

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing Environmental and Economic Development

Housing, Environment and Economic Development Committee: 8 June 2011

Subject: Community Energy Savings Programme 2011/12 (CESP)

1. Purpose

- 1.1** This report aims to update members on the external funding streams being offered to WDC by utility companies under the central government scheme related to CESP which, if taken up by WDC, will support the Council in achieving early compliance of the Scottish Housing Quality Standard for these specific homes.
- 1.2** This report will seek members approval for the delegated authority necessary to accept this external funding, subject to all necessary legal and financial authority.

2. Background

- 2.1** The Community Energy Saving Programme has been created as part of the Westminster Government's Home Energy Saving Programme. It requires gas and electricity suppliers to deliver energy saving measures to domestic consumers in specific low income areas of Great Britain. CESP has been designed to promote a "whole house" approach and treat as many properties as possible in defined areas. WDC has identified two such areas which require improvement works supported by this initiative which coincide with improvement identified with the recent stock condition surveys

- 2.2** The projects include external cladding and roof surface replacement to:

- 1. Drumry high flats (5 blocks, 230 homes)
- 2. Rosshead stub and tenement blocks (156 homes)

Discussions with CESP offer providers raised issues of the "whole house" initiative set by Government which may bring in funding to provide heating/window replacement at no additional cost to WDC for these specific properties, and may also provide additional funding for improvement to energy issues in homes adjacent to our project sites without any funding required from the Council. In Summary, the expected project outcomes for both projects will include:

External fabric insulation/cladding
Roof resurface/insulation
Heating system improvements
Window replacements
Home Energy audits

With an opportunity to include Photo Voltaic cells which could provide electricity for services within the high flats.

- 2.3** Following confirmation that this work is necessary from the Council's most recent Conditions Surveys, £3.68 million for commencing these works is included in the 2011/12 Capital Programme which was approved in March 2011. Without any additional CESP funding the allocated monies would meet the requirements of phase 1 only of these two projects with further borrowing to be considered for future years to complete the works.
- 2.4** Central Government has imposed an obligation on utility companies regarding the reduction of carbon emissions across the UK particularly in areas identified as areas of deprivation and fuel poverty. The areas targeted were identified from the Scottish Government's interactive mapping system which identified the areas from the Scottish Index of Multiple Deprivation (SIMD). Both Rosshead and parts of Drumry are designated as areas of multiple deprivation.
- 2.5** Discussions have taken place with several utility companies following the release of this initiative. However, discussion with particular utility companies has included more advanced proposals with offers of part funding for project works and CESP funding concessions at the end of the main project. (This may include for example the offer of replacement heating systems to residents - including owners - in the general vicinity of the high flats at no cost to the residents or the Council. This would also reduce or eliminate any cost for owners within the project boundaries which may otherwise delay progress).

3. Main Issues

- 3.1** The full estimated cost to complete proposed projects for roofs and external cladding only at Rosshead and Drumry is in the region of £6million. This does not include any provision for window replacement or upgrading heating systems which may form part of the CESP initiative.
- 3.2** Officers are currently preparing specification and tender documents to allow a fast track procurement process to commence, which will establish the favoured offer from Utility companies dealing with the CESP procedures.

- 3.3** It is anticipated that the benefit of such an agreement with a utility company is that our overall contribution to these area projects will be approximately equal to the approved allocation for the full estimated cost in para 3.1 above but with additional funding streams provided by the successful company which may fund window replacement and improved heating systems in both Drumry and Rosshead. This additional funding initiative would support the completion of the full projects over 2011/12 and 2012/13 which includes 5 high rise blocks in Drumry , 10 stub-blocks and 3 tenement blocks in Rosshead which otherwise would require WDC capital funding commitments into 2012/13 and beyond. The summarised cost estimates for a CESP supported project is shown in the table below:

PROJECT	2011/12	2012/13	TOTAL
WDC contribution to Rosshead and Drumry	£3.68m	£1.92m	£5.6m
CESP current estimated contribution			£2.4m
Total project estimate			£8m

- 3.4** This will allow WDC to reallocate future funding to alternative SHQS projects.

4. People Implications

- 4.1** Resources will be allocated from the Consultancy Services Section of HEED to assist in the preparation of specification and resulting project management.

5. Financial Implications

- 5.1** The two full projects in Rosshead and Drumry if WDC were to self fund would cost in the region of £10m over several years.
- 5.2** Current estimates are that the overall cost to carry out improvement works i.e. cladding, roofs, heating and window replacement to both Rosshead and Drumry over 2 years would be in the region of £8 million (see above table) with the successful CESP funding provider contributing up to an estimated 30% of that total (£3.68m is already approved for 2011/12 within the Capital programme).
- 5.3** As detailed in 3.4 above, this will allow WDC to reallocate funding to other projects requiring improvement works to meet SHQS compliance.
- #### **6. Risk Analysis**
- 6.1** We require to carry out improvement works to ensure that we achieve real progress towards SHQS compliance and reduction in fuel poverty.
- 6.2** The level of funding offered by utility companies under the CESP scheme allows WDC to bring forward projects to meet the commitments in 6.1 above.

6.3 The timing of the procurement process is critical as any delays in the procurement, appointment and progression of this initiative may compromise the available CESP funding, available only up until the end of 2012. Discussions with utility companies have indicated a September start on site is required to meet the CESP requirements.

7. Equalities, Health & Human Rights Impact Assessment (EIA)

7.1 There are no recognised implications.

8. Conclusions and Recommendations

8.1 WDC officers should continue the fast track procurement process to firm up on the CESP offers available.

8.2 It is recommended that the Committee:-

- (i) note the contents of this report; and
- (ii) recognise the urgency of the limited timescale set by this initiative and allow the Executive Director of Housing, Environmental and Economic Development along with Executive Director of Corporate Services and the Housing Convenor, delegated authority to approve and instruct progression of these initiatives.

Elaine Melrose

Executive Director of Housing Environmental and Economic Development

Date: 11 May 2011

Person to Contact: Helen Turley - Head of Housing and Community Safety, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737598, e-mail: helen.turley@west-dunbarton.gov.uk

Stephen McGonagle - Manager of Maintenance and Repairs, Overburn Avenue, Dumbarton, telephone: 01389 608338, e-mail: stephen.mcgonagle@west-dunbarton.gov.uk

Appendix: None

Background Papers: None

Wards Affected: 1 and 5