

**Meeting of Executive Members for Housing and
Adult Social Services and Advisory Panel**

17 March 2008

Report of the Director of Housing and Adult Social Services

Housing Capital Programme Specification Change

Summary

1. This report presents proposals regarding the adoption of a policy for replacement of focal point fires to customers homes.

Background

2. The majority of Council Dwellings have a focal point fire in the main living room area which compliments the central heating system, traditionally many of these have been gas fires. No direct policy governs the choices available to customers however for a number of significant factors officers present electric as the preferred option of choice and hence take up of electric fires is high.
3. Some customers however have specifically requested and been provided with replacement gas fires but the long term impacts of these installations often contradicts the Council's responsibilities to value for money and sustainability in terms of business and environmental aspects hence a request to implement a policy document is presented.

Consultation

4. There has been no consultation undertaken to produce this report.

Options

5. Option 1 - Do not fit any new focal point fires.
Option 2 - Replace all fires with electric
Option 3 - Give customers choice

Analysis

6. **Option 1 – Do not fit any new focal fire points.**

7. Due to improvements in modern central heating systems and general insulation levels to housing, focal point fires are not provided by numerous sections of the marketplace. This ranges from new build specification in the private and housing association sector's as well as private landlords. Heating systems are specifically calculated and installed to be the sole form of heating with any further form being supplementary.
8. Impacts of this will be a significant cost saving in terms of installation and future maintenance however a likely drop in customer satisfaction as the living room would have no focal point. Should a fault arise with the central heating system customers would also not have a secondary source of heat.

9. Option 2 - Replace all fires with electric

10. Modern electric fires are much more efficient and better presented than their early basic models hence their increased popularity. Running costs for customers of gas and electric fires are generally comparable however electric fires are 100% efficient as opposed to gas fires ranging from 40-60% efficient. This means 100% of the heat from an electric fire warms the dwelling where only 40-60% of the heat from a gas fire does so with the remainder escaping up the chimney.
11. The installation costs of electric fires are less than those of gas and they also require less maintenance and servicing over their lifecycle hence provide the Authority far better value for money.
12. With the use of electricity the City of York Council is promoting the use of cleaner fuels, reducing its carbon footprint (however carbon emissions are still emitted in the production of electricity) and dramatically reducing health and safety risks from carbon monoxide poisoning.
13. The majority of customers do currently choose electric fires and therefore it is not considered that customer satisfaction is likely to be significantly affected however the clarity of an adopted decision will greatly assist the works process. Customers receive a choice from a wide range of electric fire suites.

14. Option 3 – Give customers choice

15. All gas burning appliances require a flue or chimney to take combustion gases away from the dwelling. The lifespan of the flue is often the same or even less than that of the fire and hence must be a consideration in terms of installation costs/processes with failure of the flue often being the reason fires are changed. Proportionately therefore a gas fire/flue combination can be up to 3 times the cost of an electric fire. Also with Health and Safety legislation becoming even more stringent regarding working at height the installation cost for flue liners is only going to increase.
16. The lifecycle maintenance and servicing costs for gas fires/flues is considerable with the impact falling on the Housing Revenue Account.

17. Gas fires are open flued appliances and have the potential for the production of carbon monoxide should faults develop which in turn poses a serious health and safety risk to customers. There have been numerous occasions in York where elderly residents who have become unwell or simply have difficulties in getting upstairs have begun to sleep in living rooms in front of the gas fire. This is one of the highest risk categories for carbon monoxide related fatalities and should be designed out of the housing stock.
18. Electric fires are easier to operate for elderly or frail customers as the controls are rocker switches similar to light switches requiring less dexterity.
19. Currently customer uptake in the choice of gas fires is low with less than 10 gas fires renewed per year. This is mainly due to the increased aesthetic nature of electric fire suites over radiant gas fires. Due to the increased cost and carbon monoxide risk to 'real flame' affect gas fires only radiant effect models are offered. Thus the impact on customer satisfaction is likely to be low. Should members request gas fires become a valid option and the choice expanded to a wide variety of models this would increase the cost of installation and potentially the number of times gas is chosen by customers per year thus whilst this cannot be accurately predicted could have significant capital and revenue financial implications.

