

REPORT TO: HOUSING COMMITTEE – 20 AUGUST 2001 AND PERSONNEL AND MANAGEMENT SERVICES COMMITTEE – 10 SEPTEMBER 2001

REPORT ON: SCOTTISH EXECUTIVE CENTRAL HEATING INITIATIVE

REPORT BY: DIRECTOR OF HOUSING AND DIRECTOR OF PERSONNEL AND MANAGEMENT SERVICES

REPORT NO.: 497 - 2001

1. PURPOSE OF REPORT

To report back to members on the outcome of Dundee City Council's bid to the Scottish Executive for resources to undertake the Central Heating Initiative for council house tenants in Dundee. The report will outline the size of the grant allocated and the additional resources that will be required to administer the scheme.

2. RECOMMENDATIONS

2.1. It is recommended that the Housing Committee:

2.1.1. Note the Scottish Executive's allocation of £1,897,500 for financial year 2001/02 specifically to fund the Central Heating Initiative.

2.1.2. Agree that the grant is partly utilised to fund up to £2,500 per house on 190 houses already agreed at the Policy and Resources Committee on 18 June 2001 as part of the Heating for All Programme.

2.1.3. Agree to an additional 569 houses being brought forward for completion this financial year.

Addresses of these houses to be brought forward are included at Appendix 1 although it should be noted that some houses in these developments may carry forward to financial year 2002/03.

2.1.4. Agree to enter into negotiated contract arrangements with up to five contractors for financial year 2001/02 with a view to entering into formal partnerships for the four year length of the programme to ensure both availability of contractors able to carry out the work and to ensure consistency of price for the Council over the same period of time.

2.1.5. Agree to Dundee Community Energy Partnership carrying out national home energy rating surveys in each house, energy advice and budgeting advice for all tenants involved, and a benefit check. At a cost of £32 per house for two visits, this cost will be met from the Scottish Executive allocation.

2.1.6. Agree to the installation of carbon monoxide detectors and cold alarms in each house benefiting from the programme. This will be funded from the Scottish Executive allocation.

2.1.7. Agree that prices are negotiated with contractors on this year's projects, and that the contractors are approved by delegated powers to Chief Officers and are reported retrospectively to Housing Committee.

This will help to ensure a full spend this financial year.

2.2. It is recommended that Personnel and Management Services Committee:

2.2.1. Agrees to the establishment of one post at Project Officer grade scale points 27-30 (£18,378-£20,397) for an initial period of 18 months in the Improvements & Maintenance Unit.

2.2.2. Agrees to the establishment of two posts at Housing Officer grade scale points 19-26 (£14,484-£17,796) for an initial period of 18 months in the Improvements & Maintenance Unit.

3. **FINANCIAL IMPLICATIONS**

An additional allocation of grant of £1,897,500 has been received for financial year 2001/2002 to install the heating package in 759 dwellings including the 190 houses that had already been approved as part of the Heating for All Programme at the Policy and Resources Committee on 18 June 2001. The net effect on the Capital Budget will be an additional expenditure of £189,000. This can be met by an approved carry-forward of underspend from financial year 2000/2001.

In addition to the costs of the work itself the cost of additional staffing will be as detailed in Paras 2.2.1. and 2.2.2. over the four-year period of the initiative. It is proposed to meet these staffing costs from the Housing Planned Maintenance Budget. The posts will be reviewed at the end of the initial 18 month period subject to continuing resources being available from the Scottish Executive for the Central Heating Initiative.

4. **LOCAL AGENDA 21 IMPLICATIONS**

The integrated package of measures on offer from the Scottish Executive will increase the energy efficiency of the Council's housing stock thus reducing CO₂ emissions into the atmosphere. In achieving this objective issues of fuel poverty amongst council tenants will also be addressed.

5. **EQUAL OPPORTUNITY IMPLICATIONS**

The additional allocation will have the affect of lifting significant numbers of council house tenants out of fuel poverty.

6. **BACKGROUND**

6.1. Central Heating Initiative Allocation

Dundee City Council has received an allocation of £1,897,500 from the Scottish Executive to install full central heating in 759 houses where no form of heating currently exists. The total allocation to Scottish Authorities was £9,000,000.

