <p>Please explain: Overall the proposed requirements for Green Deal assessors are clear. However concerns exist about the impartiality of advice given and assessments undertaken. In reality it is doubtful that there will truly be an "impartial" or "independent" assessor in the market unless consumers are willing to pay up front for an assessment which may identify that the property / person is not eligible for GD works or ECO subsidy. We feel</p>

consumers are therefore unlikely to adopt this approach which leaves them with an EPC that's not become useful and may have left them out of pocket. As a result the majority of assessors will be linked to a provider potentially as a subcontractor or part of the Green Deal Provider which surely raises the issue of mis selling and cherry picking. The payment method to this could be key given that assessors could be incentivised through bonuses by their employer (a green deal provider) to secure contracts.

In addition the proposed measures eligible for Green Deal are wide ranging, some of them very specialist particularly the renewable measures. This requires specific knowledge. The need for general assessors to take up the opportunity of other expert advice could become all too frequent and delay potential EPC provision and therefore Green Deal plans.

If an assessor is affiliated with a GD provider who is also a utility company it should not be used as an opportunity to sell ancillary products or to engage with residents with regard switching their energy provider to gaining a larger market share.

It would be useful for Green Assessors and Green Deal Providers to directly engage with large landlords to ensure that vulnerability issues around age or mental health are considered to ensure customers are not mis-sold products or have expectations falsely risen given that a social landlord would have to give permission for works to go ahead.

Q2: Can you think of any requirements that Green Deal assessors will need but that may not be covered by the suggested approach, combining National Occupational Standards (NOS) and Accreditation of Prior Experiential Learning (APEL)?

Your answer: It is common in many Social Housing settings that any potential assessor / contractor would have an enhanced CRB check due to potentially dealing with vulnerable adults and young children. Is this something that needs to be considered?

Q3: In proposing to allow for the market to determine payment of assessors and cost of assessment, are there any further requirements we should be placing on assessors or providers in relation to (a) payment of assessors, (b) the cost of the assessment, or (c) declarations from the assessor?

Your answer:

- If the initial assessment is free but the charge is to be later added on to the Green Deal finance agreement this should be explained up front as overall the customer then pays for it.
- An EPC currently in the region for a three bed semi could be in the region of £50. Although the revised EPC will be a longer assessment it is felt that the cost should not be

disproportionally higher than existing prices.

- If assessors are being paid by a GD provider or a GD installer the client should be made aware if by choosing to use that provider if any referral fee or bonus is payable to them on acceptance or completion of the Green Deal plan.
- The assessor should declare that if an affiliated GD provider or installer is paying for the assessment that the occupant still has the right to get a quote from a different GD provider and is not bound to using the one that pays.
- Page 49 pt 17 refers to considering regulatory intervention necessary at a let date. It would be helpful if payment and price were looked at on a more regular and upfront basis.
- In the non domestic sector GD assessors can draw upon “specialists” as part of their assessment to help complete the report. Any additional charge that could be levied on someone to secure this advice if not financially absorbed by the assessor should be highlighted this point to consider prior to commissioning.

Q4: Do you agree with our proposed approach to third party assurance and enforcing compliance for those providing Green Deal assessments?

Agree (please delete as appropriate)

Please explain:

Q5: Should the current EPC validity period for property transactions be used for Green Deal purposes or is a shorter validity period more likely to meet the needs of the Green Deal process?

Your answer: No preference

Q6: Do you think that this approach to identifying and assessing non-domestic buildings, based upon the requirements and tools for Energy Performance Certificates, will capture all non-domestic buildings and business sectors for which the Green Deal is relevant?

I don't know (please delete as appropriate)

Please explain:

Q7: Are there alternatives to the simple approach to providing running cost savings in the non-domestic assessment that we should consider?

Your answer: n/a

CHAPTER 2: Measures, products and systems

Q8: Which measures should be added to the list of qualifying measures in Annex 1 for non-domestic properties, and what evidence is there that these measures improve the energy performance of buildings?

Your answer: The list of eligible measures for the Green Deal is comprehensive as is.

Q9: Will the existing Appendix Q process, which will allow new measures to be added to the Green Deal assessment tools, and to the list of qualifying improvements, support innovation in the market and how could the process be improved? In particular, what support could SMEs benefit from?

Your answer: The consultation document refers to adding additional products and approving them on an annual basis. From an administrative point of view this seems sensible however in terms of bringing these forward to the market quicker to benefit participants in the Green Deal these could be brought forward potentially bi annually.

Q10: What innovative ways can the government use to encourage uptake of a package of measures and could our existing proposals support this.

Your answer: Government could offer a stamp duty reduction for GD properties to

encourage uptake and incentivise a sale in the future should a potential purchaser be concerned about taking on a standing charge on the electricity bill. The vendor then gets some level of market advantage when marketing the property.

Some discussion have suggested that Local Councils could offer a reduction in Council Tax following the Localism Bill, however in times of austerity it is felt that this would be highly unlikely as it is a much needed source of revenue.

Some supporting funding could be targeted at those measures which require some preparatory or enabling works. Local research by the Council's Warm Zone partner has suggested that storage is a barrier for those people with un-insulated lofts. Therefore some of the Green Deal Finance could help with preparatory clearing / boarding out if the costs still met the golden rule. The saving would be less as a result but it would be a saving never the less. A similar approach could be taken to clearing blocked cavities.

Q11: Please provide views on the potential inclusion of hard-to-treat cavities (and potentially other measures of a similar type), and proposals for how properties might be accommodated in the ECO without excessive complication or perverse consequences.

Your answer: Hard to treat cavities present a potential to save CO2 if treated appropriately whether this be through non standard measures / common specifications. If they require a small amount of ECO subsidy to insulate the cavity with solid wall the results could be economically advantageous. Owners with such properties are likely to need assurance and industry backed clear warranties so any fears about damp and cold bridging are allayed. The ECO subsidy for this type of property could be capped at a fixed level or left to the brokerage system to see if an ECO provider may want to contribute.

Q12: We propose that the ECO Carbon Saving obligation should be achieved primarily by promoting and installing solid wall insulation. Should any other measures be supported, and how would these be defined?

Your answer: No, the ECO carbon saving obligation should be achieved primarily by promoting and installing solid wall insulation. However much consideration should be given to the impact the planning system could have on securing works. Many flats do not have permitted development so would require planning permission prior to external render or

cladding. On a street mixed with houses and flats, particularly pre 1919 Victorian properties the whole nature and landscape of the street scene could change the character of the area. The alternative of internal wall insulation to mitigate this problem requires some internal reconfiguration, takes more time and can marginally reduce room space. It is therefore likely that this type of work would be less attractive to installers due to access issues, making good, and also involve a number of trades people including electricians, joiners, plasterers.

Q13: For the ECO carbon saving obligation, we propose that any other carbon saving measures should only be eligible when delivered as part of a package with solid wall insulation. Do you have any suggestions for the criteria by which eligibility within packages should be restricted, explaining why you think any such restrictions should be included?

Your answer: Agree with the proposal, no suggestions, no criteria about eligibility proposed.

Q14: We propose that *any measure* should be allowed under the Affordable Warmth obligation, provided it allows eligible households to heat homes more affordably. If you disagree, or feel there are risks to this approach, please explain and set out any restrictions you believe should be put in place.

Your answer: Any measures being allowed gives the greatest amount of flexibility which is positive. However it is felt that the measure that gives the greatest increase in SAP should also be a consideration in addition to a cost benefit analysis of the most cost affective measure for securing affordable warmth which ensures value for money. SEDBUK rated A combo condensing boilers bring with them high efficiency, this not only helps achieve affordable warmth but also potentially reduce consumption and therefore reduce CO2 emissions'. It would seem prudent that properties had the "traditional" and basic measures first, loft, CWI, central heating with a highly efficient boiler if possible before for example investing in some expensive renewables like ground source heat pumps for example.

