

DECISION-MAKER:	CABINET
SUBJECT:	POTENTIAL ENERGY EFFICIENCY MEASURES
DATE OF DECISION:	24 October 2011
REPORT OF:	CABINET MEMBER FOR HOUSING
STATEMENT OF CONFIDENTIALITY –	
Not Applicable	

BRIEF SUMMARY

This report seeks formal approval in accordance with Financial Procedure Rules for expenditure on a project to 4 blocks at International Way, provision for which exists in the Housing Revenue Account Capital programme submitted to this meeting under the reform of Council housing finance.

The proposed project to 4 Blocks in International Way in the Weston area of the city consists of multiple elements with the total predicted cost reaching over £9M. However, Southampton City Council has recently secured external funding from the Community Energy Savings Programme (CESP) via utilisation of British Gas; therefore the Council's contribution to this project will be a maximum of £3M (a substantial saving to the Council). Investigations will also proceed to procure identical works to enable the 5th block in International Way (currently outside of the CESP funding area) to benefit from the similar works via the forthcoming "Green Deal or ECO" initiative. This will be the subject of a later scheme approval.

This project will ensure that the Council is able to carry out significant structural and environmental improvements to these blocks in a key area of the City including new windows, heating, and external insulation.

In addition to these items, the proposal also contains an element of energy-saving Photo-Voltaic (PV) panels being installed on roof tops, with the energy obtained from these forming part of the Council's existing Feed In Tariff (FIT). Also included within the CESP proposal are small elements of works to Canberra Towers, Hurstbourne Place and Foxcott Close to improve their insulation and provide benefits to tenants.

RECOMMENDATIONS:

- (i) Subject to Council approving the new HRA capital programme at its meeting on 16 November, to approve in accordance with Financial Procedure Rules, spending of £3M (phased £498,000 in 2011/12 and £2,502,000 in 2012/13) on the central heating distribution system and related works at Oslo, Havre, Copenhagen and Hampton Towers, utilising the funding in the HRA capital programme currently shown under the heading "International Way Cladding".
- (ii) To note that this is a contribution towards a larger scheme that provides significant structural and environmental improvements to these blocks in a key area of the City including new windows, heating, and external insulation as well as the installation of energy-saving Photo-Voltaic (PV) panels on roof tops.

REASONS FOR REPORT RECOMMENDATIONS

1. Including sums in a Capital Programme does not give authority to spend the money. This is done by a separate scheme approval process. Financial Procedure Rules require that all schemes with a total estimated cost of more than £500,000 are to be approved by Cabinet before they can proceed.
2. Schemes with an estimated cost of up to £500,000 can be approved by an Executive Director following consultation with appropriate officers and Cabinet Members. Within this, schemes over £200,000 will usually require a formal report, decision-making meeting and decision notice.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. If Southampton City Council were to fully fund the project this would cost in excess of £9M.
4. An alternative solution is not to carry out these works immediately but this would result in these particular buildings requiring Health & Safety repair works to the external “eternet” asbestos panels and fixings within the next 12 - 18 months. This element alone would cost the Council approx £5–6M. Following this in a further 4-5 years, the windows would have to be replaced having reached the end of their effective life. This would cost the Council a further approx £2-3M.

DETAIL (Including consultation carried out)

5. The proposal being submitted would see the 4 blocks at International Way (Oslo, Havre, Copenhagen and Hampton) all benefitting from external insulation, new double glazed windows and balcony doors and new gas fired communal heating and hot water services, therefore reducing energy costs to all tenants and leaseholders; significantly improving the appearance of the buildings and extending the structural life of the buildings.
6. As part of these works the existing external “eternet” asbestos panels will be removed and disposed of in accordance with HSE guidelines, therefore removing the risk of any future Health & Safety issues
7. With the structure exposed, any remedial works can be carried out and, where necessary, a structural frame solution will be fitted to allow for the new External Wall Insulation (EWI) to be installed.
8. Each property within the blocks will benefit from a new heating system and domestic hot water service (replacing the existing landlord electric systems and the existing tenant controlled electric immersion system which tenants find expensive to use). These new heating systems will be radiator based with each tenant able to control the time the heating comes on and their own temperature.
9. The heating/hot water will be supplied by a communal gas fired boiler house located in the existing drying area at the top of each block. Each flat will be separately metered and tenants charged only for their individual usage. This system will remain under the landlord’s control and maintenance. Tenants will therefore have total control over the cost of their own heating and hot water.

