

28 November 2013

**REPORT OF THE PORTFOLIO HOLDER FOR PUBLIC HOUSING &
VULNERABLE PEOPLE****THE INSTALLATION OF MAINS GAS TO BELGRAVE****EXEMPT INFORMATION**

None

PURPOSE

To seek approval for the Council to support Affordable Warmth Solutions to install mains gas in a defined area of Belgrave Tamworth

RECOMMENDATIONS

Cabinet are recommended to:

1. Support a programme to install mains gas and related works to an area of Belgrave working in partnership with Affordable Warmth Solutions
2. That subject to the outcome of the consultation with tenants and residents the installation of gas central heating systems in Council homes within the area is approved as part of the Council's overall Housing Investment Programme.

EXECUTIVE SUMMARY

Of the 31,637 households in Tamworth, 3,159 fall into the definition of fuel poverty or 10% of the homes within the Borough. This is the lowest level of households in fuel poverty in Staffordshire.

National Grid is tackling some of the issues caused by increasing energy prices and is committed to tackling Fuel Poverty in the UK. The National Grid led Community Interest Company (CIC), Affordable Warmth Solutions (AWS), is intending to invest millions of pounds nationally in a programme to support the installation of new gas connections where homes are not connected to a mains gas supply. In addition they will be installing gas heating systems and other energy efficiency measures to assist homes in the 20% most deprived areas in its gas distribution network area.

Belgrave in Tamworth is an area that has been identified as being in one of these most deprived areas, and there are 278 homes across a number of streets within the area that have been identified as having no gas mains and therefore homes that do not have a gas supply to them and it is therefore proposed to undertake a large scale project to deliver a mains gas supply to the area and provide each home with a gas supply in this part of Belgrave. These connections will be capped off in preparation for heating systems to be installed.

If the project is approved by Cabinet then Affordable Warmth Solutions will seek approval from their board to develop a package which will deliver free heating installations to all of the homeowners and private rented tenants in the identified area

of Belgrave. AWS have money ring fenced for these works in Tamworth and are waiting for the outcome of this report and will then commit this money to the project prior to any consultation being undertaken with tenants and residents.

In order to support the proposal Tamworth Borough Council are required to commit to install a gas supply to all Council owned stock in the area and gas central heating into at least 80% of Council homes in the affected area within 12 months of the mains installation being complete, but with the costs being spread over two financial years for the Council.

The programme will have considerable benefits to residents and directly supports the Council's corporate objectives. Residents will benefit from more affordable, more energy efficient heating, thus continuing the Council's excellent performance on tackling fuel poverty, ensuring Tamworth continues to have low levels of fuel poverty and working to improve health outcomes in the Borough.

Undertaking this project will also help to meet the targets set out in the Council's Home Energy Conservation Act plan submitted to the Department of Energy and Climate Change (DECC), which sets out the Council's energy conservation measures that should result in significant improvement in the energy efficiency of residential accommodation in the area. The Council will be expected to report on the progress against the priorities identified within this plan to DECC in 2015 and this is a key project identified for delivery within this.

RESOURCE IMPLICATIONS

As stated above in order to ensure the delivery of this project the Council will be required to commit to the installation of gas central heating systems in a minimum of 80% of Council owned properties within the area, within 12 months of the mains gas being installed.

There are currently around 160 Council homes in the affected area. To strip out the existing electric systems in each of these homes would cost approximately £250 per property amounting to £40,000 for the 160 properties and to install new Gas Central Heating Systems in these properties would cost £3,400 per system so based on this if the Council were to install gas fired systems in 100% of these properties this would require £544,000 of investment. To deliver the 80% minimum will require an investment of £467,200 (Based on average costs from the National Housing Federation)

Once installed there would then be the ongoing costs attached to servicing and maintenance of the heating systems. This amounts to £90.00 per year per property. This would therefore total £14,400 per year.

The current heating systems in these properties are electric storage heaters and would have been replaced as required. However over the expected life of the Gas Central Heating Systems which is around 20 years it is anticipated that all of the heating systems in the homes in this area would have required updating or repairing at a cost of approximately £2,800 per system. This combined with the cost treating damp related issues due to poor heating etc, more energy efficient fuels for those that live in the area, the health benefits and the improvements to the stock should offset the costs of installing the gas and the ongoing maintenance of the systems.

Additionally anecdotal feedback from the Housing Officers who cover the area

suggest that each winter the Council receives a number of calls from the tenants of these properties asking if they are able to have their electric heating replaced with gas which suggests a demand for this type of heating in the area.

The cost of installing the heating systems would be met through the Council’s overall Housing investment programme and delivered through the existing Housing Gas Contract.

The private sector offer will be fully managed by Affordable Warmth Solutions at no cost to the Council.

AWS will, in consultation with the Council manage communications and consultation with residents including dealing with all enquiries relating to the gas mains installation works.

