

REPORT TO: HOUSING COMMITTEE – 9 SEPTEMBER 2013

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

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 364 – 2013

ITEM No ...5.....

1. PURPOSE OF REPORT

The report advises Committee on the implementation of the new Home Energy Efficiency Programme for Scotland - Area Based Schemes (HEEPS-ABS) introduced by the Scottish Government within Dundee.

2. RECOMMENDATIONS

It is recommended that Committee agree the implementation of the HEEPS-ABS programme utilising the £1.935 million secured from the Scottish Government.

It is further recommended that Committee remit the Head of Democratic and Legal Services, in conjunction with the Director of Housing, to appoint an appropriate ECO (Energy Company Obligation) partner and a contractor to deliver the programme following the completion of the tender process.

3. FINANCIAL IMPLICATIONS

The Council has been awarded £1.935 million for the delivery of area based schemes by the Scottish Government for 2013/14 . The Council's contribution to the overall project will be £3.706 million from the Housing Capital Programme in 2013/14 and 2014/15.

4. MAIN TEXT

The Council is committed to reducing carbon emissions and reducing fuel poverty. Housing contributes to this objective by ensuring the development of new energy efficient homes as well as improving the thermal insulation of the existing housing stock.

4.1. Progress to Date

The City Council has been successful in bringing forward schemes which qualify for the Community Energy Saving Programme (CESP) and Carbon Emissions Reduction Target (CERT). Working in partnership with Scottish Gas, £5m has been obtained to deliver CESP's by means of external insulation and provision of district heating schemes in both 4 multi storey blocks in Dallfield and another 4 in Lochee. The Council, in partnership with Scottish Gas, has levered in funding of £3 million to deliver an Energy Company Obligation (ECO) project to the blocks at Adamsons and Elders Courts along with adjacent low rise properties in Lochee. These projects have resulted in warmer homes for 916 tenants and savings of around 30% on their energy bills.

Carbon Emissions Reduction Target (CERT) has contributed to additional costs of external insulation in a number of mixed tenure blocks in Menzieshill and Kirk Street. The Universal Home Insulation Scheme (UHIS), £1m of Scottish Government funding over 3 years, has benefited thousands of homes across the City by providing increased loft insulation and/or

cavity wall insulation across the city both in the public and private sector.

4.2. **ECO and Green Deal**

Under the Energy Act 2011, from 2013 the CESP and CERT schemes have been replaced by ECO and Green Deal. The Energy Company Obligation is the provision of subsidies by energy companies for insulation and carbon saving measures for which they can claim carbon credits from the Westminster Government. Green Deal provides low cost loans to individual householders to undertake physical improvements to improve the energy efficiency of their property which will be repaid by the householder through an additional charge on their electricity bill.

Home Energy Efficiency Programme for Scotland – Area Based Schemes (HEEPS-ABS)

In order to maximise the uptake of ECO in Scotland the Scottish Government has introduced HEEPS-ABS for local authorities. The key objectives for area based schemes are:

- To reduce fuel poverty.
- To reduce carbon emissions.
- To lever in ECO funding.
- To support the local economy and sustainable local economic development.

The Scottish Government recognises that for councils to implement effective thermal insulation measures (in the main involving external insulation and render) across the housing stock this has to be inclusive of all tenures. Along with ECO funding from energy companies, HEEPS-ABS funding facilitates the provision of cost effective programmes including owned and tenanted properties. HEEPS-ABS funding ensures that insulation can be delivered either free or at very low cost to owners thereby encouraging them to participate.

The Scottish Government has made £60 million available in 2013/14 which is being distributed £30 million on a needs basis based on a formula agreed by COSLA and £30 million bid for by councils to meet needs in their areas. Dundee City Council has been successful in obtaining £1.935 million for 2013/14 based on a needs allocation of £854,000 and an additional allocation of £1.081 million.

4.3. **Dundee City Council Programme**

The Council is directing the HEEPS-ABS funding to programmes including former council properties sold under the Right to Buy and mixed tenure blocks. Priority is being given to tackling those property types with the poorer thermal insulation standards such as solid wall and non traditional construction types. Consideration has also had to be given to ensuring a suitable mix of properties and measures which maximise ECO and HEEPS-ABS funding. Based on these criteria the initial programme will include 1412 properties within the following developments and are shown on the attached map (appendix 1).

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| • Arklay Street 1st and 2nd developments (solid-wall tenement flats) | 396 properties |
| • Lawton Boots (non-traditional 4 in-a-block flats) | 264 properties |
| • Graham Street 1st developments (non-trads as for Lawton) | 236 properties |
| • West Kirkton BISF (non-trad cottages) | 300 properties |
| • Dryburgh Orbits (non-trad cottages) | 216 properties |

4.4. **Delivery of the Programme**

Delivery is very challenging given the timescales since the bidding process and funding has been announced and the need to issue tenders for delivery. The HEEPS-ABS funding has been awarded to be spent in 2013/14. However, the ECO contribution will be over 2 financial years as will the Council's contribution of £3.706 million from the Housing Capital Estimates.

The Council is required to seek a fully managed scheme for implementation of the work. This involves an ECO partner to provide the ECO financial contribution as well as a contractor to deliver the programme. The Council is currently undertaking a procurement process to select an appropriate ECO partner and contractor.

4.5. **Conclusion**

Following the completion of the tender process, including an assessment of the bids received on the basis of cost, quality, community benefit and ECO subsidy provided, approval is sought for the Head of Democratic and Legal Services, in conjunction with the Director of Housing, to appoint an appropriate ECO (Energy Company Obligation) partner and a contractor to deliver the programme of insulation and energy saving measures to the properties outlined in paragraph 4.3 above maximising the external resources harnessed both from the Scottish Government - £1.935 million and ECO contribution.

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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DATE: SEPTEMBER 2013