Corporate Priorities

20. This report contributes to 2 of the Council's Corporate Priorities
 - Reduce the environmental impact of council activities and encourage, empower and promote others to do the same
 - Improve the quality and availability of decent, affordable homes in the city.

Implications

Financial

21. **Option 1:** There is likely to be a reduction in capital costs of installation of new fires of £250,000 per annum as fires would not be replaced but simply removed, this saving could be realised annually for several years until the majority of fires have been removed.
22. Revenue costs of servicing are likely to reduce by £9,000 per annum as there would be less fires to service every year hence that saving increasing by a further £9,000 per annum year on year to a maximum saving of £104,000 based upon the total number of gas fires presently serviced. Revenue costs for repairs to fires will also reduce by approximately £47,000 per annum for several years until the majority of fires have been removed.
23. **Option 2:** There will be a reduction in capital costs of installations in the region of £5,000 per annum.

24. Revenue costs of servicing are likely to reduce by £9,000 per annum as there would be less fires to service every year hence that saving increasing by a further £9,000 per annum year on year to a maximum saving of £104,000 based upon the total number of gas fires presently serviced. Revenue costs for repairs to fires will also reduce by approximately £25,000 per annum for several years until the majority of fires have been removed.
25. **Option 3:** As noted in paragraph 19 it is impossible to predict customers choices and hence impossible to predict the financial implications of a decision to offer such choice however officers can inform of the increased cost implications of 1 single gas fire over 1 single electric fire.
26. The increased cost to the Housing Capital Programme of installing a single gas fire is approximately £540 per fire with an increased HRA cost over its 30 year lifecycle of servicing and repairs of approximately £729 hence a cumulative impact of £1269 over the cost of electric fires.
27. Approximately 700 fires are expected to be replaced in 2008/09 therefore a dramatic change in customer choice or a request from members that models of gas fires be expanded could have significant financial implications beyond the current budget provision for this area of service.
28. The figures can be more easily displayed in the below table

	Average Installation cost to Authority	Average annual revenue cost to Authority	Suggested running cost to customer	Lifecycle cost over 30 years to Authority
Gas Fire and flue	£1090	£27.1	6p per hour	£1903
Electric fire	£550	£2.80	6p per hour	£634

There are no **Human Resources, Equalities, Crime and Disorder, Property or Information Technology** implications in this report.

Legal

29. It is a legal obligation to service all gas appliances in customers homes every 12 months, the less gas appliances there are in the stock the more efficient this process becomes.

Risk Management

30. In compliance with the Council's risk management strategy there are no risks associated with Option's 1 or 2 of this report. The main risk that has been identified in this report is that of the installation of gas fires with specific reference to the risk of carbon monoxide poisoning (physical).

31. Measured in terms of impact and likelihood, the risk score has been assessed at 12. This means that at this point the risks need only be monitored as they do not provide a real threat to the objectives of this report

Recommendations

32. That the Advisory Panel advise the Executive Member to agree Option 2 to adopt a policy to replace all focal point fires with electric in customers homes as set out in paragraph 9.

Reason: Electric fires offer value for money, are efficient and reduce health and safety risks to customers.

Contact Details

Author:

Mark Grandfield
Asset Manager
Asset Management
Tel No.3733

Chief Officer Responsible for the report:

Chief Officer's name

Steve Waddington

Title

Head of Housing

Report Approved

Date 26 February 2008

Specialist Implications Officer(s) *none*

Wards Affected: *List wards or tick box to indicate all*

All **Yes**

For further information please contact the author of the report

Background Papers: None

Annexes: None