

## ITEM No ...4.....

**REPORT TO:** NEIGHBOURHOOD SERVICES COMMITTEE – 19 NOVEMBER 2018

**REPORT ON:** POTENTIAL USE OF SCOTTISH GOVERNMENT EQUITY RELEASE SCHEME FOR PRIVATE RESIDENTS IN NON-TRADITIONAL EX-COUNCIL COTTAGES

**REPORT BY:** EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES

**REPORT NO:** 349-2018

### **1 PURPOSE OF REPORT**

- 1.1 To request Committee approval for Neighbourhood Services to facilitate a scheme of External Wall Insulation for owners of non-traditional ex-Council cottages utilising the Scottish Government's Equity Release Pilot Scheme which has been extended to Dundee.
- 1.2 To request Committee approval for publicising the scheme to all of the owners at locations outlined at paragraph 4.2.
- 1.3 To request Committee approval for setting aside a maximum of £140,000 from the 2019/20 HEEPS:ABS allocation for owners who wish to have their homes in these specified areas externally insulated.

### **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee gives approval for Neighbourhood Services to provide information on the Equity Release scheme to all owners included in the list at paragraph 4.2 and to follow this up with information sessions and facilitation of EWI installation utilising the HEEPS Equity Release loan.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 There are no direct financial implications for the Council arising from the approval of this report. Notwithstanding this, implementing the scheme will effectively set aside a proportion of the 2019/20 HEEPS: ABS (Home Energy Efficiency Programme Scotland: Area Based Schemes) allocation. This external funding, provided by Scottish Government, would have otherwise been available to fund the provision of external wall insulation projects for other private residents in financial year 2019/20. Depending on the level of demand, implementing the new scheme may also require allocating a proportion of future HEEPS: ABS allocations for this purpose.

### **4 BACKGROUND**

- 4.1 One of the main ways in which the Council is meeting and will continue to meet its obligations under EESSH (Energy Efficiency Standard for Social Housing) in its own stock is through its EWI (External Wall Insulation) programme. Properties included in this programme are of either solid (stone or brick) wall or non-traditional construction where less-expensive CWI (Cavity Wall Insulation) is not an option. Progress has been made through areas of non-cavity construction according to a running order based on ranking within the SIMD (Scottish Index of Multiple Deprivation) with the most deprived areas being treated first.

The majority of this stock is flats in 2 or 3-storey tenements and 4-in-a-blocks and the availability of the Scottish Government's HEEPS:ABS funding for private residents within these mixed-tenure Council estates has meant it has been possible to insulate blocks in their entirety. Economies of scale have provided unit prices in the region of £6,500 which is in line with the maximum HEEPS:ABS funding available of up to £6,500 per flat. By the end of the 2017/18 programme, more than 3,500 properties had been externally insulated. Given the improvements in thermal efficiency, improved visual impact of the EWI and the transformational effect it can have on neighbourhoods, the programme has proved very popular with residents.

As well as flats, there are some solid wall and non-traditional properties in various cottage-style estates throughout the city. However the unit cost of externally insulating a cottage is much higher than for flats and in excess of the maximum HEEPS:ABS grant for cottages of £7,000 per unit. Within cottage estates, due to lack of funding for owners, the Council has only been able to insulate its own properties.

Due to the structural issues in these non traditional houses, these properties require a structural insulation product which has costs in the region of £22,000-£26,000, far in excess of the cost of EWI for solid wall properties. Since the award of maximum HEEPS:ABS of £7,000 would still mean tenants having to fund costs of up to £19,000 from their own resources to meet the balance, it has not until now been possible to deliver an affordable package of EWI for owners of these non traditional cottages.

The Scottish Government has now extended a pilot Equity Release scheme, previously operated elsewhere in Scotland, to Dundee and this may now present the opportunity of enabling owners to obtain EWI at no upfront cost. The product is called a HEEPS Equity Loan. This lets homeowners borrow money against the value of their property without the need for any ongoing repayments. The loan is paid back when they sell the property or when the last applicant dies. A loan can be taken out for a variety of energy saving measures as well as any up-front repairs needed to allow them to go ahead and EWI is Included. A maximum of £40,000 can be borrowed so long as this is not more than 50% of the property's market value. The owner must retain 30% equity in their property.

It is clear that a loan of this kind is a major undertaking which would require careful consideration by owners. Owners would require detailed information before they could consider signing up to the scheme. It must be emphasised that this scheme is backed by the Scottish Government and it is the Scottish Government which would own the stake in the resident's property.

In order to assist owners for whom the HEEPS Equity Loan presents the opportunity to obtain EWI, it is proposed that Neighbourhood Services issues letters to residents in the undernoted areas explaining the HEEPS Equity Loan and asking them whether they would be interested in finding out more information by attending information sessions organised by the Council. Dependant upon responses to this initial communication, Neighbourhood Services would then invite the Energy Saving Trust, Care and Repair, which manages the HEEPS Equity Loan scheme on their behalf, and HES (Home Energy Scotland) along to drop in sessions with householders and the Council. This will enable the Council to determine how much of DCC's 2019/20 HEEPS:ABS allocation would be required for owners.

It would be the intention to limit this initially to £140,000 so that the delivery programme to other flatted properties can continue. If this proves to be insufficient for the number of owners coming forward, then it is further suggested that a waiting list be established so that they can benefit from subsequent year's HEEPS:ABS allocations.

- 4.2 Owners in the undernoted areas are those where Council properties have recently benefited from EWI and where it is proposed letters are issued to inform owners about the HEEPS Equity Loan:

Area	Total residents	Total Council	Total privates
Dryburgh 2 <sup>nd</sup> Orbits	216	89	127
St. Mary's 1 <sup>st</sup> Orbits	55	28	27
St. Mary's 5 <sup>th</sup> Orbits	93	69	24
Fintry 2 <sup>nd</sup> Orbits	126	89	37
West Kirkton British Iron and Steel Federation (BSIF) houses	300	54	246
Totals	790	329	461

**5 POLICY IMPLICATIONS**

- 5.1 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**

- 6.1 The Councils Management Team were consulted in the preparation of this report.

**7 BACKGROUND PAPERS**

- 7.1 None.

Elaine Zwirlein  
Executive Director of Neighbourhood Services

David Simpson  
Head of Housing and Communities

DS/HMcQ/EH

25 October 2018

