

**Bolsover District Council**

**Executive**

**27<sup>th</sup> March 2017**

**Bolsover Safe and Warm Scheme Update**

**Report of the Portfolio Holder for Housing**

This report is public

**Purpose of the Report**

- To update Executive on the Safe and Warm scheme,
- To update Executive concerning ongoing discussions with a potential supplier to monitor and manage the data provided by the heat meters which will be installed as part of the Safe and Warm scheme.

**1 Report Details**

**1.1 Update**

- 1.1.1 As Executive will be aware the Safe and Warm scheme is to upgrade heating systems and other facilities at Sheltered housing schemes where there is a communal heating system.
- 1.1.2 The aim is to update all communal heating system within a period of three years. Replacing heating systems will potentially be disruptive for the residents and the work will need to be carefully planned in order to manage any potential disruption. In addition to the requirement to upgrade heating systems the Council's Sheltered Accommodation has also suffered from difficulties in letting properties. One of the key factors underlying the level of voids is that the older schemes include 'bedsit' properties which no longer meet tenant expectations. Where appropriate the opportunity will be taken to incorporate other building works necessary to modernise the sheltered housing schemes so that they better meet tenant requirements. While this will clearly involve additional work at the sheltered schemes concerned by undertaking the heating renewal and the upgrading work at the same time the impact on tenant will be minimised.
- 1.1.3 Appendix 1 to this report details the Sheltered Housing Schemes, which fall into three main categories. Phase 1 now includes Victoria House, Woburn House and Hides Green which have the greatest risk of boiler failure. They are therefore the schemes which need to be undertaken at the start of the Programme. Tendering for this work is now complete and Officers are in the final stages of agreeing a programme of work to provide new heating systems together with other upgrades where appropriate. Other upgrades include – where required - level access

showers, improved fire safety arrangements, etc. This work will be undertaken by companies procured from an existing framework agreement. Phase 1 work will commence in April 2017, with completion scheduled for October 2017.

- 1.1.4 Phase 2 of the Programme which concerns the schemes at Parkfields, Valley View, Jubilee Court and Ashbourne Court are those schemes where the major programmes of work are required. Accordingly an architect has been appointed to undertake some detailed design work on Phase 2. It is planned that once this work has been completed that the Council will go out to tender in the Autumn of 2017, with work commencing on site early in 2018. Given the level of work required it is important that the Council takes appropriate steps to mitigate the level of disruption for our tenants, many of whom are vulnerable. Minimising the level of disruption is likely to be made easier as a result of the fact that all these schemes have got vacant properties.
- 1.1.5 In addition to the Phase 1 and 2 works there are another 8 schemes covered by the Safe and Warm arrangements. These properties are the least complex ones where the main work required is heating upgrades. Work at these properties will therefore be planned around the timescales for the more complex, or higher priority schemes which are included in Phase 1 and Phase 2.

## **1.2 Heat Meters**

- 1.2.1 Executive will be aware that the objective of the Safe and Warm Programme is to provide heating that is controllable (both temperature and timing) by the tenant, with tenants to be charged for their own fuel usage rather than on the basis of apportioned cost. It should, however, be noted that the fuel charge in respect of the communal areas (corridors, scheme lounge, etc) will continue to be charged as a service charge.
- 1.2.2 Each individual home will be fitted with a heat meter, allowing tenants to adjust temperature, hours of operation and providing details of energy usage. In order to operate the arrangements effectively the Council will need to send bills to the tenants and to monitor the usage to ensure that tenants are using the system appropriately and – in particular – are maintaining a reasonable temperature within their home.
- 1.2.3 While it is intended that once the scheme is completed the Council will provide this service, in the initial three years of operation it is considered more appropriate that we utilise the support and services of an established and experienced contractor / managing agent. While there are a number of monitoring services that are available the vast majority of these are commercial organisations with unproven levels of customer support in particular in working with vulnerable people, and who would be seeking contractual arrangements with a long tie in for the Council. On the basis of the work that has been undertaken Officers have only been able to identify one organisation which fully meets our requirements which is Nottingham City Council through their energy company Enviroenergy. In particular they have experience of providing this service to vulnerable tenants in sheltered housing schemes for social landlords (including the ability to send alerts when there is low usage which may be a concern).

- 1.2.4 In the light of the market research which has been undertaken Officers are proposing to enter into commercial negotiations with Enviroenergy regarding the detailed terms and conditions which would apply in respect of a contract with Bolsover District Council. On the basis of information currently available a three year contract would cost a maximum of £40,000 over the period of the contract (assuming that all properties with communal heating are fitted with a meter).

On the basis that these preliminary negotiations demonstrate that the scheme provides best value for the Council then it is recommended that delegated powers be granted to the Head of Housing in consultation with the Portfolio Holder to agree contractual terms and to award the contract for a three year period to Enviroenergy. Members should note that a three year contract will cover the period during which all Sheltered Housing will be remodelled and upgraded to heat meters, which would be an appropriate point in time for the Council to assume responsibility. As part of these outline negotiations, Officers will evaluate whether the proposed terms and conditions from Enviroenergy can be demonstrated to secure value for money for the service.

