

FOR PUBLICATION

HOME ENERGY CONSERVATION ACT FURTHER REPORT 2013 - 2015 BIENNIAL REVIEW (H000)

MEETING:	1. CABINET 2. EXECUTIVE MEMBER FOR HOUSING
DATE:	1. 21 APRIL 2015 2. 14 APRIL 2015
REPORT BY:	HOUSING SERVICES MANAGER – BUSINESS PLANNING AND STRATEGY
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION REFERENCE (IF APPLICABLE):	484

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:

TITLE:	North Derbyshire Affordable Warmth Strategy	LOCATION:	Private Sector Housing Team – Business Planning and Strategy, Housing Services
	DECC Home Energy Conservation Act Further Report Guidance		

1.0 **PURPOSE OF REPORT**

- 1.1 To advise Members of the progress made in delivering the actions set out in the Home Energy Conservation Act (HECA) Further Report 2013 -15 produced jointly by the Local Authority Energy Partnership (LAEP) and Chesterfield Borough Council.

- 1.2 To seek Member approval for the Revised Action Plan for Chesterfield.
- 1.3 To seek approval for the publication of the Home Energy Conservation Act (HECA) Progress Report 2013 -15 on the Council's website and its submission to the Department of Energy and Climate Change.

2.0 **RECOMMENDATIONS**

- 2.1 It is recommended that Cabinet:
 - 2.1.1 notes the progress made in delivering the actions set out in the Home Energy Conservation Act (HECA) Further Report 2013 -15
 - 2.1.2 approves its publication on the Council's website and its submission to the Department for Energy and Climate Change
 - 2.1.3 supports the continued delivery of the revised Action Plan

3.0 **BACKGROUND**

- 3.1 In March 2013 Chesterfield Borough Council adopted and published its Home Energy Conservation Act (HECA) Further Report. The report was produced in accordance with guidance and instructions issued by the Department of Energy and Climate Change (DECC) in July 2013
- 3.2 The report, known as the 'Further Report', had to contain plans as to how councils would achieve improvements in energy efficiency within the residential housing stock in their District or Borough. It needed to be adopted and published on the Local Authorities website by the 31 March 2013 and progress reports were then to be required at two yearly intervals thereafter.
- 3.3 DECC provided a template for the report which was used to produce the HECA Further Report 2013 and further guidance on the progress report's contents and sources of statistical evidence were issued in 2015. The Further Report set out a timeframe for the delivery of initiatives and included the details of any national and local partners that the Local Authority proposed working with.
- 3.4 This report, attached at **Appendix 1**, provides the required two yearly review of progress against these initiatives and sets out a revised action plan for continued delivery and improvement in energy efficiency.

4.0 **HOME ENERGY CONSERVATION ACT (HECA) PROGRESS REPORT 2015**

- 4.1 The progress report provides basic data on domestic greenhouse gas (Carbon Monoxide CO₂) emissions, gas and electricity consumption and on household fuel poverty. Comparative data is provided at district level across all the local authorities in Derbyshire and Nottinghamshire.
- 4.2. DECC data is also provided at district authority level for the number of Energy Companies Obligation (ECO) measures installed from the start of the scheme to 30 September 2014 (most recent figures). Unfortunately the breakdown of measures installed is not available at local authority level.
- 4.3 The £1.3 billion per annum Energy Companies Obligation (ECO) fund is split into the following three pots;
- Carbon Saving Community Obligation (CSCO)
 - Affordable Warmth Obligation
 - Carbon Savings Obligation
- 4.4 The Carbon Saving Community Obligation (CSCO) provides insulation measures to households across all tenures in specific areas of low income as determined by multiple indices of deprivation. Chesterfield has nine Super Output Areas that could benefit from the CSCO fund, which include postcodes within St Helens, Barrow Hill, Hollingwood and Inkersall, Loundsley Green, Middlecroft and Poolsbrook, Old Whittington and Rother. These areas are predominantly Council or former Council stock. Private properties at Old Whittington received external wall insulation works during 2014 and works to the Council owned stock on the same estate and across all tenures at Grangewood have recently been tendered with the contractor starting on site on 23 March 2015. Works are due to complete by November 2015.
- 4.5 The Affordable Warmth Obligation provides heating and insulation measures to households living in the private sector and in receipt of certain means tested benefits. The purpose of the fund is to support low-income householders who are most vulnerable to the impact of living in a cold home i.e. the elderly, disabled and those with young children. Eligibility depends on receipt of certain income related benefits and the age and type of existing heating

appliances. Households with no heating do not qualify. In addition ECO funding for boiler replacements and heating upgrades often does not include the cost of changes to pipework and making good or associated works such as replacement of older radiators. As the scheme progressed the available funding was reduced and many ECO approved contractors no longer offer measures having reached their target quota.