LEGAL/RISK IMPLICATIONS

Risks	Controls
Project slips due to unavoidable delays due to dependency on others	Project timetable to be put in place and closely monitored with regular meetings and updates with all partners involved
Other private residents not receiving free installation of gas central heating will be discontented	This is a risk for AWS rather than the Council. The Council is not making this offer and this is not a matter over which we have control. The Council will however continue to seek to maximise the energy efficiency benefits arising for residents within Tamworth from all available sources.
Mains Gas is installed with connections to householders and householders in the area say no to having heating installed	A full programme of consultation, door knocking and communications will be undertaken prior to any work being undertaken on the project which will determine whether tenants and residents would like the gas and heating installed in their homes
Issues arise with highways	AWS discuss the project with Highways at an early stage, as if there will be any issues arise then these will be addressed prior to any major investment in the project by AWS
Free heating is not guaranteed for Homeowners	AWS upon receipt of approval from the Council will present a paper to their board, who have money currently ringfenced to deliver the Tamworth project and will know this information prior to any consultation being undertaken and tenants and residents
Financial Resources are not available to deliver the project	Over the life expectancy of the gas systems there is an expectation that a number of the electric systems in the area would have to be replaced or repaired and additionally where there is

	electric heating and there is a gas supply the electric heating would be swapped for a gas system
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Background

Under the new Low Income High Cost Indicator (the new way of measuring fuel poverty recently introduced as recommended by Professor Hills following his review) there are around 2.39 million households in fuel poverty nationally. This means that 2.39 million households have above average fuel costs and if they spent this money on fuel they would be left with a residual income below the official poverty line. This figure has reduced nationally, largely due to energy efficiency measures installed in homes.

Locally in Tamworth, of the 31,637 households, 3,159 fall into this definition of fuel poverty or 10% of the population of the Borough. This is the lowest level of households in fuel poverty in Staffordshire.

National Grid is tackling some of the issues caused by increasing energy prices and is committed to tackling Fuel Poverty in the UK. The National Grid led Community Interest Company (CIC), Affordable Warmth Solutions (AWS), will invest millions of pounds in a programme to support the installation of new gas connections where homes are not connected to a mains gas supply, gas heating systems and other energy efficiency measures to assist homes in the 20% most deprived areas in its gas distribution network area.

Belgrave in Tamworth is an area that has been identified as being in one of these most deprived areas, where there are no gas mains and it is therefore proposed to undertake a large scale project to install mains gas to the following streets in Belgrave:

Honeybourne B77 2JQ
Hayle B77 2JR
Irwell B77 2JJ
Kennett B77 2JP
Medina B77 2JL
Medway B77 2JW
Tarrant B77 2NR

Once the mains gas is installed then each house will be connected to this mains supply and the supply capped off in preparation for the heating systems to be installed. Affordable Warmth Solutions are also currently putting together a package which will look to deliver free heating to all of the homeowners and private rented tenants in the area with Tamworth Borough Council committing to install heating into 80% of our properties within 12 months of the mains installation being complete. Affordable Warmth Solutions have been selected to deliver this project as they are the only company able to issue a fuel poverty voucher which pays for the individual gas supplies connecting the householder to the mains gas. This will be at nil cost to the householder.

The project will help those who live in the area to benefit from more affordable, more energy efficient heating, thus continuing the Councils excellent performance on tackling fuel poverty and working to improve health outcomes in the Borough.

Undertaking this project will also help to meet the targets set out in the Councils

Home Energy Conservation Act plan submitted to Department for Energy Climate Change, which sets out the Councils energy conservation measures that should result in significant improvement in the energy efficiency of residential accommodation in the area. The Council will be expected to report on the progress against the priorities identified within this plan to DECC in 2015 and this is a key project identified for delivery within this.

If approved at Cabinet then this project will only go ahead following extensive consultation with the tenants and residents in the area to ensure that householders in the area would like a gas supply to their house and heating installed, as beyond this AWS then begin to incur major costs in the design of the project, road closures and the installation of the gas

SUSTAINABILITY IMPLICATIONS

Investment in improving the housing stock, and tackling fuel poverty directly contributes to the Councils Vision and Corporate Priorities

This ensures:

For Tamworth the people

- Improved living conditions leading to warmer and healthier homes
- Savings on energy use contributing to a reduction in fuel poverty
- Householders making a positive contribution to the environment.

For Tamworth the place:

- Warmer homes leading to better health.
- Fewer harmful emissions mean better air quality on a local, regional and global scale.
- Sustainable for future generations.
- Improved insulation and heating systems resulting in less energy demand.
- Home energy efficiency ratings (Standardised Assessment Procedure - SAP) are improved.
- The project will contribute to meeting targets set out in the Councils Home Energy Conservation Act plan.

Aspire & Prosper:

More efficient heating will lead to people having more income to spend in Tamworth

Healthier & Safer:

Warmer, more energy efficient homes will make people healthier

MATTERS FOR CONSIDERATION

Tamworth Borough Council is committing to have mains gas installed to 100% of their properties within the area identified in Belgrave and within 12 months of the mains gas being installed ensuring that 80% of Council owned properties have gas central heating systems installed in them. The costs of installing this heating into the Council Properties will however be spread across two financial years to allow the council to cover the costs of this from within two years budgets.

The Council will not be responsible for any costs associated with the project. If there are any damages as a result of works undertaken as part of the programme then AWS will repair or replace like for like.

The Council will have to sign a nil charge contract as part of the process which will set out the Councils authorisation for AWS to access the Councils land

This is an opportunity for the Council to support the delivery of :

Warmer homes and better health for residents and tenants of the Borough
Continued reduction of fuel poverty in Tamworth
Investment and improvements in the housing stock of Tamworth
Positive contributions to the environment

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LIST OF BACKGROUND PAPERS

APPENDICES