



## Report to the Assets, Development and Investment Committee

17 October 2013

**Title:** Affordable Warmth scheme for Leaseholders

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### Purpose of Report

1. To inform the committee of the opportunity to access funding to provide an Affordable Warmth scheme for leaseholders.

### Background

2. The Gateshead Housing Company manages over 800 leasehold properties across the borough. Leaseholders pay an annual service charge to TGHC for management and any external repairs/improvements are carried out through TGHC and re-charged to the leaseholder.
3. Recent issues relating to leaseholders heating system have been identified in relation to non-compliant flues. As these properties are part of a council maintained structure, the issues with the flues can affect council tenancies and other leaseholders.
4. TGHC has been looking at ways to assist these leaseholders in changing their heating system to meet current regulations. However, many leaseholders have told us that they are unable to afford the cost of updating their heating system.
5. Having identified the issues experienced by leaseholders we have identified a funding source from the Energy Company Obligation Funding under the Home Heating Cost Reduction Obligation (HHCRO). This allows grant funding to be used towards the replacement of older inefficient boilers for eligible householders.
6. With the Home Heating Cost Reduction Obligation (HHCRO) private owners, leaseholders and private tenants can qualify. Householders renting social properties are excluded from this scheme.

### Funding

7. TGHC has been successful in accessing up to £1,000,000 worth of funding to enable qualifying leaseholders to have their boiler replaced for free. Colleagues from Gateshead Council's Climate Change Team were consulted on the bid.

8. To qualify for the funding, householders must meet the criteria outlined in the Appendix to this report.
9. The 730 leaseholders have been provided with scheme details and advised that an initial survey is required. This visit will provide details of the scheme and assess eligibility for the boiler replacement.
10. Leaseholders living in multi-storey blocks have not been included, as their heating system are not suitable for one-off upgrades and need to part of a whole block improvement
11. Initial surveys will be carried out by Cosyseal and are targeted to be completed by December 2013, with all installation complete by March 2014. TGHC will benefit from receiving asset data on leasehold boilers following this assessment.
12. All surveyors will be required to carry photo ID and have a Disclosure Barring Service (DBS) check prior to visiting leasehold properties.
13. Following the surveys and once eligibility has been established a list of customers that qualify will be available.

### **Works**

14. The works will be delivered directly through our funding partner, Cosyseal Limited. Cosyseal will use their network of installers to complete the works.
15. All installers working on the contract will be accredited to the PAS 2030 standard.
16. TGHC will work closely with Cosyseal on the programming and delivery of the works, and boilers will be sourced from TGHC's supply chain to ensure some level of confidence around quality and performance for customers.

### **Links to Values**

17. This report links to the following company values :
  - Being a listening and learning organization
  - Being customer focused, innovative and professional

### **Impact on tenants**

18. It is estimated that qualifying leaseholders will save up to £300 a year on their heating bills (estimate from the Energy Saving Trust).
19. Leaseholders on the scheme will also receive a 5 year warranty on their new boiler.

### **Risk Management**

20. The installers will contract directly with the leaseholder. The installer will then be paid directly by the funder (Cosyseal). In this way the risks are mitigated for TGHC.

### **Health Implications**

21. The proposed scheme will have positive health benefits, by improving thermal comfort in our leaseholders homes there will be a reduction in cold, damp conditions which can cause respiratory illnesses and excess winter deaths

### **Financial Implications**

22. The works are being fully funded and delivered directly through an installer, so TGHC does not have any financial risk.
23. A management fee (5%) will be rebated to the company from every installation. This will cover TGHC's costs for quality checks, administration, marketing and monitoring customer satisfaction.

### **Equality and Diversity Implications**

24. Any installers working in leaseholders homes on this contract will fully comply with the Equalities Act 2010.

### **Value for Money Implications**

25. Key to ensuring this offer is free to leaseholders has been using TGHC's heating supply chain agreement, which allows materials to be accessed at a much lower price that can be obtained on a one-off basis. TGHC will also be able to get a lower installation price by letting this as one contract.

### **Environmental Implications**

26. Each boiler replaced under this scheme will save up to 1,200 kg of Carbon Dioxide per year.

### **Consultation**

27. Consultation on the proposed scheme has been undertaken with the Leaseholder Service Improvement Group, the Councils Legal team and the Gas Servicing team.
28. Gateshead Council's climate change team were also consulted on the proposed scheme. All those consulted were supportive of the scheme.

### **Recommendations**

29. The Committee is recommended to note the content of this report and receive further updates on progress at future committee meetings as follows:
  - An overview of the installation programme
  - Number of qualifying customers who receive works
  - An overview of the sample audits carried out by TGHC on the installations
  - A summary of customer satisfaction and feedback from the leaseholder service improvement group.
  - Details of the warranty arrangements

## Leaseholder heating scheme

### Qualifying criteria

#### A. Receive State Pension Credit

#### B. Receive Child Tax Credit (with a relevant income below £15,860)

#### C. You must be in receipt of:

- Income-Based Job Seeker's Allowance or
- Income Related Employment & Support Allowance or
- Income Support.

#### PLUS one of the following:

- Disabled Child Premium
- Have parental responsibility for a child aged under 16 who lives at the property
- Have parental responsibility for a child aged 16 or over but under 20, who lives at the property and is in full-time education (not in higher education, such as at a university)
- Pension Premium (either Higher or Enhanced)
- Child Tax Credit which includes a Disability or Severe Disability element
- Disability Premium (either Higher or Enhanced)
- Work Related Activity or Support Component (with Income Related Employment & Support Allowance only)

#### D. You must be in receipt of:

- Working Tax Credit (with a relevant income below £15,860)

#### PLUS one of the following:

- Have parental responsibility for a child aged under 16 who lives at the property
- Have parental responsibility for a child aged 16 or over but under 20, who lives at the property and is in full-time education (not in higher education, such as at a university)
- Disabled Worker Element or Severe Disability Element
- Aged 60 or over