The relationship between delivering energy efficiency measures and therefore being able to reduce consumption has to be fully explained in any education programme that comes with the works in order for the client to realise the financial benefits of the works. Otherwise assumed savings on modelled energy use will not come to fruition unless the occupant chooses to have the heating on more frequently.

It is felt that it will not be sufficient for a GD provider to simply complete some works and

the just hand over, for example the instruction booklet for a new boiler or Air Source Heat Pump. These technologies will be radically different from systems customers have experience before and with out meaningful education and support to understand the system customers could end up generating additional costs through miss use therefore jeopardising the Green Deal.

Q15: Do you have any suggestions for whether and how we should score, boiler repairs under the Affordable Warmth obligation, such that where repairs are more cost-effective than replacement systems, without significant impact on efficiency, these can be promoted?

Your answer: We have no proposals for scoring boiler repairs, however feel that any boiler repair must be part of a wider package of works of at least traditional insulation measures (loft and CWI) otherwise there is a danger that the perception from potential clients is that scheme is a affectively a breakdown service or boiler cover provision. For example it would be beneficial if a boiler repair was being undertaken if TRV's could be installed to radiators or a room thermostat to improve controls.

Q16: We are proposing that any heating measures should be allowed under the Affordable Warmth obligation, including for households off the gas grid, and extra incentives should not be put in place for air or ground source heat pumps. Do you have any evidence to bring to bear on the performance of heat pumps to improve the ability of vulnerable households to heat their homes affordably?

Your answer: No response

Q17: To what extent can existing product lists, such as the list of Microgeneration Certification Scheme compliant products be used as the starting point for the Green Deal Products list?

Your answer: No response

Q18: Do you agree that allowing enhanced product performance to be recognised in the Green Deal financing mechanism is useful? Do you have any specific views on how this approach could be implemented?

Your answer: Yes agree

CHAPTER 3: Green Deal provider and plan

Q19: Are surety bonds the most effective, efficient way to ensure customers are protected in the event a Green Deal provider becomes insolvent or has their licence revoked? What should be the minimum requirements of a Green Deal surety bond be and how much should Green Deal providers be required to insure?

I don't know (please delete as appropriate)

Please explain:

Q20: Does our proposed approach to authorisation and oversight of Green Deal providers ensure the necessary standards of consumer protection and proportionate redress without creating barriers to entry into the market?

Yes (please delete as appropriate)

Comments: Given that Green Deal Providers will use Green Deal Installers who may in turn subcontract certain elements of the work packages out to other companies it is important to ensure that subcontracts accept and terms and conditions / oversight rules that are placed upon what is affectively their parent company.

Q21: How much weight should be given to the argument for placing financial responsibility for late payment with the payee?

Your answer: A small amount. Although energy companies do not charge late fees for fuel bill payments, this payment is affectively a credit agreement for works collected as a standing charge. If payees were financially responsible for late payments and it was confirmed it was there fault a capped charge of 2% could be levied on that particular missed payment / instalment. This would be fairer that GD providers building in the cost of late payments into initial interest rates that all customers, including those who pay on time, would be charged. There should however be the provision for providers to waive any charge (at least one per annum) at their discretion through out the course of the year if they deem the reasons for the late payment to be unavoidable, valid and the payees history has been satisfactory. Although a higher amount of charge or fixed cost for late payments may deter people from making late payments, the value could be disproportionately high in relation to

the instalment amount given the finance repayment periods could be over the life time of the measure to a max 25 years. An initial “holiday” threshold could be advocated so that late payments are only charged after two consecutive payments were late.

Q22: What are your views on the government’s proposal of requiring Green Deal providers to offer insurance-backed warranties for the entire repayment period? Please provide evidence to support your views.

Your answer: Providing a choice of guarantees offers participants flexibility. If somebody had a GD plan executed and took the minimum guarantees and warranties and then decided to sell the house, this level of assurance may not suit the new occupant and either put off a sale or expose the new occupant to risk if they couldn’t upgrade the guarantees at their own expense.

Although the idea that Green Deal Providers can offer maintenance contracts may be in some cases warranted, this potentially opens up the opportunity for misselling and making money from ancillary services that a participant may not fully understand, particularly the vulnerable. Lessons learned from many guarantees that have been issued by damp proofing installers should lead the Government to stipulate guarantees provided are to be insurance backed. Those that are not and only a manufacturer’s guarantee leaves the opportunity for the product manufacturer to blame the installer for not utilising it properly and then the installer blaming faults on a faulty product and not their installation or application of the product. Assurances varying in length are not felt to be a problem as long as they are insurance backed. All guarantees should also be transferable between property owners. The minimum 2 year warranty is thought to be short given that currently you can receive 25 year guarantee from CIGA for Cavity Wall insulation. A two year minimum warranty may be appropriate for a central heating boiler however.

In addition it is imperative in the case of private rented or social stock that GD providers ensure that the warrantee or defect liability information is provided to the property owner not the tenants. This is essential to long term asset planning and the delivery of routine repairs and maintenance.

Q23: What are your views on the government’s proposals regarding changes to the Consumer Credit Act for Green Deal Plans?

Your answer: The consequences of this need to be explained upfront to the customer when they enter into a GD plan. For example if the repayment period is 20 years and the GD package cost £10k and the finance was at 7% they should be presented with a figure that

takes all this in account and affectively gives them a “buy out” balance so they can see how much it costs if they repay early at certain stages eg; 5 years / 10 years / 15 years. There should also be an amount showing the total cost of finance over the duration of the GD finance agreement

Point 55 page 100 refers to early repayments and that they should only affectively give a holiday on upcoming payments rather than reducing the term of the plan or the amount of the remaining instalments. It is felt that if this is compared to a mortgage product that the proposed GD methodology is counter intuitive. People should be presented with the option to make lump sum payments and or reduce their monthly payment amount.

Q24: What are your views on the Government’s proposals regarding consumer protections for those Agreements which do not fall within the scope of the CCA?

Your answer:

CHAPTER 4: The Golden rule

Q25: Is it necessary to afford consumers additional protections and extra comfort where they take out green deal plans in excess of £10,000? If so, is the proposed protection of reducing the saving estimate appropriate and is the 5% figure the correct adjustment?

Yes (Please delete as appropriate)

Please explain: **Over £10,000 would be a substantial investment by any consumer. With this level of investment should come an increased level of guarantee of the savings that would be realised should such an investment be made. Between 5% and 10% seems an appropriate adjustment.**

Q26: Do you agree with the approach to the Year One charge that can be used in a Green Deal Plan?

Agree (Please delete as appropriate)

Please explain:

Q27: What would be the benefits of allowing Green Deal providers to vary the interest relating to a Green Deal plan in line with the most appropriate component of the fuel and light index?

Your answer:

Q28: Do you agree with the proposed approach to how the Green Deal charge can vary in subsequent years of a Green Deal Plan?

Agree (please delete as appropriate)

Please explain: Varying the charge by RPI or CPI could prove problematic. A fixed annual increase on instalments of say 2% per annum seems simple and transparent. It also means that the cost of finance is not overly high due to unknown inflation and is price realistically so as not to put off potential green deal participants.

Q29: Is £150 or 5% of the total Green Deal package (whichever is the least amount) an appropriate limit on the amount of cash incentives which can be offered by Green Deal providers?

Your answer: Yes, if the cash back is an initial incentive that comes off the total finance cost of the package of works and also helps Green Deal Plans meet the Golden rule. However it is not appropriate for this initial discount to then be wrapped up later in the cost of finance and interest rate levied otherwise it's effectively a benefit which is not actually realised.

Q30 : Do you agree our proposed approach to the Golden Rule principle strikes the right balance between ensuring the necessary consumer protection mechanisms are in place whilst not unduly stifling ambition and investment in the Green Deal?

I don't know (please delete as appropriate)

Please explain:

CHAPTER 5: Delivering equitable support and tackling fuel poverty through the Green Deal

and ECO

Q31: Do you agree that eligibility for Affordable Warmth measures should be restricted to households who are in receipt of the benefits and tax credits similar to the CERT Super Priority Group and who are in private housing tenures?

