

REPORT TO: HOUSING COMMITTEE – 10 MARCH 2014

**REPORT ON: HOME ENERGY EFFICIENCY PROGRAMMES – AREA
BASED SCHEMES, UPDATE**

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 118-2014

1. PURPOSE OF REPORT

- 1.1. The report updates Committee on the effects of the Chancellor's Autumn Statement on the availability of ECO funding for energy efficiency projects and the consequences for Dundee City Council's planned external wall insulation programme.

2. RECOMMENDATIONS

It is recommended that Committee agrees :

- 2.1. External wall insulation at the 236 Boots properties in Graham Street 1st development proceed following negotiation with SSE using HEEPS:ABS and ECO funding.
- 2.2. External wall insulation to the 264 properties at the Boots Lawton development proceeds following negotiation with EDCS utilising Housing Capital Funding and HEEPS:ABS (Home Energy Efficiency Programme Scotland: Area Based Schemes) funding.
- 2.3. The remaining three areas that were part of the original 1,412 property project, approved at Housing Committee, 9th September, 2013 (and further solid-wall and non-traditional properties) be included in a Framework Tender for external wall insulation, covering the period 2014 – 2017, utilising Housing Capital Funding, HEEPS:ABS and any available ECO funding.

3. FINANCIAL IMPLICATIONS

Programme costs will be met from the provision of £4.1m within the approved HRA Capital Budget 2014/15. In addition HEEPS:ABS funding of £1.5m was received in 2013/14 with a future £1.702m earmarked in 2014./15.

4. MAIN TEXT

- 4.1. Reference is made to the report to Housing Committee on the 9th September 2013 (Report No: 364-2013) which agreed the details of the implementation within Dundee of the HEEPS:ABS programme introduced by the Scottish Government. After a lengthy procurement process and identification of successful tenderer the Chancellors Autumn Statement announced potential changes to ECO funding which effectively removed approximately £3 million from the overall funding for the project

of 1,412 properties. This resulted in the proposed project becoming unsustainable financially and subsequently the tender has been collapsed..

- 4.2. In response to the potential changes to ECO funding the Scottish Government has recognised the effect that this will have on the delivery of energy efficiency projects and as a result of this additional funding has been made available through the HEEPS:ABS programme. Local Authorities have been invited to bid for additional resources for both 2013/14 and 2014/15. A bid has consequently been submitted by the council in an attempt to mitigate the effects of the ECO funding reduction. Meanwhile, further investigations are continuing to identify any alternative funding that will allow us to maximise the number of properties to benefit from future external wall insulation programmes.
- 4.3. As the Council had already made provision for the part funding of this programme through the Housing Capital Budget and because HEEPS:ABS funding of £1.5 million is still available for 2013/14 for spend up to the end of September 2014, an opportunity has been identified to allow two project areas, within the original five areas to proceed; these are ,Boots Lawton (264 dwellings) and Boots Graham Street 1st (236 dwellings) which will include all tenants and owners as originally planned.
- 4.4. It is proposed that the Boots Lawton project is negotiated with EDCS, with a view to starting onsite early in 2014/15, using HEEPS:ABS funding from 2013/14 and 2014/15 allocations. The balance will be funded from the HRA Capital budget.
- 4.5. It is proposed that the Boots Graham Street 1st development proceeds on the basis of a partnership with SSE (Scottish Southern Electric), who have managed to source ECO funding at a level which alongside HEEPS:ABS funding will allow this project to proceed. SSE will procure this project through an existing framework, that has been subject to OJEU (Official Journal of the European Union). SSE will fully manage the project and hold community engagement events to kick start the process explaining the benefits of the works to owners and tenants. Council staff will have full involvement throughout the process.
- 4.6. It is proposed that the remainder of the original 1,412 properties (BISF West Kirkton, Arklay St 1st & 2nd development, and Dryburgh Orlits) will be tendered as part of a separate framework agreement taking into account the revised funding arrangements. This process will commence immediately with a view to appointing a contractor in summer 2014.
- 4.7. This framework will also be used for future programmes of external wall insulation up to financial year 2016/17 with the potential for extension to future years. EDCS will be involved in shadowing this process and will be utilised as a contractor for a proportion of these works.
- 4.8. Core funding is available to fund external insulation for Council owned properties within the current 5 year HRA Capital budget, however, we require HEEPS:ABS and any available ECO funding to ensure owner occupiers can be included in the programme, particularly where they form part of a mixed tenure block and their agreement is necessary for works to proceed to the whole block. The level of HEEPS:ABS funding allocated will vary depending on the amount of ECO funding the Council can demonstrate it can lever in to support the programme.

5. **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

6. **CONSULTATIONS**

The Chief Executive, Director of Corporate Services and Head of Democratic and Legal Services and all other Chief Officers have been consulted on the preparation of this report. No concerns were expressed.

7. **BACKGROUND PAPERS**

None

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