

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND  
ENVIRONMENT SERVICES COMMITTEE -  
14 FEBRUARY 2011

REPORT ON: DALLFIELD COMMUNITY ENERGY SAVING PROJECT

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 8-2011

## 1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to seek approval of the Dallfield Community Energy Saving Project to install district heating, external insulation and upgrade kitchens and bathrooms at Dallfield Multi Storey Development (MSD) and associated low rise flats, carried out as part of the Community Energy Saving Programme (CESP).

## 2. RECOMMENDATIONS

It is recommended that the Committee:

- i. agree to contents of this report;
- ii. agree to the funding by Scottish Gas of an additional staff resource for a period of 18 months and notes that the Director of Housing and Head of Personnel will progress this via the established change process;
- iii. authorise the Director of Housing to enter into an agreement with Scottish Gas to secure the project.

## 3. FINANCIAL IMPLICATIONS

- 3.1. The overall projects costs are as follows:

• External wall insulation	£1.9m
• District heating to 336 MSD flats	£2.7m
• Domestic Heating to 14 low-rise flats	£0.09m
<b>Total Cost</b>	<b>£4.69m</b>

Dundee City Council's share of this will be £2.22m and an allowance has been made in the Housing Capital Budget. Within this sum Scottish Gas will be providing £41,000 to fund a post of Tenant Liaison Officer for 18 months.

#### 4. **MAIN TEXT**

- 4.1. Over the past 12 months the Housing Department have been working closely with Scottish Gas to explore investment opportunities to make energy saving improvements for residents of the four MSD blocks of flats in Dallfield and to bring this stock up to the Scottish Housing Quality Standard (SHQS).
- 4.2. Achieving the SHQS in MSD blocks is difficult and costly primarily because it is not easy to achieve an adequate level of external insulation and it is not feasible to provide homes that are warm and energy efficient by using individual dwelling electric heat and hot water systems.
- 4.3. One practical option to have a warmer, energy efficient and affordable home in a MSD is to upgrade the external render and to install a district heating system. District heating in a residential MSD is a system that will distribute heat generated from one energy centre via a network of insulated pipes into individual homes.

The energy centre is basically a large room or building which will house the gas-boilers which provide the heat for the water which is then distributed to the individual flats via a series of pipes. Radiators, just like the ones associated with a 'wet' central heating system will be fitted in the flats, together with individual heat-exchangers which take the place of boilers.

- 4.4. As well as providing higher efficiencies district heating is a cost effective and realistic method of cutting carbon emissions.
- 4.5. Installing a new external render insulation system and installing a district heating system is not normally a feasible option for the City Council because they both require a high level of initial capital expenditure.
- 4.6. However, working with Scottish Gas the Director of Housing has been able to access funding under the Community Energy Saving Programme (CESP) and this has allowed this more much extensive project to go ahead.

#### **THE COMMUNITY ENERGY SAVING PROGRAMME (CESP)**

- 4.7. CESP has been created as part of the government's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators 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 to treat as many properties as possible in defined areas, in order to meet carbon emissions reduction targets.
- 4.8. CESP came into force on 1 September 2009 and has an obligation period that will run from 1 October 2009 to 31 December 2012.
- 4.9. There are strict qualifying criteria for CESP funding. To qualify for CESP, an area has to fall into the poorest 15% in the income domain as defined by the SIMD (Scottish Index of Multiple Deprivation). Under this definition, Dallfield MSD and associated low-rise qualifies for CESP. Qualification does not however mean that a CESP will be granted automatically as there is a bidding competition and utilities decide on which schemes they wish to embark on and which Councils they want to work with.
- 4.10. In October 2009 Scottish Gas agreed to work in partnership with Dundee City Council to compile and submit a proposal for CESP funding for the Dallfield project. Dundee was one of the first two CESP areas announced in Scotland.

4.11. Confirmation of CESP approval was granted by OFGEM on 7 December 2010. Work is still on going in terms of consulting with tenants, finalising the design and preparing for installation.

4.12. The cost allocation is as follows:

- Scottish Gas (CESP Funding) £2.47m
- Dundee City Council £2.22m

The Council have already included an sum of £3.88m in the Five Year Housing Capital Budget from 2011/12 to 2015/16 (ref 19-2011 - January 2011). The overall sum is for works, fees, allowances and for upgrading kitchens and bathrooms.

The kitchen and bathroom element of this project is not eligible for CESP funding but it was considered prudent to include it at the same time to avert further disruption to tenants in years to come.

4.13. Payment for the above is to made in three instalments:

- 50% at start of contract not before April 2011
- 45% on completion of contract and not before April 2012
- 5% one year defect period.

#### **CONTRACT FORMAT**

4.14. The project will be secured on the principles of a Design and Build Contract for use in Scotland. All permissions and approvals, including building regulation compliance, planning and building controls, will be the responsibility of Scottish Gas and will be incorporated into the contract. The contract format meets with the approval of the Councils Support Services Department.