Disagree (please delete as appropriate)

Please explain: This question is in two parts. Eligibility for the affordable warmth measures should be restricted to households who are in receipt of the benefits and tax credits but not similar to the CERT super priority group as these only identify a proportion of the fuel poor. The cost to successfully target these groups has also been raised as a concern in the past. Without data sharing, chasing this small number of eligible households to target them will cost money in administration.

The proposal to limit the affordable warmth element to just private housing tenures is not acceptable. This support should also be available to social housing tenures. Justification for this is where social housing tenants in control of ALMO's may have refused the decent homes works, now request them and the budget is no longer available, or where a new tenant, either a new tenancy or under succession, moves in and again no budget exists. In addition, all tenures will be paying for ECO indirectly through levies on their fuel costs, including social housing tenants.

When the reference is made to private housing tenures we presume this means owner occupied (with or without mortgage) and privately rented. What would the implications of shared ownership or shared equity properties including rent to buy and other affordable types of housing?

One concern that we would like to raise is in the potential impact on the private rented sector. Historically the energy efficiency of these dwellings is poor and that they also house a large volume of financially vulnerable tenants therefore any funding support is welcome. However consider the following where a tenant on means tested benefits and in a privately rented property may qualify for a Green Deal due to their financial circumstances. As a result they could be eligible for the Affordable Warmth element of ECO to which a landlord would surely agree. There could be a case where a tenant receives ECO funding for say a new central heating system that their landlord in theory should be responsible for morally and financially installing. This tenant moves out, a professional tenant moves in and then the landlord has benefitted from a free capital upgrade to his or her property making it more valuable and easy to rent. The changing nature of the private rented sector and turnover would make delivering ECO affordable warmth problematic due to the constant change in property eligibility due to occupancy.

Q32: We propose seeking a voluntary agreement with ECO obligated companies as to how they commit to following up referrals. Do you have any suggestions as to what this

commitment should consist of?

Your answer:

Q33: Do you have any evidence or views to put forward on whether the benefits of ECO as a whole, or of the carbon saving obligation within it, are or are not likely to be distributed equitably to all income groups? If so do you think regulatory intervention is necessary to ensure a more equitable pattern of delivery and, in particular, do you have any comments on the likely effectiveness of setting a 'distributional safeguard' as a means of achieving this?

Your answer: The current funding of the ECO seems regressive and not equitable. Therefore there are concerns that this will have a disproportional impact on the poor who are low energy users paying the same amount on their fuel bill to fund ECO compared to an affluent high energy user. In addition some tenures would be paying an ECO levy on their fuel bill but not potentially able to make use of the funding due to the fact they live in social housing.

CHAPTER 6: Consent, disclosure and acknowledgement

Q34: Do you think the framework for consent for the Green Deal charge and measures provides effective protection for the parties involved.

Yes and No (Please delete as appropriate)

Your answer: Yes, however the consents in some instances could hinder take up and approval. Tyne & Wear has a large proportion of Tyneside Flats which are pre 1919, solid wall and appear like Victorian terraced houses. They would therefore be ideal for the ECO Carbon subsidy to ensure that Green Deal Plans meet the golden rule through using part ECO subsidy. However they are flats so not subject to permitted development. In addition to the small likelihood of getting planning permission to render one flat (which sits below a property not rendered) the visual impact of the scheme could be detrimental to the visual amenity of the area. In a conservation area external render would more than likely be apposed forcing an internal and more expensive treatment to be pursued which may not meet the golden rule. It is also important to understand what side effects of external or internal lining may be caused – how this extra layer will work with the existing fabric in terms of the different materials, movement, expansion under different temperatures and moisture absorption/evaporation/movement. In some cases, a new lining could well introduce a long term problem rather than a long term benefit.

Parts of Gateshead benefitted from large scale investment under the Housing Market renewal pathfinder scheme. As a result over 1400 residential properties have benefited from external

refurbishment under Gateshead Council and Bridging Newcastle Gatesheads Block Improvement Scheme. Works included new windows, doors, front garden works, new boundary walls and cast iron railings, in addition to stonework repairs (lintels, mullions etc) and painting. As a whole the scheme was designed to breath life into an ageing stock and also restore the character of pre 1919 Victorian properties. There are some concerns that if demand for external SWI was high due to less “hassle” factor of internal SWI and subsequent reconfiguration of fittings the planning permission could be an issue, particularly for flats, given that it would change the nature and character of the area and result in a patchwork affect on a terraced street.

Q35: What is the best way to draw the future bill payer’s attention to the acknowledgement wording?

Your answer: On the EPC on sale of property or tenancy change on renting a property. On a website that the public can access. As part of the conveyencing process. As part of the agreeing a sale through a letting agent or on tenancy agreement signing in the private rented sector. It should be reinforced at each stage of the property exchange.

Q36: What will property professions need to do to assist with the effective discharge of the disclosure and acknowledgement obligations? If property professionals assume a duty to discharge these obligations on behalf of property owners, should they face the same consequences as the owners, where they fail to do so?

Your answer:

Q37: Are there any other situations in which disclosure and acknowledgment should be required which might fall outside the proposed framework?

Your answer:

Q38: Do you think 30 days after receiving the first electricity bill is an appropriate time limit within which someone can dispute disclosure of the Green Deal?

Your answer: Yes where a property is occupied. If it can be demonstrated that the property was unoccupied after purchase and the owner did not receive the bill to contest it the deadline should be extended using reasonable discretion.

Q39: Do you agree with the Government's approach to allowing Green Deal providers to require early repayment in certain circumstances?

Your answer: Only in very few circumstance like those outlined in the consultation document including potentially change of use from residential to commercial or vice versa and also where demolition is going to take place.

CONSENT CALL FOR EVIDENCE

How significant do you think consent barriers might be for uptake of the Green Deal in the domestic property sector?

Your answer:

- The thought of landlords having to cover the cost of the Green Deal Charge during a void period could be a barrier for uptake. As could where concentrated scheme could be delivered only for the area to fall into low demand before the green deal finance is paid off.
- The Councils Warmzone partner finds the permissions required to install free cavity wall insulation to private rented accommodation difficult at present due to absentee landlords, contact details etc, lack of understanding of the benefits. The Green Deal is a larger more comprehensive package of works and could therefore be more problematic. Many properties are owned by multiple individuals, managed by agents etc which makes securing agreements lengthy and testing peoples resolve.
- Planning permission on Tyneside flats in areas which are characterised as Victorian and where external render may affect visual amenity and character of the area may harm uptake. The next option of internal works may not be seems acceptable to tenants or residents due to reduced room size, hassle factor, making good decoration etc.
- Many conservation areas are characterised by older solid wall properties which would mean getting consent could be harder.

How significant do you think consent barriers might be for uptake of the Green Deal in the non-domestic property sector?

Your answer:

Is there any relevant evidence from past or current retrofit schemes, or improvement/maintenance works suggesting that consent may be a problem under the Green Deal?

Your answer:

Are you able to propose any practical solutions to potential consent barriers, particularly drawing on voluntary and non-regulatory mechanisms?

Your answer:

Chapter 7: Installation

Q40: Are there any government backed and accredited scheme standards which operate at present (in addition to the Microgeneration Certification Scheme and Gas Safe), that could be considered as meeting the new Green Deal standard already?

Your answer: [FENSA registration](#). [ECA](#), [NAPIT](#), [NICEIC](#) for electrical work.

Q41: It is not yet clear what the accreditation requirements for GD/ECO will be and how they will impact on incumbent firms in the market. Further work is being carried out to understand and quantify the nature of the impact of these, particularly for those firms that are micro-businesses. We welcome views from incumbent CERT installers on what the potential implications of changes to accreditation would be.

Your answer:

Chapter 8: Payment collection

Q42: Do you agree with our proposed debt thresholds? If not, please suggest alternative thresholds with appropriate supporting evidence.

