

FOR PUBLICATION

ECO PARTNER – EXTERNAL WALL INSULATION (H000)

MEETING:	1. EXECUTIVE MEMBER FOR HOUSING 2. CABINET
DATE:	1. 17 th MARCH 2014 2. 25 th MARCH 2014
REPORT BY:	HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION REFERENCE (IF APPLICABLE):	255

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:

TITLE:

LOCATION:

1.0 **PURPOSE OF REPORT**

1.1 To seek authority to procure a contractor / partner, through the East Midlands Efficiency Framework, to supply, fit and 'bring funding' for external wall insulation programmes to the Wimpey No Fine Housing Stock within the Borough, across all tenures, from the Energy Company Obligation.

2.0 **RECOMMENDATIONS**

2.1 That the Housing Service Manager – Business Planning and Strategy be authorised to carry out an open tender process, utilising the East Midlands Efficiency Framework (EEM), in accordance with the Council's Standing Orders, to procure a contractor / partner to supply, fit and 'bring funding' for

external wall insulation programmes to Wimpey No Fine Housing Stock within the Borough across all tenures.

- 2.2 That the costs associated with the supply and fit of external wall insulation to the Council Housing Stock are met from the 2014/15 Housing Capital Programme.
- 2.3 That a further report be brought to Members to update them on the outcome of the tender processes, the levels of funding that can be achieved through ECO and the number of properties that can be improved.

3.0 **BACKGROUND**

- 3.1 In 2013 the Government introduced ECO and Green Deal as replacements for the nationwide CERT, CESP and Warm Front Schemes. Since this time there has been much speculation and uncertainty about the two schemes and how they will be run.
- 3.2 Over the next 3 years, energy companies are obliged to spend substantial sums (approx £540 million) on domestic energy efficiency improvements, through the Energy Company Obligation (ECO).
- 3.3 The purpose of the funding is to achieve significant carbon saving reductions through the installation of a range of domestic energy efficiency measures which improve thermal efficiency and the efficiency of domestic heating systems.
- 3.4 The funding is provided by an obligation placed on the 'big six' energy companies by Central Government and is targeted at low income and vulnerable households. The funds are taken from the Energy Company income from the sale of gas and electricity.
- 3.5 As explained at 3.1, ECO replaces the schemes which have already contributed to measures in the Borough's housing stock, namely at Grangewood and Mastin Moor. It has three strands to its funding;
- Carbon Savings Communities (CSCO) – aimed at delivering insulation measures across all tenures in targeted areas of low income, defined using the bottom 15% of lower Super Output Areas from the Indices of Multiple Deprivation. Chesterfield has 9 of these area located in the following wards;
 - 2 in Rother
 - 2 in Middlecroft and Poolsbrook

- 1 in Barrow Hill and New Whittington
- 1 in Hollingwood and Inkersall
- 1 in Loundsley Green
- 1 in Old Whittington
- 1 in St. Helen's

The amount of funding available is based on the overall carbon savings that can be achieved.

- Carbon Saving Obligation (CSO) – aimed at delivering energy efficiency measures across all tenures to 'Hard to Treat' Homes outside of the CSCO areas. Again economies of scale can be achieved by an area based approach and funding will be based on the overall carbon savings that can be achieved.
- Affordable Warmth – aimed at delivering basic heating and insulation measures to private tenure homes only.

3.6 All of the main Energy Companies are committing ECO funding either by entering into an agreement with a project partner or by contractual relationship with registered manufacturers and installers. The Council therefore has the opportunity to tender for an ECO contractor / partner to deliver area based schemes across tenure.

3.7 Consideration has been given to working in partnership with neighbouring authorities to tender this type of work, however evidence has suggested this is not appropriate due to the difference in stock and the amount of funding it may be eligible to receive.

4.0 **CURRENT POSITION**

4.1 In December 2013, the Government announced amendments to the ECO and Green Deal Schemes which have provided clarity around the length of the schemes and the funding available. However for Local Authorities and other Social Landlords who were quick to take up the schemes when they were initially released, the announcements have led to uncertainty about the funding they will now receive and the potential viability of the schemes and contracts they have in place.