10. In addition, the proposal will also see Photo-Voltaic panels (PV) being installed on the roof area of each block. The energy produced from these will be utilised to feed existing electrical systems within the blocks, therefore further reducing tenants' utility bills.
11. Whilst carrying out the works if it is discovered that additional roof insulation is required to any of the 4 blocks, than this will also be installed by British Gas with no additional cost to the Council.
12. The CESP funding has also allowed for draught proofing measures to be installed to all properties at Canberra Towers, Hurstbourne Place and the flats within Foxcott Close which will improve the energy efficiency of these blocks. Work is also underway to consider whether some or all of these blocks could also benefit from a change of heating system similar to that mentioned above.
13. CESP funding ceases to exist at the end of December 2012 and it is proposed that all works are completed by this time. The Council has gained a written assurance that, should the works exceed this time period and therefore a proportion of CESP funding is lost, British Gas will pay any additional cost. **No additional funding** requirement will be sought from the Council.
14. As detailed earlier in this report, Rotterdam Towers has been excluded from the CESP funding area. The Council has made representation to the CESP funding body to query this decision, but have been informed that the boundaries cannot be changed. Asset Management intend to investigate how this block can benefit from the newly proposed "Green Deal or ECO" initiative (details have yet to be published, but expected November/December 2011).
15. Asset Management, working together with other Council departments and British Gas, intend to hold several consultation events in the area both in the immediate future and throughout the contract period. These events will build upon comments/concerns about the current condition of the blocks already voiced by tenants and leaseholders from International Way.
16. One of the key parts of these events will be to work with all parties to decide how the blocks should look externally as this area is a "gateway" to the City. Thousands of cruise ship visitors to the city see International Way as their first glimpse of Southampton. It is therefore essential that this opportunity is not missed.
17. International Way sits within one of the five most deprived wards in the City and this proposal will have a significant impact in tackling issues of fuel poverty, child poverty and wider deprivation and we intend to augment the initiative with ongoing communication and education programmes for the residents.

RESOURCE IMPLICATIONS

Capital/Revenue

18. The proposed HRA capital programme that is presented as part of the item on the Reform of Council Housing Finance, has provision of £3M for what are described as cladding works at International Way. Now that a specific proposal is available it is recommended that this provision is utilised to fund the central heating distribution system and related works at Oslo, Havre, Copenhagen and Hampton Towers.
19. All these flats are currently part of the Council's city wide landlord controlled heating account. Under this arrangement all energy bills for the provision of landlord heating across the city are pooled into one account and costs are recharged to tenants on a floor area basis. Each tenant will also have an arrangement with an energy supplier of their choice for the electricity used within their flat, including bills for any supplementary heating.
20. The works will significantly change the arrangements for landlord heating. Whilst the energy will still be purchased by the council the works will provide tenants with control over the time the heating comes on and their own temperature. They will also receive individual meters so they can be billed for the energy they use. Further consideration needs to be given to how best to operate the new account(s) and it is proposed that this matter is addressed in the budget report that will be presented to Cabinet and Council in February 2012.
21. Tenants will continue to need separate arrangements with an energy supplier of their choice for the electricity used within their flat.

Property/Other

22. The HRA Capital Programme is fully reflected in the Corporate Property Strategy

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

23. There are no specific legal implications in connection with this report. The power to carry out the proposals is contained within Part 2 of the Housing Act 1985

Other Legal Implications:

24. None

POLICY FRAMEWORK IMPLICATIONS

25. The proposed schemes in this report will contribute positively to the council's objectives set out in the Housing Strategy and HRA Business Plan to maintain and improve the condition of the city's housing stock.

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KEY DECISION? Yes/No **YES**

WARDS/COMMUNITIES AFFECTED:	Woolston
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	None
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Documents In Members' Rooms

1.	Outline Project Proposal
2.	Project Category Evaluation

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	N/A	
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