[I don't know](#) (please delete as appropriate)

Please explain:

Q43: Do you believe that electricity suppliers as well as Green Deal providers should have the right to prevent customers from taking out a Green Deal finance arrangement if these

thresholds are exceeded? Please give reasons for your answer

[I don't know](#) (please delete as appropriate)

Please explain:

Q44: Do you think additional infrastructure is required to facilitate payment remittance?

Your answer:

Q45: Do you agree with the proposed 72 hour period for the transfer of payments? If not, please suggest an alternative with appropriate supporting evidence.

[I don't know](#) (please delete as appropriate)

Please explain:

Q46: During this 72 hour period, should the electricity supplier maintain an account balance at least equal to the total value of Green Deal payments being held?

Your answer:

Q47: Do you have an alternative suggestion for reducing the burden on smaller suppliers that would not lead to a potential reduction in the number of electricity suppliers available to Green Deal customers?

Your answer:

Q48: Do you agree with the proposed threshold for the smaller supplier opt in? If not, please suggest an alternative threshold with appropriate supporting evidence.

I don't know (please delete as appropriate)

Please explain:

Q49: Do you agree with the proposed level of the annual administration fee? If not, please give reasons for your answer and, if relevant, provide additional evidence of likely cost impacts.

I don't know (please delete as appropriate)

Please explain:

Q50: Do you agree with retaining the existing £200 arrears limit (including Green Deal repayment arrears) for prepayment customers with a Green Deal plan? If not, please suggest an alternative limit with appropriate supporting evidence.

I don't know (please delete as appropriate)

Please explain:

Chapter 9: Delivering Green Deal and ECO

Q51: Do you agree that stipulating strict regulatory quotas for partnering with specific types/numbers of third party delivery agents might be unduly burdensome, and the development of a brokerage model may be a more effective means of achieving the desired outcome?

Agree (please delete as appropriate)

Please explain: The brokerage system will potentially help smaller providers and subcontractors potentially gain benefit from the scheme as the ECO providers will not always be able to direct it towards their own Green Deal Providers / Installers which might be part of their wider parent company.

Q52: Do you agree that it is desirable that energy suppliers should have to fulfil some or all of the (carbon) obligation by spending money promoting measures through those organisations who are able to provide the most cost effective delivery options?

Agree (please delete as appropriate)

Please explain:

Q53: Do you agree that we should seek a firm commitment from the ECO suppliers that they will use brokerage for a defined and significant percentage (e.g. 50%) of their obligation? If so, what level do you consider this should be?

Agree (please delete as appropriate)

Please explain: 50% as a minimum.

Q54: Do you have any further comments on the detailed design of a brokerage, or any alternative mechanism that ensures the most cost effective delivery?

Your answer:

Chapter 10: Consumer protection

Q55: Do you agree the Energy Ombudsman should have a role in helping customers secure redress in the Green Deal? If yes, what further powers will the Energy Ombudsman need to investigate compliance by Green Deal Providers and householders? If no, please explain why not.

Yes/No/ I don't know (please delete as appropriate)

Please explain:

Chapter 11: Setting the ECO and target metrics

Q56: Do you agree that targets of 0.52 million tonnes of CO₂ per year saved, and £3.4 billion reduction in notional lifetime costs of heating by March 2015 represents the correct balance between ensuring high levels of delivery and minimising costs that could potentially be passed through to consumers?

No (please delete as appropriate)

Please explain: High levels of delivery would be more achievable if the eligibility of the affordable warmth part of ECO was extended to social tenures and that the benefit recipient eligibility was set to “priority group”. It would also help delivery if the share of the ECO affordable warmth element as a percentage of the whole Eco fund of £1.3bn was increased from 25%.

Q57: Do you agree with the estimated costing of this scale of ECO at £1.3bn p.a. as set out in the Impact Assessment? Do you have additional evidence on the costs and benefits of the proposed targets for consideration in further analysis?

Disagree (please delete as appropriate)

Your answer: The scale of the impact of ECO would have greater impact if it was set around £1.7bn pa. At present the 25% of the £1.3bn ECO directed towards the affordable warmth element is around £325m. This is actually less than the Warmfront grant which was around £350m pa from 2008 – 2011. It is therefore a reduction in money available to target the fuel poor. As a result the impact assessment states that ECO will only remove 350,000 to 550,000 homes from fuel poverty by 2020 but current estimates show that circa 6 million homes are fuel poor. This level of monetary support is not in line with the Governments pledge to eradicate fuel poverty by 2016 even if they have to be mindful that energy companies will merely charge more on consumers energy bills.

Q58: The division of the overall ECO between energy companies could be based on share of customer accounts, or sales volume. Do you have a preference as to which metric should be preferred, taking into account possible impacts on distributional equity? Please provide evidence for your views.

Your answer:

Q59: We propose that savings calculated through the SAP-based Green Deal Assessment methodology be used as the basis for ECO targets and scoring. Can you envisage any

undesirable or inadvertent effects, that this approach might result in? If so, please provide details and evidence

Your answer: The SAP based Green deal assessment makes some assumptions about the benefit gained in terms of SAP uplift and CO2 emissions' following the installation of measures. These measures may not realise the exact same benefit in two properties within the same archetype that the software predicts due to other factors. An adjustment factor should therefore be utilised so that the CO2 savings are realistic.

Q60: Should targets and scores for the Carbon Obligation and/or the Affordable Warmth Obligation be expressed on the basis of the annualised savings of measures or the lifetime savings?

YOUR ANSWER: Annualised savings are easier for accounting purposes. Lifetime savings could be complicated by deterioration in works.

Chapter 12: Green Deal monitoring and evaluation and ECO administration

Q61: Is there other information the Government should collect in order to enable effective monitoring, evaluation and reporting on the performance of the Green Deal and ECO?

Your answer:

Q62: Should DECC be responsible for administering the ECO, with technical functions outsourced to the private sector, or should Ofgem administer the scheme? Please provide evidence to support your views

Your answer:

General comments

Q63: In addition to the specific questions asked throughout this consultation document,

do you have any other comments on any aspect of our proposals?

- **The fact that early repayments are not allowed to shorten the overall length of the agreement is felt to be counterintuitive.**
- The biggest concern is that the savings are “expected” and that no guarantee will be provided by the Green Deal Scheme. No energy company is realistically expected to guarantee the savings will be greater than the standing charge.
- Where new technologies are installed for example ground mounted ASHP the GD provide should consider adequate protection of the equipment from theft or vandalism - this should not be the responsibility of the property owner.
- Where there are large-scale landlords GD providers should engage directly with them to ensure that canvassing does not conflict with planned improvement works. Ensuring canvassing is linked to asset strategies will be a far more effective use of the scheme and ensure that customer expectations are not raised when it is clear the owner will not approve the delivery of works.
- Transition arrangements - It is critical that appropriate arrangements are put in place to ensure an effective transition between the existing market funding arrangements (mainly, CERT, CESP and Warm Front) and the new Green Deal & ECO. These are required to ensure the development of a healthy and sustainable Green Deal market, to build public confidence in Green Deal, to adequately address fuel poverty in the short-term, to provide industry time to increase solid wall insulation supply capacity and ensure public understanding, demand and acceptance in addition to minimising the risk of significant net job losses in 2013 in the insulation-related industries, particularly SME's
- **Impact on High Rise Tower Blocks.** Gateshead Council has 14 high rise tower blocks which are managed by the Councils partner and Arms length management organisation, The Gateshead Housing Company. Earlier last year the Council embarked on a OJEU procurement route to secure a company, part utilising CESP funding, to replace the electric storage heater central heating systems in two neighbouring tower blocks with a biomass district heating wet system providing central heating and hot water. Utilising CESP funding at this time would have been feasible and fully justifiable from the big six utility companies. Currently under the proposals set out under this consultation there would be difficulties in funding such a scheme through either the Green Deal or ECO. Firstly, the affordable warmth element of ECO could not be used to part fund the works as the tenure of the tower blocks, being social, precludes this. Secondly although the tower blocks are hard to heat and inset concrete it is unlikely that they would be covered by the ECO Carbon Target, currently focused under these proposals, for solid wall internal or external insulation. In addition to these factors, if a scheme were to progress and be a Green Deal plan, each of the households would have to sign up to an individual green deal plan because they would be the client / payer of the electricity bill of which an GD charge would come. There would also be permissions to be sought from



the freeholder etc. It is felt that the GD and ECO mechanism and funding routes would not assist works of this kind which is a priority for both Council and ALMO given that the recent private sector Design, Build, Operate, Maintain and Finance procurement was unsuccessful. With self financing coming in in place of the HRA, CESP funding ending the Council and its ALMO would like the government to reconsider how specific types of housing stock like this could benefit other than a private / public arrangement.