4.15. Agreement has been reached by Scottish Gas to appoint the McGill Electrical Ltd, Lawtech Ltd and Rockwool System Designers as sub-contracts.

#### **PROJECT TIMESCALE**

4.16. Details are still being discussed and final designs agreed and approved, however, on site work to commence April 2011 and run for 18 months thereafter.

#### **MAINTAINING STANDARDS**

4.17. All installations of domestic heating systems and installations of kitchens and bathrooms will meet the current council standard specifications in full and in accordance with our supply chain agreement for boilers and kitchen. Any amendment or adjustments to this must be considered and agreed and/or approved by council.

4.18. Housing Department Service Standards and our Contractors Code of Conduct will be incorporated into in the contract.

4.19. Tenants will be entitled to all allowances afforded to them as part of the Tenants Allowance Policy (ref 90-2010 - March 2010).

4.20. Agreement has been reached and financial commitment made by Scottish Gas to finance the provision of a Tenant Liaison Services to be delivered by the City Council's Housing Department for the period March 2011 to December 2012 to the value of approx £41,000.

## **METERING**

- 4.21. One of the things that the new scheme will look at is an arrangement whereby residents will be supplied with a very basic level of heating free of charge (funded out of the 'free' heat obtained through one of the renewable components of the system.) This will preserve the fabric of the building.

The rest of the heat used by the tenant will be paid via a meter installed in the flat for which the tenant can purchase tokens locally. Further analysis and arrangements require to be put in place on purchasing credit.

## **TENANT EXPECTATIONS**

- 4.22. Existing and new tenants of the Dallfield MSD can expect a real transformation over the coming years. The partnership with Scottish Gas will result in a substantial investment that will keep flats warmer, reduce heat-loss through walls and give the blocks a whole new appearance. The proposed district heating system will make a real difference to tenants by making their homes more energy efficient and more comfortable to live in with dramatically lower heating bills, estimated to be up to 30-40% lower. Tenants can also look forward to modern kitchens and bathroom being installed.
- 4.23. This is part of on going dialogue and consultation with local residents in the Dallfield area about local management initiatives, housing support packages to those who want them, in order to prevent anti-social behaviour and restore residents' confidence in the area. Operation Siren and the formation of a Dallfield Action Group has resulted in closer liaison between Housing Department, Police, Community Wardens, Caretakers and others in area to reduce nuisance and resolve residents' perceived concerns in and around the Dallfield MSD.
- 4.24. At the request of the local Resident Group a Community Open Day took place at the city's central Library in the Wellgate on 9th February 2011 designed to give Dallfield residents the opportunity to find out more about the proposed work in their area and the benefits of making homes more energy efficient. There were opportunities to seek advice from a number of other agencies including the Scottish Gas CESP team, Dundee City Council, Scottish Gas Home Energy Care, Rockwool, Citizens Advice Bureau and Dallfield Action Group.

## **COMMUNITY LEGACY**

- 4.25. As well as the extensive physical refurbishment and increased energy performance of the dwellings in Dallfield and the accompanying initiatives to combat anti-social behaviour, this project will leave a further community legacy. Scottish Gas will provide a community 'pot' of £40,000 for allocation by the community.
- 4.26. Housing officers will meet with the newly-formed Residents' Group in Dallfield to work up proposals for one or more initiatives that will benefit the community in the local area. These projects can be anything the residents choose - additional security, a children's play area and equipment, a scented garden with seating, a piece (or pieces) of community art - anything which they feel can be of benefit to the area.
- 4.27. In addition, Scottish Gas will provide solar PV (photovoltaic) panels at Rosebank, St Vincent's and Longhaugh Primary School. The PV panels - worth between £20,000 and £40,000 - will be installed free of charge and allow the schools to generate green energy for no cost, cutting as much as 20% (£400) off their annual fuel bill and saving 3.5 tonnes of CO<sub>2</sub> a year. As well as the environmental and economic benefit, these panels will be useful educational tools.

Output display modules will show the panels' activity and Scottish Gas will release new lesson resources to assist teachers with explaining the solar panels to pupils.

## 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.
- 5.2. An Equality Impact Assessment has been carried out and will be made available on the Council Website <http://www.dundee.gov.uk/equanddiv/equimpact/>

## 6. **CONSULTATIONS**

The Chief Executive, Depute Chief Executive (Support Services), Director of Finance, Assistant Chief Executive and all other Chief Officers have been consulted in the preparation of this report. No concerns were expressed.

## 7. **BACKGROUND PAPERS**

- Five Year Housing Capital Budget from 2011/12 to 2015/16 Revision (ref 19-2011 - January 2011)
- Tenants' Allowances Update on (ref 90-2010 - March 2010)
- Equality Impact Assessment (24 September 2010)

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**JANUARY 2011**