6.1.1. The allocation allows £2,500 to be spent per house to provide:

i. A full central heating system.

- ii. Insulation up to current standards to lofts and tanks.
- iii. Energy advice to tenants.
- iv. A cold alarm, carbon monoxide detector, and a mains-linked smoke detector.
- v. A benefits check.

It is estimated that the cost to the Council of providing the above package is approximately £3,500 per house. The balance of £1,000 per house will be met from the continuing commitment to the Council's Heating for All Programme funded from the Housing Capital Budget. If houses require an upgrading of their electrical installation this will be carried out at the same time as the heating installation and the additional cost met from the overall capital budget.

- 6.1.2. Year one of the scheme allows the Council to fund heating installations that have commenced since April 2001. In the City Council's case this means that 190 houses from this year's Heating for All Programme can be funded from the allocation. This releases £475,000 from this year's Capital Budget which can be used to partially meet the shortfall of budget for the additional 688 houses brought forward from future years. The affect of the shortfall of budget for future years of the programme will be allowed for in the draft capital three-year plan to be reported at Policy and Resources Committee in October 2001.

6.2. Partnering with Contractors

A major hurdle in implementing an increased programme both this financial year and in the future years of the initiative is the ability of local contractors to cope with the increased number of houses in the Council's Heating Programme. In order to provide continuity of work for contractors and an element of certainty on their resource requirements it is proposed that the Council enters into a partnering arrangement with up to five contractors who have worked on the Heating Programme. Due to time constraints, full partnerships will not be entered into this financial year but negotiated prices will be agreed with these contractors for the projects brought forward to this financial year. Successful performance on these projects will lead to negotiations on partnering for the remaining years of the programme. This method of procurement will have benefits to the City Council regarding certainty of price achieved and value for money over the period of the initiative. The contractors who will be spoken to initially are detailed at Appendix 2 although this list is not exhaustive and does not preclude other contractors becoming involved in the initiative in future years.

- 6.2.1. As part of this exercise it is proposed that this financial year prices are negotiated with contractors for the projects that have been brought forward and these are approved under delegated powers by Chief Officers and reported retrospectively to Housing Committee. This will ensure that a full spend of the allocation can be achieved this financial year.

6.3. Dundee Community Energy Partnership

This partnership comprises Dundee City Council, Southern and Scottish Energy PLC, and Transco, and has been set up with the remit to deal with fuel poverty in the Dundee area. The partnerships have agreed to assist the Council with the Central Heating Initiative by carrying out the following elements of the package.

- i. National home energy ratings of each house.
- ii. Energy advice to tenants.

iii. Benefit check.

The cost to the Council of these visits will be £32 per house and has been allowed for in the overall financial implications of the initiative.

6.4. Staffing the Initiative

The net affect of this year's extended heating programme is an additional 569 houses to be completed. In order to resource this in staffing terms it is proposed that one post at Project Officer level APIV and two posts at Housing Officer level APII/IIII be created in the Improvements & Maintenance Unit for the duration of the initiative. This cost will be met from the overall Housing Planned Maintenance Budget.

7. **CONSULTATIONS**

All Chief Officers, Dundee Federation of Tenants' Associations and the Trade Unions have been consulted on this report.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

SIGNED _____

DATED _____

JAMES PETRIE
DIRECTOR OF
PERSONNEL & MANAGEMENT SERVICES

SIGNED _____

DATED _____

APPENDIX 1

DEVELOPMENTS BROUGHT FORWARD TO 2001/2002

Fintry 1st

Fintry 2nd

Fintry 3rd

Fintry 4th

Hilltown Redevelopment (Hilltown Terrace, McDonald Street)

Douglas 2nd Cottages

Dryburgh 3rd

St. Mary's 3rd Cottages

St. Mary's 6th, 7th, 8th and 9th Cottages

West Kirkton 1st Brick

APPENDIX 2

CONTRACTORS TO BE USED

Dundee Contract Services
CFM
D. Campbell
McGills
DH Morris