ASSET MANAGEMENT COMMITTEE

20 October 2011

PRESENT:

Directors

Sara Woolley (Chair)
 Robert Buckley
 Joanne Carr
 Stan Dawson
 Pauline Dillon
 Peter Mole
 Gordon Spring

Advisers

Bill Fullen	Chief Executive
Neil Bouch	Director of Customers and Communities
Sarah Thompson	Head of Finance
Debbie Taylor	Support Officer

13 MINUTES

The minutes of the last meeting of the committee held on 30 June 2011 were approved as a correct record.

14 OVERVIEW OF SAP PERFORMANCE

The committee received a report on the current SAP rating for the stock and future improvements to the monitoring and recording of energy information.

Significant energy measures have been introduced into the stock over the life of the decent homes programme. As well as improving the stocks average SAP rating, customers have seen real benefits that have helped tackle fuel poverty and improve estate sustainability, details of which were reported.

The details of completed works are passed to the Council on a quarterly basis to upload them into UNO²⁰¹⁰ an energy software package that Gateshead Council maintains.

Over the past 18 months it has proved difficult to get regular performance updates from the Council, with quarterly performance data regularly being unavailable. Data was available for the first quarter of this year and for the first time the rating was supplied with supporting documents. This appears to be linked to the function coming under the wider control of the Climate Change Team.

The Energy Saving Trust calculated the average SAP rating in the United Kingdom as just over 50. Since 2007, the average SAP rating of the Council stock has improved from below 60 to 67.82, the figure reported at the end of the first quarter of this year. Increases in a SAP rating of between 4 and 10 points can secure savings of up to £100 per annum for customers.

Whilst the increase in performance is significant there is still opportunity for further improvement. Validation of the existing information may be able to increase performance further with out physically delivering any further measures.

Scrutiny of the supporting data the Council has now supplied has highlighted a number of opportunities for improvement. Details of these were reported.

To ensure the accuracy of the average SAP rating closer, working arrangements will be established with the Council Climate Change Team. A data cleansing exercise will be carried out on the stock details and individual property ratings to ensure they mirror the information the company holds.

A process will be established between the company and the Council to accurately record demolitions and property sales to ensure that they are removed from the UNO calculation.

As part of the asset management planning process, an appraisal will be carried out for all non traditional properties and homes with a SAP rating below 40, establishing any quick fixes or opportunities within CESP or Green Deal funding to deliver larger energy schemes.

Over 17,000 homes have been assessed by Gateshead Warmzone for energy advice and additional insulation measures. Over 14,000 insulation measures, such as draught proofing, cavity wall and loft insulation have been installed in 11,254 homes. This work alone has secured customers over £2.7 million in benefits.

RESOLVED – That the information be noted and the committee receive and an annual update on SAP performance, including the range between the lowest and highest performing SAP rated properties.

15 GATESHEAD WARM ZONE

Warm Zones were first established in 2000 as a new approach to tackling fuel poverty. Fuel poverty is defined as the inability of a household to afford sufficient warmth for health and comfort. A fuel-poor household is one that needs to spend more than 10% of household income on fuel for heating, hot water, cooking lighting and electrical appliances.

Much of Warm Zones work to deal with fuel poverty has involved installing measures such as cavity and loft insulation, draught proofing and the provision of low energy lighting to improve comfort in the home. They have also provided expert advice on energy efficiency and benefits entitlement to assist customers maximise their household income.

Through our partnership with Warm Zone we have been able to deliver thousands of insulation improvements that have contributed to achieving decency and increasing the average SAP energy rating of the stock. 70% of the costs of these works have been funded by Warm Zone. 17,320 tenants have been assessed by Warm Zone and received advice and assistance in improving the efficiency and cost effectiveness of their home.

Through Warm Zone over 14,000 insulation measures have been installed in 11,254 homes. Helping customers to reduce their energy costs and improving the sustainability of the stock. Additional measures are still being identified and will be complete before the end of the financial year.

Over 57,000 long life energy efficient light bulbs have been issued to tenants across Gateshead. Helping customers reduce the cost to light their homes.

Since 2004, the partnership with Warm Zone has helped customer's secure confirmed savings and benefits of £2.7 million. These benefits mean that households have had to use less and spend less to stay warm.

The environmental impact of these improvements has been significant with an estimated 7,000 tonnes, per annum, reduction in the amount of CO² produced by the homes managed.

Together with Warm Zone a joint training package has been developed to support customers and officers dealing with energy related issues. The training is aimed at achieving savings for customers and reducing carbon emissions in Gateshead. The training will cover fuel poverty, domestic energy efficiency, billing and switching energy suppliers.

The current funding mechanisms that Warm Zone operates under will come to an end during 2012. They will be replaced by the Green Deal and Energy Company Obligation. To ensure we are able to maximise our opportunities to access future funding it is important that the existing knowledge and partnerships are maintained and enhanced.

Since 2004, the company has paid £1,108,850 towards the cost of delivering insulation improvements. By working in partnership with the Gateshead Warm Zone, the company has been able to deliver these works on average 70% less than the market cost.

- RESOLVED – (i) That the improvements delivered in partnership with the Gateshead Warm Zone be noted.
- (ii) That Warm Zone be invited to the next meeting to deliver a presentation on the implications of the Green Deal and Energy Company Obligation schemes.

16 BIOMASS DISTRICT HEATING SCHEME

The committee received an update on the procurement process being undertaken by Gateshead Council to procure a biomass district heating scheme.

The tower blocks of Redheugh and Eslington Court have been chosen for this scheme. The reasons why they have been chosen and the benefits of the scheme to the Council and tenants were reported.

Consultation has taken place with councillors and residents in the form of briefings and one to one meetings.

Consultation with tenants at Redheugh & Eslington Court has shown support from responses to date. Residents have reported dissatisfaction with their current heating system reporting it is both unreliable and cannot be controlled sufficiently. However, this is currently deemed to be decent.

The invitation to tender was published on 12 September with the deadline for the submission of tenders being the 24 October 2011. Notification of the result of the evaluation will be carried out on 29 November 2011, with the contract being awarded in January 2012.

The works are expected to commence in January 2012 and be completed by October 2012.

The housing company will work with the Council to minimise disruption to tenants throughout the process and co-ordinate works with the fire safety works where possible.

RESOLVED – That the information be noted.

17 BRANDLING – DEMOLITION OF FLOWERSHOW FIELD

The Flowershow Field Estate falls within the Felling Ward in the East Area neighbourhood and is included within the Housing Joint Venture redevelopment area in Gateshead. The North Felling Neighbourhood Action Plan was approved by Cabinet 7 March 2006 and identified the need for demolition and redevelopment to enable regeneration of the area through the Housing Joint Venture programme.

Phase 1 which included the Brandling maisonettes was demolished in 2008. Phase 2 of the regeneration is the demolition of 53 properties in Flowershow Field estate which includes six owner occupied homes.

On 21 June 2011 Cabinet approved the recommendations to consult with residents on rehousing options and demolish the estate once empty.

Galliford Try and Home Housing are currently building 25 new affordable homes at Carlisle Street, which will provide a rehousing option for residents on Flowershow Field, who have been given first preference.

