

A REVIEW OF ELECTRIC FIREPLACES AND DISTURBANCE PAYMENTS FOR KITCHENS AND BATHROOMS

Report of the Head of Repairs

1. SUMMARY

- 1.1 Part of our delivery plan is to look for cost savings within the business. This report seeks to find two areas where savings can be made.

All of Derby Homes properties, in-line with legal requirements, provide a primary source of heating; this is predominantly provided by gas central heating, or electrical heating.

However, in addition to this, Derby Homes provides a secondary form of heating to a significant number of our properties. There is no legal obligation to do this, and there is a significant cost in replacing and maintaining these systems.

In addition to this, Derby Homes also pays disturbance payments for improvement works, including the fitting of kitchens and bathrooms; the payments for these improvements each year are substantial.

This report will inform the Operational Board of these costs, and the saving that can be made should we choose to stop these activities.

2. RECOMMENDATION

- 2.1 To seek approval to stop fitting and maintaining secondary forms of heating in our properties.
- 2.2 It is also proposed, to stop making disturbance payments when fitting new kitchens and bathrooms in Derby Homes' properties.

3. REASON(S) FOR RECOMMENDATION

- 3.1 To make the Operational Board aware of cost savings, and to seek comments/decision on whether these savings should be implemented. The cost savings which can be made are around £170,000 per year to stop fitting and maintaining secondary forms of heating, and £19,000 per year to stop making disturbance payments when fitting new kitchens and bathrooms.

4. MATTER FOR CONSIDERATION

- 4.1 Derby Homes provides a primary heating source for all of its properties. Currently 97% are gas centrally heated. 3% have electric heating, including air source heat pumps and the remainder solid fuel heating. Currently, around 6,500 properties have secondary forms of heating.

The secondary form of heating is far less efficient than the main source of heating, electric fires, in particular, are very expensive to run as they use on peak electricity via a fan heater built into the bottom of the appliance.

On all new builds we do not provide a secondary form of heating.

In the event of the main source of heating should fail we offer an excellent repair service, and either fix within 24 hours or 3 days, over the summer months. We will also provide temporary heating in very cold weather, or if our customers suffer from vulnerabilities.

- 4.2 The current programme to fit electric fire suites to properties costs approximately £240,000 per year. A secondary form of heating such as this is not required in law.
- 4.3 Should Derby Homes stop carrying out these works, it will still be necessary to carry out works to make good, should redundant fires be removed; the cost of this is around £70,000 per year. Therefore, the net saving would be around £170,000 per year. There are further long-term savings in not having to maintain these appliances.
- 4.4 We would like to offer our customer a choice on what works are carried out to make good. These include:
- Removing the redundant fire and leaving the fireplace as is, to enable our customers to obtain a permit to fit their own fire.
 - Plasterboard and paint walls where fires are attached to the wall following their removal.
 - Plaster board and paint, or fit panelling to fireplace openings; should this be our customers preference.

All of these options are included in the cost of making good.

- 4.4 We pay a number of disturbance payments for repairs and activities carried out in our customers' homes. Payments are paid for intrusive repairs, such as replacing damp proof courses. Due to the nature of those repairs, it is proposed that these payments are continued.
- 4.5 We also make payments of £50 for home improvement works, such as kitchens and £30 for bathrooms. It is proposed that these payments are stopped, as this will provide a saving of £19,000 per year.

The current disturbance payment has been in place since the 'decent home programme,' back in the early 2000's. It was put in place to encourage take up, as the 'decent home' funding was time limited. Our existing capital programme does not have this pressure.

5. OTHER OPTIONS CONSIDERED

5.1 Nonapplicable.

6. CONSULTATION

6.1 The views of Operational Board will help form the final decision on what secondary heating and disturbance payments are provided in the future.

7. FINANCIAL AND BUSINESS PLAN

7.1 Costs detailed in this report are currently funded within the Councils HRA Capital Programme. This budget (which funds the replacement of major components in tenants homes – such as kitchen, bathroom, heating etc) is under increasing difficulties to meet statutory and regulatory obligations.

Consequently, discretionary areas (such as these noted in the report) are under review for revision / removal going forward to help prioritise funding on tenants homes to keep them safe, secure, and warm.

The areas listed below have no implications directly arising from this report:

Legal and Confidentiality

Council

Personnel

Environmental

Equalities Impact Assessment

Health & Safety

Risk

Policy Review

If Board Members or others would like to discuss this report ahead of the meeting, please contact:

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Background Information: None

Supporting Information: None

This report has been approved by the following officers:

Finance Director & Company Secretary	Michael Kirk	23.08.2023
Head of Repairs	Steve Bayliss	18.08.2023
Governance (checked)	Jane Haywood	22.08.2023