4.2 In order to extend the ECO scheme from 2015 to 2017, the carbon emission reductions required have been reduced, whilst the amount of funding available remains the same. As a result, the amount of money that the Energy Companies will contribute to an external wall insulation scheme

per carbon tonne saved has more than halved. Evidence shows that where schemes were to benefit from £160 per carbon tonne saved, they are now only likely to receive £60 per carbon tonne saved.

4.3 Therefore other sources of funding will be required as match, if we are to maximise the opportunity to insulate properties within the Borough.

5.0 **FINANCIAL CONSIDERATIONS**

5.1 The costs associated with carrying out the supply and fit of external wall insulation will be met from the Housing Revenue Account. A budget of £2.2million has been approved for this work within the 2014/15 Housing Capital Programme.

5.2 As part of the tender process, contractors will also be asked to bring ECO funding to fund the installation of external wall insulation (and where necessary other measures, e.g. loft insulation, boiler replacements), either in part or in full to both the Council's housing stock and private properties within the area of works. This will act as match funding to the Council's capital contribution and allow works to more properties for less.

5.3 Where the contractor is able to bring ECO funding in respect of private properties and where this work is not fully funded, the Private Sector Housing Team / Home Improvement Agency will work with the home owner to ascertain whether they may be eligible for financial assistance through the Council's Home Repair Assistance Loans Scheme. Home owners on qualifying benefits or assessed as being in fuel poverty may be assisted through this route.

5.4 Chesterfield Council has also supported a Derbyshire-wide Local Authority Energy Partnership bid for grant funding to help private home owners living in non-traditional built homes which are hard to heat and require external wall insulation. The funding is allocated by the Department of Climate and Energy Change (DECC) under its Green Deal for Communities programme. The programme is due to start in April 2014 but funding has not yet been confirmed and DECC has recently indicated that the sums to be allocated will be reduced. When the outcome of the bid is confirmed and grant conditions clarified, officers will seek to ensure that funding is targeted to those areas and households in greatest need and that arrangements compliment the work undertaken through the Housing Services/ECO partnership contract proposed in this report.

6.0 **RISK MANAGEMENT**

Description of the Risk	Risk Rating	Likelihood	Impact	Mitigating Action
Work to properties not fully funded due to reductions in the funding available per carbon tonne of energy saved	M	H	L	Budget of £2.2m allocated within the Housing Capital Programme for works to Council Housing Stock Match Funding for Private Sector Stock through Home Repairs Assistance Loan Scheme for Vulnerable Households and LAEP Green Deal Communities Bid

7.0 **EQUALITIES CONSIDERATIONS**

7.1 As part of the tender process it will be required that the consultants are committed to an equal opportunities policy. The scheme will be targeted across tenure

8.0 **RECOMMENDATIONS**

8.1 That the Housing Service Manager – Business Planning and Strategy be authorised to carry out an open tender process, utilising the East Midlands Efficiency Framework (EEM), in accordance with the Council's Standing Orders, to procure a contractor to supply, fit and bring funding for external wall insulation programmes.

8.2 That the costs associated with the supply and fit of external wall insulation to the Council Housing Stock are met from the 2014/15 Housing Capital Programme.

8.3 That a further report be brought to Members to update them on the outcome of the tender processes, the levels of funding that can be achieved through ECO and the number of properties that can be improved.

9.0 **REASONS FOR RECOMMENDATION**

9.1 To contribute to meeting the Council's Corporate priority 'To improve the quality of life for local people' by improving the quality of housing in the Borough.

9.2 To contribute to improved performance against our key performance indicator NI158 (% Decent Council Homes).


9.3 To contribute to the actions set out in the Council's Home Energy Conservation Act (HECA) Plan.

A. CRAIG

HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY

You can get more information about this report from Alison Craig on extension 5156 or Roger Farrand on ext 5401.

Officer recommendation supported/not supported/modified as below or Executive Members' recommendation/comments if no Officer recommendation.



Signed

Executive Member

Date 17.3.14

Consultee Executive Member/Support Member comments (if applicable)