The new build scheme will comprise of: -

- 11 x 2 bedroom sheltered apartments
- 11 x 3 bedroom houses
- 3 x 4 bed houses

The expected completion date for the new homes is March 2012.

A public meeting was held with residents on 22 June 2011 to update them on the Cabinets decision, which was followed up by individual home visits to discuss their rehousing options. The results of the consultation were reported.

Since July, four tenants have been rehoused, three of whom have remained within the Felling Ward. Three properties were already void when the scheme began, 40 tenants are currently waiting rehousing.

Home Housing is currently talking to nine tenants who have expressed an interest in the new build homes, to discuss their preferences and eligibility. Any new homes that remain unallocated following discussions with the Flowershow Field residents will be advertised through HomeChoice before the properties have been completed.

The Council have 100% nomination rights for the new build scheme (on first letting) and 50% of any subsequent lettings. The Council have commenced negotiations with the owner occupiers to acquire their properties.

RESOLVED – That the information be noted.

18 CAPITAL MONITORING 2011/12

A budget monitoring statement for the 2011/12 financial year was submitted. The overall capital budget is forecast to come in on budget this year, although the company will be monitoring the budget very closely between now and March 2012 to ensure that the budget breaks even.

Over 19,000 homes now meet the Decent Homes standard. Other than the properties in Bleach Green which are currently under review, all properties are now decent.

1,095 homes that would become non-decent this year, have not yet received improvement works. Works to prevent these properties becoming non-decent will be completed by 31 March 2012.

Work is also underway to convert 47 bedsit flats into properties that will better meet customers' needs and aspirations. The conversion work will create 6 two bed and 16 one bed flats. The work at McErlane Square will change 24 bedsits into 12 one bed flats. The work at Birtley Villas and Pleasant Place will change 23 bedsits to 6 two bed flats and 4 one bed flats. These works will be completed by 31 March 2012.

Currently 603 occupied homes will not receive any improvement works. These are in the areas of the Chandless Estate, Clasper Village, Kibblesworth, Flowershow Field and the sheltered schemes Sunhill, Derwentside, Victoria House and West Park. The Council has approved the decommissioning of these properties and work is underway to re-house the customers affected in their preferred locations where possible.

RESOLVED – (i) That the information be noted.

- (ii) That a presentation on Decent Homes be given at a future meeting of the Board.
- (iii) That the completion of the decent homes programme be publicised.

19 FORWARD PLAN

A forward plan of reports that will be presented to meetings of this committee during the next year was submitted.

- RESOLVED –
- (i) That the forward plan be noted.
 - (ii) That future forward plan reports including details of any outstanding issues.

20 ITEMS FOR FUTURE AGENDAS

RESOLVED – That the committee receive reports on the following issues at future meetings: -

- Repairs Retender
- Asset Management Strategy (including condensate boilers)
- Fire Safety Improvement Works to Multi-Storey Blocks

21 DATE AND TIME OF NEXT MEETING

The next meeting of the committee will be held on Thursday 23 February 2012 at 9.30am in Board Room 2, Keelman House, Fifth Avenue Business Park, Fifth Avenue, Team Valley Trading Estate, Gateshead.



Report to the Asset Management Committee

23 February 2012

Title: Review of the HomeBonus Scheme

Author: Director of Corporate Services

Purpose of Report

1. The purpose of this report is to seek the closure of the HomeBonus Scheme.

Background

2. HomeBonus was approved by the Board on 8 April 2004 upon the premise "The proposed tenant reward is directly linked to the capital programme work which aims to achieve Decent Homes standards".
3. The current HomeBonus scheme was approved by the Value for Money and Audit Committee on 7 December 2007.
3. The scheme rewarded good tenure whilst incentivising residents to have Decent Homes work completed, so that the maximum levels of decency could be achieved. Refusal rates of 30% were not uncommon for rewiring schemes prior to Decent Homes.
4. The current HomeBonus scheme was implemented in April 2008 to reward residents with a B&Q voucher following works, subject to good tenure. Conditions were imposed such as a clear rent account. More than 80% of tenants receiving Decent Homes work qualified for the scheme in 2009/10 and 2010/11. The refusal rate for the same period was just over 5%.
5. The company awarded vouchers worth £310,000 (2009/10) and £30,000 (2010/11). The company received a rebate from B&Q accounting for 13.5% of the value of vouchers awarded.
6. It is clear that HomeBonus has had a positive impact for the company in reducing refusals and assisting us to achieve the maximum levels of decency with the finance available. Customer satisfaction with the reward scheme was also high. The scheme had additional fringe benefits such as a reduction in rent arrears. Customers were required to have clear rent accounts for at least three months prior to the commencement of works so they would qualify for HomeBonus.
7. As the Decent Homes investment programme is now completed it is appropriate to review the use of the HomeBonus for future improvement schemes.

Review

8. The introduction of the Housing Revenue Account self financing will mean that future housing investment programmes will be smaller, with a focus on single element replacement work to maintain decency. The level of disturbance to customers will be significantly reduced lessening the requirement for an incentive scheme.
10. Customers will continue to be offered support and advice by the tenant liaison team. They will work with customers to tackle fears about improvement work and support customers who have specific needs.
11. Customers will still have access to a HomeStyle scheme to assist with redecoration costs following invasive improvement works.
12. A review of the HomeStyle scheme is currently being undertaken to ensure that customers receive the appropriate levels.
12. The company procured the HomeBonus vouchers through PFH (Procurement for Housing), there is no cancellation period for the scheme.

Links to Values

13. The report links to following company values: -
 - Being customer focused, innovative and professional.
 - Being a listening and learning organisation.

Impact on tenants

14. As result of the review, tenants receiving investment works will no longer receive HomeBonus vouchers.

Risk Management

15. There is a risk that refusal rates may increase for invasive works such as rewiring, potential increasing future responsive repairs costs.

Health Implications

16. There are no health implications as a result of this report.

Financial Implications

17. There is an estimated saving of £60,000 to the capital budget if these proposals are approved.

Equality and Diversity Implications

18. There are no equality and diversity implications as a result of this report.

Value for Money Implications

19. The recommendations from this report will assist in ensuring maximum value for money from the capital budget.

Environmental Implications

20. There are no environmental implications as a result of this report.

Consultation

21. Consultation has been carried out with the managers who use the HomeBonus scheme. Further consultation will be carried out with the Value for Money Service Improvement Group.

Recommendation

22. The committee is asked to approve the closure of the HomeBonus Scheme for new investment schemes from 31 March 2012.



Report to the Asset Management Committee

23 February 2012

Title: Fire Safety Improvement Works to Multi-Storey Blocks

Author: Director of Corporate Services

Purpose of Report

1. To update the Committee on the progress of the Fire Safety Improvement Works to multi-storey blocks.

Background

2. A report was brought to the committee on 30 June 2011 providing the background to fire safety improvement works programme. The works have been developed jointly with Tyne & Wear Fire and Rescue Service (TWFRS).

Progress Update on Fire Safety Works

Resident's front doors

4. Works are currently ongoing to all blocks to complete this element of fire safety improvements. It is anticipated that 95% of all doors will be completed by the end of March 2012.
5. The remaining 5% are a result of customer no-access. The company has a robust no-access procedure in place and anticipates full completion of the works will be achieved by May 2012.

Communal door works

6. Communal door works are currently at the pilot phase. All door specifications have been agreed with the scheme architect. It is expected that the communal door works will be complete by the end of May 2012.

Compartmentation

8. Works to seal all potential fire breaks between floors are progressing well. These works are scheduled to be completed to all blocks by the end of March 2012.

Smoke detection

10. A master design brief has been developed and shared with the Fire Service and Building Control for feedback. Work to install the first system will commence on 27 February 2012.

Mechanical and electrical upgrades

11. All electrical works have been commissioned, including emergency lighting upgrades to eight blocks. These works are expected to be completed by the end of March 2012.