In recommending that the Council does not obtain competitive tenders in this instance Officers would be relying on the provisions within the Council's Constitution which accept that a competitive process is not appropriate in those instances and where is no or insufficient marketplace to allow an effective competitive process. Officers are therefore seeking an exemption from the Council's Procurement Rules on this basis. This is under 4.8.4 (i)(e) of the Procurement Rules. It should be noted that Enviroenergy is a company wholly owned by Nottingham City Council.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 The Safe and Warm Scheme is one of the highest priority scheme within the Housing Department Capital Program and the options outlined within this report will ensure that it progresses within a timely fashion.
- 2.2 An essential part of the upgrades of the heat meters is that the Council makes arrangements for effective monitoring of the service. As Enviroenergy are a local authority concern, are based locally and have the skills and experience required, it is proposed that the Council appoint them as our nominated monitoring service for this scheme.

## **3 Consultation and Equality Impact**

- 3.1 While the upgrade of the heating systems themselves continues to be subject to consultation with the Council's tenants, the issues considered within this report are technical ones about how to organise the delivery of the preferred scheme .
- 3.2 The main driver for replacing the current heating system is that they are approaching the end of their usable life and no longer meet tenant expectations. Accordingly an EIA was not considered essential on these matters, although Executive will note that cost effective heating in these schemes will both reduce costs and improve levels of comfort for our tenants. This is of particular relevance in the Sheltered schemes which are targeted at older people and people with

health and disability issues for whom effective heating arrangements are particularly important.

#### **4 Alternative Options and Reasons for Rejection**

- 4.1 To select heat meter providers / monitoring services through competitive tender. This approach is not the favoured option as preliminary market assessment has indicated that there are a limited number of suppliers the majority of whom are focussed on the commercial, rather than the sheltered housing market. Market intelligence and initial contact with Enviroenergy has indicated that they have the expertise in dealing with elderly social housing tenants who are the key clients for this scheme and that they would be prepared to offer a three year contract with the option for the Council to bring the scheme in house at the end of this period.

#### **5 Implications**

##### **5.1 Finance and Risk Implications**

Capital Provision of £3m has previously been approved as part of the Council's Capital Programme which will fund the upgrade to the sheltered housing schemes as outlined within this report. This investment is necessary both to ensure that sheltered housing continues to meet the 'Decent Homes' criteria and that it remains attractive to tenants and potential tenants thus protecting income levels to the HRA. The revenue costs of operating the heat meters will be charged to residents as part of the costs of operating the communal heating schemes. Given that the upgraded systems will be more economical the overall level of charges to residents will be reduced, however, the costs to some tenants may increase as a result of changes in the charging arrangements to one based upon actual energy usage, or occupying one bedroom flats rather than bedsits.

With respect to risk the key issue that has been identified is that of ensuring that tenants have safe and effective heating arrangements. Communal heating is viewed as the best way of achieving this outcome as the heating systems are based on multiple boilers with sufficient capacity to operate in a situation where one boiler fails. Given that tenants living in the schemes are often vulnerable the work will be planned so as to minimise disruption.

##### **5.2 Legal Implications including Data Protection**

These are covered in the report.

##### **5.3 Human Resources Implications**

There are no human resource implications arising directly from this report.

#### **6 Recommendations**

- 6.1 That Executive note the progress on the Safe and Warm Scheme
- 6.2 That Executive grant delegated powers to the Head of Housing in consultation with the Portfolio Holder to agree appropriate terms that provide value for money

and to enter into a contractual arrangement for a period of up to 3 years using the exemption from tendering contained in the Procurement Rules at 4.8.4 (i)(e).

## 7 Decision Information

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>District Wards Affected</b>	
<b>Links to Corporate Plan priorities or Policy Framework</b>	To reduce Energy Use in Sheltered Housing schemes to 10% by 2019.

## 8 Document Information

Appendix No	Title
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Peter Campbell / Bryan Mason	Xt 3038 / 2431

Report Reference –

## APPENDIX 1

	Heating	Remodelling	Notes
Alder House	Partial	Yes	
Ashbourne Court *	Yes	Yes	Phase 2 Scheme
Hides Green / Hill Top	Yes		Phase 1 Scheme
Jubilee Court	Yes	Yes	Phase 2 Scheme
Orchard Close	Yes		
Mill Lane	Yes		Excluded from Safe and Warm with individual gas heating already installed
Park View	Yes		
Parkfields *	Yes	Yes	Phase 2 Scheme
Pattison Street	Yes		
Queens Court	Yes		
Recreation Close	Yes		
Sandhills Road	Yes		
The Paddock	Yes		
Valley View *	Yes	Needed	Phase 2 Scheme
Victoria House	Priority	Upgrades	Phase 1 Scheme
Woburn House	Priority	Longer term.	Phase 1 Scheme

### Notes:

1. In determining the priority of the schemes the key concern is addressing those schemes with operational difficulties on their existing heating system as a matter of priority. Once these priority concerns have been addressed then Officers are looking to put out the work for tender in the most appropriate package. This should ensure better terms but equally important it will allow the contractors to work on a similar range of schemes thus minimising the inconvenience to tenants.
2. Commencement and completion dates are at this stage indicative and especially in respect of the later phases may evolve as specifications of work are clarified and contracts are put out to tender.