



Report to Asset, Development and Investment Committee

19 June 2014

Title: Energy Efficiency Measures - Funded Works

Report of Director of Customer and Communities

Purpose of Report

1. To provide the committee with an update on current activity in relation to energy company obligation (ECO) funded works and;
2. To advise the committee of changes in the current funding provision and options that are currently being explored to secure funding to continue with investment priorities linked to energy efficiency.

Background

3. Following a joint procurement exercise with the Home Group during 2013, external funding was secured to provide a number of energy efficiency measures to almost 600 non-traditional properties predominantly in the Leam Lane Estate. The programme comprised of two elements, a contract to provide funding and a separate contract to deliver works. The works programme mobilised in late 2013 and included the provision of external wall insulation, replacement windows and replacement heating systems – where appropriate, through a combination of external funding and a contribution for the maintaining decency element of the capital programme.
4. Following announcements in the Autumn statement, notification was received in late March that the current level of funding would not continue and the reduction in funding was to affect all properties where work had not yet commenced.
5. To date works to 217 properties have either completed or have commenced. Of the properties included in this initial phase of works, 349 properties on the programme are yet to have works carried out. The properties in Leam Lane that were due to benefit from these works are all solid wall homes that experience high fuel bills.

6. The residents that have had works completed have reported high levels of savings on their bills and a sense of pride in the property from the visual improvements. For these reasons we are keen to identify alternate sources of funding to conclude these works and to deliver similar works on other non-traditional properties across the borough. As detailed in the report that came to this committee on 26 February 2014, a further 400 properties have been identified and surveys have been commissioned to establish suitability for inclusion in a future phase of works.

Next Steps

7. The first priority is to ensure adequate funding is available to conclude works to properties included in the initial phase. The delivery partner for these works is currently on site and additional costs are likely to be incurred if the scheme has to cease only to be re-commenced at a later date.
8. Alternate funding offers are currently being considered, including ECO funding (at a reduced rate) and the Green Deal Cash Back scheme that was recently been announced via the Department of Energy and Climate Change (DECC).
9. While external funding offers are being considered, a request has been made to bring forward Capital Investment funding to support the works in the current phase and to supplement further phases. Non-traditional properties are a priority in terms of capital investment and works to improve the appearance and thermal efficiency of these otherwise popular family homes, will continue to feature in future capital schemes.
10. The properties in the current scheme were identified due to their proximity to Home Group owned properties in order to maximise the funding potential and achieve economies of scale. There are over 3,500 other non-traditional properties across the borough that will need to be considered in future years. The request to bring forward capital resources from a future year to support the current scheme, does not represent additional capital but will support the delivery of priority works whilst taking advantage of the external funding that is currently available, albeit at a reduced rate.

Additional Investment Opportunities – Beacon Lough Tower Blocks

11. In addition to the works to low rise, non-traditional properties, funding offers and proposals are also currently being explored to deliver energy efficiency measures and fabric improvements (including roof renewal and window replacement) to the Multi Story blocks at Beacon Lough.
12. The final funding position will be presented to Tower Block Project Board, which comprises of officers from both TGHC and Gateshead council to consider. Funding offers are also being assessed by Gateshead Council's Climate Change team in relation to proposals to introduce a biomass heating scheme at these blocks.

13. The combined schemes were subject to a previous procurement but changes to the ECO funding meant that the previous project was not viable. Further updates will be brought back to this committee as these proposals are developed.

Links to Values

14. This proposal links to the following Company values: -
- Being a listening and learning organisation
 - Being honest, accountable and transparent
 - Being customer focused, innovative and professional

Impact on tenants

15. The works being supported through the funding referenced in this report will significantly increase the thermal comfort in customers' properties and reduce customers' fuel bills in a time where many are affected by welfare reform.
16. External wall insulation improves the appearance of the properties and will sustain otherwise popular properties in the future.

Risk Management

17. External wall insulation is a strong contributing factor for sustaining many of these properties for the next 20-30 years. Failure to carry out the works could result in these properties becoming undesirable due to higher fuel costs than in comparable properties and lower levels of thermal comfort.

Health Implications

18. The works associated with this funding will have positive health benefits, by improving thermal comfort in customers' homes there will be a reduction in cold, damp conditions which can cause respiratory illnesses and excess winter deaths.
19. The improvements to properties will potentially reduce energy bills for customers and reduce the risk of customers falling into fuel poverty.

Financial Implications

20. As there has been a reduction in funding available, a request has been made to bring forward additional Capital to support the works currently being delivered while alternate funding options are explored.

Equality and Diversity Implications

21. There are no equality and diversity issues arising from this report.

Value for Money Implications

22. Value for money is achieved through securing external funding to support priority investment works that would otherwise have to be fully funded using the capital investment programme.

Environmental Implications

23. External wall insulation is estimated to save 1.9 carbon tonnes per year per property (figures based on a 3 bed semi-detached home provided by The Energy Saving Trust).
24. The works will have a significant impact in reducing the carbon footprint of our properties and increasing our SAP ratings.

Consultation

25. Consultation has been carried out with the Finance, Legal, Procurement and Climate Change sections of the council in relation to all areas of activity associated with energy improvement works.
26. Customer consultation and consultation with local ward members has been carried out in advance of any programme commencing in each ward and ward members have been updated on changes to funding.

Recommendations

27. The committee is recommended to note the content of the report and receive further updates on funding proposals and progress on delivery of the works.

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