

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 15 AUGUST 2017

HOME ENERGY EFFICIENCY PROGRAMME FOR SCOTLAND – GRANT BID 2017/18

REPORT BY HEAD OF HOUSING, REGULATORY AND PROTECTIVE SERVICES

ABSTRACT

This report advises of a grant award from the Scottish Government through the Home Energy Efficiency Programme: Area Based Schemes (HEEPS:ABS).

1 RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) notes the successful grant award to Angus of £1,375,714 for 2017/18;
- (ii) notes that procurement authority has already been approved for the use of Scotland Excel and Scottish Procurement Alliance energy efficiency measure frameworks in report number 174/17 approved by the Communities Committee on the 6 June 2017 in accordance with Sections 16.6 and 16.8 of the financial regulations;
- (iii) approves the Service Manager (Housing), in consultation with the Service Manager (Property), to select a Contractor from the Scotland Excel framework 09-13, whether by direct award or by mini-competition, to ensure best value is obtained, in accordance with Sections 16.6 and 16.8 of the Financial Regulations.

2 ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/ CORPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities.
- Angus is a good place to live in, work in and visit.
- Our carbon footprint is reduced.

3 BACKGROUND

3.1 In recent years there has been very significant investment in the upgrading of Council and Registered Social Landlord (RSL) stock to meet the Scottish Housing Quality Standard and address fuel poverty. As a result, issues of stock dis-repair and poor housing quality are now often more prevalent in the owner occupied and private-rented sectors, including stock sold-off under Right-to-Buy legislation.

3.2 In addition, there can be difficulties upgrading Council and RSL stock, where the sale of stock under Right-to-Buy legislation has created mixed-tenure terraces and blocks of flats, if homeowners or private landlords are unwilling or unable to pay for the upgrading of their property. This can sometimes prevent the upgrading of adjoining Council and RSL stock.

3.3 In March 2017, Angus Council was invited to bid for an allocation of funding from the Scottish Government for area based schemes to tackle fuel poverty and improve the energy efficiency of Scotland's housing stock. This grant is available only to private owners/landlords and is also dependent on drawing in funding of ECO (Energy Company Obligation). This grant application of £1,375,714 has been successful as per our Offer of Grant dated 27 June 2017.

- 3.4 Our targeting of specific areas of Angus for HEEPS:ABS has been informed by a range of data sources. These include the 2012 Scottish Index of Multiple Deprivation (SIMD) at Datazone level, plus 2012 CACI (Consolidated Analysis Centre Incorporated) household income data at Intermediate Geography level. Data from the Energy Saving Trust's (EST) Home Energy Efficiency Database (HEED) system and Home Analytics database has also been used, and local knowledge of issues of poor housing quality and fuel poverty has played a part.
- 3.5 Properties in the private sector require maintenance to ensure they do not fall below tolerable standards and meet the Scottish Core Standards for Accredited Landlords. The Council has an important role to help property owners to maintain their properties in good repair, and keep them in use, preventing increases in un-met housing need.
- 3.6 Angus HEEPS:ABS 17/18 aims to target owner occupied and privately rented properties in both Borrowfield, Montrose, and Warddykes, Arbroath, which both consist entirely of properties of a no-fine, solid wall construction. All properties within this cohort of stock would benefit from upgrading with External Wall Insulation (EWI). Following the Warm Angus 2014/15 & HEEPS:ABS 2015/17 campaigns, a significant customer base/interest has been established within these areas so this bid will continue the improvements already carried out.
- 3.7 Furthermore, Angus Council is looking at utilising a small proportion of HEEPS:ABS funding to complement our 2017/18 External Wall Insulation (EWI) programme for private owners in mixed tenure terraces or blocks of flats which are preventing us upgrading our adjoining stock. Our 17/18 capital programme will target properties requiring EWI in Angus which are hard to treat. This will cover the Forfar and Montrose areas.
- 3.8 Angus Housing Association made an application through Angus Council to bid for £677,228 of the total allocation of £1,375,714 which they will be using to externally insulate a number of their ex-Angus Housing Association 'no fines' properties in Borrowfield, Montrose.

4 CURRENT POSITION

- 4.1 Angus Council has already obtained committee approval to support the use of procurement arrangements put in place by Scotland Excel and Scottish Procurement Alliance for energy efficiency measure including EWI (Report No. 174/17). Contracts can be awarded through a mini-competition process or by a direct award to the most suitable contractor. This procurement framework carried out an open tendering procedure utilising the European Single Procurement Document (ESPD) which confirmed minimum standards were met. The full term of the framework is two years with an option to extend for a further two years up to no later than May 2021.

5 PROPOSALS

- 5.1 It is proposed to use the Scotland Excel framework 09-13 to procure works which will be subject to support from HEEPS:ABS funding. This framework contains specific provision for carrying out works under HEEPS:ABS grant programme or its successor scheme Scotland Energy Efficiency Programme (SEEP). As HEEPS:ABS is a grant element administered by Angus Council and paid to the supplier, the Scotland Excel framework allows the supplier to enter into a third party arrangement with the owner of the property to carry out the whole or specified parts of the work. Previous frameworks set up by the Energy Saving Trust, which are no longer in operation, for the procurement of HEEPS:ABS funded works required the supplier to enter into individual contracts with the property owners with the Council administering the payment of grant monies to the supplier on completion of the works. The Scotland Excel framework will allow a similar arrangement to be put in place.
- 5.2 The programme for spending the HEEPS:ABS grant funding is challenging with works required to be commenced as early as possible to ensure a significant number of installations are carried out prior to winter. The use of the Scotland Excel Framework will reduce the time required for the procurement process by omitting the requirement to carry out contractor selection which is included in the setting up of the framework.

- 5.3 The aim is to use as much funding that we can secure as possible for the benefit of Angus residents and to help meet targets for carbon saving and energy efficiency. HEEPS: ABS 2017/18 grant funding will also have many economic benefits for Angus in terms of employment opportunities and construction industry activity, as well as substantial numbers of Angus householders in privately owned or rented accommodation who would see their fuel bills reduce and the quality of their homes increase.

6 FINANCIAL IMPLICATIONS

- 6.1 Costs associated with preparation and monitoring of the project will be for staff time only and can be met from an administration fee element contained in the HEEPS:ABS grant allocation.
- 6.2 Council-owned properties which form part of mixed tenure terraces or blocks of flats including private owners will require funding. This will be provided from the allocation of £11.6m for the Energy Saving/Upgrading of council properties over the period from April 2017 to March 2022 contained in the Housing Revenue Account Financial Plan 2016-2021.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Communities Committee 14/02/2017 Report No. 70/17 – Housing Revenue Account Estimates Incorporating Rents, Charges and St Christopher’s Site Rentals.
- Communities Committee 06/06/2017 Report No. 174/17 – Energy Efficiency Measures- Replacement Heating Installations 2017-2022 Procurement Authority Approval Request.

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