Links to Values

12. The report links to following company values:
 - Being customer focused, innovative and professional
 - Being honest, accountable and transparent

Impact on tenants

13. The Fire Safety Improvement Works will improve the fire safety in all our multi-storey blocks and directly benefit 1,962 tenants and leaseholders.

Risk Management

14. The risk of not completing the fire safety works to Regent Court is that the company and Council could face prosecution, a large fine and the potential for the block to be closed.

Health Implications

15. There are no health implications as a result of this report

Financial Implications

16. The budget for the Fire Safety Improvement Works is £4million and has been provided by the Council from the prudential borrowing budget.

Equality and Diversity Implications

17. There are no equality and diversity implications as a result of this report.

Value for Money Implications

18. Value for money is being demonstrated by using our in-house tenant liaison team, rather than the traditional approach of using the contractor's service. This has saved the budget £100,000.

Environmental Implications

19. By working in partnership with LES, we have ensured that sustainable products have been used where possible.

Consultation

20. No additional consultation has been carried out since the original report of 30th June 2011.

Recommendation

21. The views of the committee are sought on whether it is satisfied with progress of the Fire Safety Improvement Works to multi-storey blocks.



Report to the Asset Management Committee

23 February 2012

Title: Fire Safety Improvement Works to Regent Court

Author Director of Corporate Services

Purpose of Report

1. To inform the committee of the proposed fire safety improvement works to Regent Court.

Background

2. Regent Court was not included in the Fire Safety Improvement Programme that was presented to the committee on 30 June 2011 to allow for a full fire safety options appraisal to be carried out on the block.
3. Due to the structure and layout of the block, it was not suitable to approach Regent Court in the same way as other multi-storey blocks.
4. Millbank Architects were engaged to lead on the development of the possible options in conjunction with a working group which consisted of TGHC officers, Gateshead Council's Building Control Service and Tyne & Wear Fire and Rescue Service "(TWFRS)".

Proposals

5. The options appraisal presented two options: -
 - Compartmentation – this option involved works to resident's flats including ventilation and works to each individual flat front door, new communal doors (approximately 12 per floor) and high levels of smoke detection.
 - Sprinkler System – this option involved fitting a sprinkler system in resident's flats and communal areas, new communal doors (4 per floor) and smoke detection to high risk areas.
6. The working group recommended that a sprinkler system should be progressed as the preferred option for the following reasons:
 - The sprinkler system was the most cost effective option to bring Regent Court up to agreed fire safety standards.

- Sprinkler systems are an active fire suppression measure which is proven to save lives and reduce damage in the event of the fire.

Links to Values

7. The report links to company value of being customer focused, innovative and professional

Impact on tenants

8. The installation of a sprinkler system will improve fire safety for residents in Regent Court.
9. It is anticipated the fitting of the sprinkler system in each flat will take two days. We will work closely with the installers to ensure disruption to residents is kept to a minimum.

Risk Management

10. The risk of not completing the fire safety works to Regent Court is that the company and Council could face prosecution, a large fine and the potential for the block to be closed.

Health Implications

11. There are no health implications as a result of the report

Financial Implications

12. The budget for the works is £800,000 which is being funded from the Fire Safety Improvement works.

Equality and Diversity Implications

13. There are no equality and diversity implications arising from this report.

Value for Money Implications

14. The company has demonstrated value for money through undertaking an option appraisal with an architect and working in partnership with TWFRS to ensure that the safest and most cost effective solution is obtained for the block.

Environmental Implications

15. Through our specifications, we will ensure that sustainable products are used where possible.

Consultation

16. TWFRS and Gateshead Council's Building Control were heavily involved in the options appraisal at Regent Court and therefore fully consulted on the options.
17. Residents at Regent Court have been consulted following two events held at the block in February, which included a chip pan fire demonstration by TWFRS.

18. A copy of the presentation delivered to residents has been posted on the Board Members Website.
19. A copy of the frequently asked questions document is also available in the Appendix to this report.
20. The Asset Management Team will continue to engage residents at Regent Court and will hold another event once full designs are available for residents to comment upon.

Recommendation

21. The views of the committee are sought on whether it is satisfied with the proposed fire safety works to Regent Court.

Contact: Alan Sandey, Customer Asset & Procurement Officer Tel No: (0191) 433 5288

Regent Court Fire Safety Works 2012

Frequently Asked Questions

- **Why do we need a sprinkler system in the block?**

The installation of a sprinkler system is the most cost-effective way of improving fire safety in Regent Court due to its layout and structure.

- **Have other options been considered?**

Other options, such as increased levels of compartmentation through a number of additional communal doors were considered. This would be more expensive and does not offer the same level of fire safety. Sprinklers were the preferred option of the Tyne & Wear Fire and Rescue Service for Regent Court.

- **If there is a fire, will all the sprinkler heads go off at once?**

No, each sprinkler head has its own heat sensor. When a temperature of 68°C (154°F) is reached the sprinkler is activated. This is around 30°C (54°F) above normal room temperature.

- **Will the sprinkler be set-off if I burn my toast or smoke a cigarette?**

No. Sprinklers cannot be set off by burnt toast or smoke from a cigarette unless this escalates into a fire.

- **If the sprinkler is set-off by a false alarm, will this damage my property?**

Automatic sprinkler systems do not have false alarms. They are purely operated by heat. If a sprinkler does go off, it will cause significantly less damage than an uncontained fire.

- **Will sprinklers create more damage than a fire?**

Sprinklers release around 30 litres of water per minute. The fire service will use around 475 litres per minute.

The water damage caused by a sprinkler is significantly less than the damage caused by a fire or by the fire service.

Research suggests that 98% of domestic fires will be extinguished with one sprinkler head. (Source: British Automatic Fire Sprinkler Association)

- **If a sprinkler is set-off, how long will it go off for and how will it be turned off?**

The sprinkler will go off until either the fire service or TGHC are in attendance. The system is reset through an isolator valve. The sprinkler will then be replaced by our repairs service on an emergency call out.

- **What disruption will there be to my home?**

It is likely that the installation will take two full working days to complete in your home. The contractor will need to be in every room to fit the piping and sprinkler heads. The pipes will be boxed in following completion of the works and painted white to match your ceiling.

- **How many sprinklers will I have in my home?**

This is dependant on the size of your home. Sprinkler heads will be fitted to most rooms. However, the final design and location will be agreed with the installation company and then discussed with each individual resident.

- **Will I need to re-decorate following the works?**

The level of damage to your decoration is unknown at present. Pipes that will be installed for the sprinkler system will be boxed in and painted white to match your ceiling. The contractor will do everything they can to minimise the damage. If damage does occur then you will be awarded decoration vouchers to cover the cost of repair.

- **Can I refuse the works?**

No. These works are classed as essential Health & Safety works and ones that The Gateshead Housing Company **must** carry out. We are obliged by the fire service to carry out these statutory works by the end of 2012. If you have any concerns regarding the works, please contact us further to discuss.

- **Will the installation of a sprinkler system affect my home insurance?**

If you have insurance through our Social Housing scheme, the price you will pay for contents insurance will not change. If you have insurance through another provider, it is advised that you contact them to ask about any affect on your premiums. If you do not have contents insurance and would like to find out more, please speak to your local housing office.

- **Will any ongoing maintenance be required?**

An annual service of your sprinkler system in your flat will be required. More details regarding this will follow once we appoint a specialist contractor to undertake the works.

- **Will there any increase in rent or service charge as a result of the sprinkler system?**

There will be no increase in rent as a result of the works. There maybe a service charge introduced to cover the annual service of the sprinkler system. However, this will be consulted upon by the Council and the charge itself, if introduced, is likely to be small.

- **What other works are taking place in the block at the same time?**

New communal doors will be installed at the entrance to the lifts on each floor and at each end of the main corridors. These doors will be 'hold open' doors that will stay open unless there is a fire.

Smoke detectors will be installed in communal areas. This provides the concierge with an early warning system so that the fire service can be alerted. These detectors will not act as an alarm.



Report to Asset Management Committee

23 February 2012

Title: Housing Investment Programme 2012/13

Author Director of Corporate Services

Purpose of Report

1. To inform the committee about the proposed Housing Investment Capital Programme for 2012/13.

Background

2. The Housing Investment Capital Programme for 2012/13 – 2016/17 was approved by Gateshead Council's Cabinet on 7 February 2012. The report confirms a total capital funding budget in 2012/13 of £22,985,000.
3. Expenditure is profiled across five key categories.
 - a. Health & Safety or Statutory Obligations – including works such as medical adaptations, fire safety improvements and work to communal facilities.
 - b. Contractual Obligations – including programmed and strategic maintenance and demolition/decommissioning work at Chandless and Dunston.
 - c. Maintaining Decency – housing improvement works to prevent properties becoming non-decent.
 - d. Estate Regeneration – including the works to re-house customers on the Bleach Green, Clasper Village and Flowershow Field estates.
 - e. Other Priorities – such as heating and insulation improvements and targeted window replacements.
4. A detailed capital programme is being developed by the Asset Management Team in partnership with the Council. This programme identifies the estates and properties where improvement works are required.
5. Details of the programme will be shared with customers and stakeholders once it has been confirmed.
6. Work to deliver the approved investment priorities will be managed and delivered by the Investment Delivery Team within the Customers and Communities

Directorate. Some specialist works will be delivered by others teams, where appropriate, for example demolition and adaptations.

7. Progress on the delivery of the Housing Investment Programme will be monitored monthly with the Council and reported to committee on a quarterly basis.
8. A copy of the 5-year capital programme approved by Cabinet is attached in the Appendix.

Links to Values

9. This report relates to the values of
 - Being a listening and learning organisation
 - Being honest, accountable and transparent
 - Being customer focused, innovative and professional

Impact on tenants

10. The Housing Capital Programme will deliver works that will help ensure the sustainability of homes across Gateshead. Delivering improved fixtures, fittings and services such as kitchens, bathrooms and re-wiring.
11. Work to replace any single glazed timber windows will be prioritised against repair trend information, window condition, remaining life and customer feedback. Proposals for targeted window replacement work will be agreed with the Council.

Risk Management

12. There no risk management implications from the report. Risks related to the specific investment priorities will be detailed in the company's Operational Risk Register.

Health Implications

13. Investment works, such as the solid wall insulation scheme at High Fell, will reduce the risk of customers living in cold damp homes. Reducing the risk of heart, stroke, respiratory and cold-related illnesses.
14. Work to replace gas appliances with concealed flues will ensure that the Company complies with the Gas Industry Unsafe Situations Procedures guidance that took effect on 1 January 2011. Reducing the risks related to carbon monoxide

Financial Implications

15. The financial implications are detailed in the report.

Equality and Diversity Implications

16. Elements of the approved investment work will improve facilities and homes to better meet the specific needs of current and future customers.

Value for Money Implication

17. There are no value for money implications associated with this report.

Environmental Implications

18. Improved insulation and energy efficiency measure will contribute to a reduction in carbon emissions.

Consultation

19. No consultation has been carried out for the preparation of this report.

Recommendations

20. The committee is asked to
- note the Capital Investment Programme for 2012/13 – 2016/17;
 - request a quarterly update on progress and expenditure.

Housing Investments Capital Programme 2012/13 to 2016/17

Category	Project	2012/13 (£'000)	2013/14 (£'000)	2014/15 (£'000)	2015/16 (£'000)	2016/17 (£'000)	TOTAL (£'000)
Health and Safety or Statutory Obligations	Adaptations	1,500	1,500	1,500	1,500	1,500	7,500
	Concealed flued appliances	600	-	-	-	-	600
	Equality Act works: Communal lounges	100	100	100	100	100	500
	Equality Act works: Multi-storey flats	250	250	250	250	250	1,250
	Fire Safety to Sheltered Schemes	500	-	-	-	-	500
	Lift replacement / refurbishment	250	500	500	500	500	2,250
	Replacement of Communal Electrics	125	250	250	250	250	1,125
	Total Health & Safety/ Statutory Obligations	3,325	2,600	2,600	2,600	2,600	13,725
Contractual Obligations	Chandless Demolition	4,000	-	-	-	-	4,000
	Dunston Achieving the vision	2,000	-	-	-	-	2,000
	Programme Management	1,000	1,000	1,000	1,000	1,000	5,000
	Strategic Maintenance	1,500	1,500	1,500	1,500	1,500	7,500
	Total Contractual Obligations	8,500	2,500	2,500	2,500	2,500	18,500
Maintaining Decency	Maintaining Decency	6,710	6,930	7,150	7,370	15,400	43,560
	Total Maintaining Decency	6,710	6,930	7,150	7,370	15,400	43,560
Estate Regeneration	Bleach Green	800	800	800	800	-	3,200
	Clasper Village	750	750	750	750	-	3,000
	Flowershow Field	50	50	100	300	-	500
	Older Persons Strategy - Phase 2	200	200	200	200	200	1,000
	Total Estate Regeneration Schemes	1,800	1,800	1,850	2,050	200	7,700
Other Priorities	High Fell Solid Wall Insulation	900	-	-	-	-	900
	One off Heating Replacements	1,000	500	750	500	2,000	4,750
	Warden Call	250	250	250	250	250	1,250
	Window Replacement	500	500	500	500	500	2,500
	Total Other Priorities	2,650	1,250	1,500	1,250	2,750	9,400
TOTAL CAPITAL EXPENDITURE		22,985	15,080	15,600	15,770	23,450	92,885
Sources of Funding:		2012/13 (£'000)	2013/14 (£'000)	2014/15 (£'000)	2015/16 (£'000)	2016/17 (£'000)	TOTAL (£'000)
Major Repairs Reserve		(21,480)	(15,080)	(15,600)	(15,770)	(23,450)	(91,380)
Capital Grants		(1,505)	-	-	-	-	(1,505)
TOTAL FUNDING		(22,985)	(15,080)	(15,600)	(15,770)	(23,450)	(92,885)



Report to Asset Management Committee

23 February 2012

Title: Forward Plan

Report of: Director of Corporate Services

Purpose of report

1. To approve a forward plan of reports which will be presented to Asset Management Committee during the next year.

Background

2. The committee agreed, at its meeting held on 30 June 2011 that a forward plan of reports it will receive at future meetings become a standing item on every committee agenda.
3. Attached as an Appendix to this report is a forward plan of reports that will be presented to meetings of this committee during the next year. This will not be an exhaustive list of reports and there will clearly be a number of other items of business that the committee will be required to consider during the course of the next year. It will however give the committee an idea of forthcoming business. It will also assist officers when planning in business and meetings to avoid when there is a lot of business.

Link to Values

4. This report relates to the following company value of being honest, accountable and transparent.

Risk Management Implications

5. The forward plan will mitigate the risk of reports not being planned into the committee cycle.

Value for Money Implications

6. There are no value for money implications directly arising from this report.

Equality and Diversity Implications

7. Equality and diversity implications will be addressed separately in future reports.

Financial Implications

8. There are no financial implications directly arising from this report.

Health Implications

9. There are no health implications directly arising from this report.

Environmental Implications

10. There are no environmental implications arising from this report.

Consultation carried out

11. Lead officers within the company have identified reports for future meetings of this committee.

Impact on Customers

12. There is no impact on customers as a result of compiling this report.

Recommendation

13. It is recommended that the forward plan be noted.

Asset Management Committee Forward Plan

Asset Management Committee	Issues to be discussed
June 2012	<ul style="list-style-type: none">• Capital Programme 2012/13• Capital Monitoring Update• Asset Management Strategy• SAP Performance – Update• The Green Deal and Energy Company Obligation – Update (though this may be October 2012)
October 2012	<ul style="list-style-type: none">• Non-traditional Properties• Capital Monitoring Update