- 4.6 The Carbon Savings Obligation (CSO) covers the installation of measures to treat solid wall and hard to treat cavities that can't ordinarily be financed through the Green Deal. It may be used across all tenures. The Council has benefited from the CSO when tendering solid wall insulation contracts for Council stock. In each case the contractor has also been asked to offer solid wall insulation at the same price to privately owned properties within the scheme area.
- 4.7 However, depending on the size of the property and number of openings etc. the cost of solid wall insulation to a 'Hard to Treat' home can vary from £7,000 - £12,000. This is far in excess of the funding most private home owners can afford. Typically ECO subsidy has only been in the region of £1,000. In July 2014 DECC launched a Green Deal voucher scheme which allowed home owners to claim a voucher worth £6,000 to offset against the cost of solid insulation work. There were no eligibility criteria and the scheme was so popular that DECC had to shut it down with virtually no warning.
- 4.8 Since then the scheme application process has been revised and the maximum grant reduced to £4,000. Home owners must have obtained a quotation from an approved contractor and had an Energy Performance Assessment completed before applying for a voucher. Applications are made on line and the voucher is redeemed by electronic payment into the recipient's bank account. The funding is now released quarterly, the latest round being in March 2015. Further quarterly releases are expected until the end of the calendar year.
- 4.9 Chesterfield Borough Council has maintained a list of low income households living in 'Hard to Treat' non-traditional build houses and made the householders aware of the DECC Green Deal Scheme. To date only one approved contractor has been willing to assist individual households (rather than completing block schemes) and to date 5 households have obtained a DECC

voucher. These households are also eligible for the Council's Home Repairs Assistance loan scheme and are relying on this loan to fund the remaining cost of work.

- 4.10 The other funding mechanism for Energy Efficiency measures that the Government has introduced is the Green Deal. This is a finance mechanism whereby property owners can have measures installed calculated to generate energy savings. The savings are used to offset repayments on the loan provided to fund the measures. The loan is secured against the property and repaid as a tariff on the electricity bill. If the occupier or home owner moves home, the Green Deal charge stays with the property and is taken on by the new occupier or owner.
- 4.11 Only registered Green Deal providers can make a Green Deal loan. Before a loan is made the householder has a Green Deal Assessment carried out by an accredited Green Deal Assessor. The Assessment demonstrates what energy efficiency measures are needed and which can be funded through a Green Deal loan. The householder can then choose their Green Deal loan provider and installer.
- 4.12 Green Deal loan funding is provided by the Energy Companies and interest is charged. The Green Deal loan has proved less attractive than other forms of secure and unsecured lending. The main problems have been that:
- Even when the EPC and Green Deal assessments are completed at no cost, many householders are concerned about the implications of a long term loan secured against their property
 - The interest rate charged is generally in the region of 7% and therefore much higher than other forms of reputable high street borrowing
 - The assumed cost of measures is generally much higher than could be secured through reputable local contractors, whose business is too small to register for Green Deal accreditation.
 - The most beneficial measures e.g. solid wall insulation, do not meet the 'Golden Rule' i.e. the savings made on energy bills by installation of insulation and heating measures should be greater than the cost of loan repayment. Furthermore households in fuel

poverty often under heat their home in order to ensure that they can pay their heating bills.

- 4.13 One of the Council’s key priorities in the 2015 – 2019 Council Plan is to ‘improve the quality of life for local people’. In order to deliver this priority the Council are committed over the next four years to maintain the quality of homes across all tenures and maximise further investment in home energy improvements to deliver affordable warmth for our residents. We will also work with our partners to reduce the gap in health outcomes between the most and least deprived parts of the borough, as measured through the annual health profile
- 4.14 The achievements to date and the actions set out in the HECA Report Revised Action Plan will directly contribute to these aims.

5.0 **FINANCIAL CONSIDERATIONS**

5.1 **Private Sector Housing Budget – General Fund**

Home Repairs Assistance Budget			
	2012/13	2013/14	2014/15 (at 25 March 2014)
Budget	£521,000	£580,000	£411,000
Spent	£232,195	£278,186	£295,054

- 5.1.1 Chesterfield has no dedicated budget for funding energy efficiency measures but vulnerable private home owners who qualify for Home Repairs Assistance may be helped to fund home insulation measures and heating repairs.

5.2 **DECC Transitional Funding – Affordable Warmth Scheme 2013/14**

Working as part of the LAEP partnership Chesterfield secured a total of £152,570 of DECC Transitional Funding to spend in that financial year on replacing old inefficient boilers, heating upgrades and new central heating installations, loft and cavity wall insulation. The scheme started in 2012/13 and over the eighteen month period a total of 68 households were assisted with heating measures costing £186,333. The additional funding

was reallocated from under-spent districts as the scheme progressed.

5.3 **DECC Transitional Funding Green Deal 2013/14**

A further £40,000 of DECC Transitional Funding was secured to fund a Green Deal Pioneer project to provide 100 free Green Deal assessments and 50 Green Deal plans. Of 72 households expressing an initial interest in the scheme only 25 went ahead with an assessment, and none converted the assessment to a Green Deal plan.

Generally householders were concerned about the projected cost of measures which were generally shown as significantly higher than charges made by local reputable contractors.

5.4 **Foundations Independent Living Trust (FILT) Grants**

5.4.1 The Foundations Independent Living Trust which supports Home Improvement Agencies administers two different funding streams for home energy measures to help low income homeowners.

- **FILT - Health Through Warmth (HTW) Hardship Fund**
- **FILT - Warm at Home Service**

The two schemes are funded by different Energy Companies

5.4.2 **FILT Health Through Warmth Scheme**

This scheme has been operating for several years and funds basic heating and insulation measures for low income home owners suffering from health conditions which are made worse by excess cold e.g. cardio-vascular and respiratory conditions and poor mobility. Applications for up to £750 are determined very quickly. Larger grants (up to half the cost of work) take longer to determine. In 2014/15 Chesterfield Home Improvement Service secured 12 grants, total value £8,100 for HRA applicants. This reduces the amount of funding the householder has to find, either through a HRA loan or their own resources.

5.4.3 FILT - Warm at Home Service

Home Improvement Agencies were invited to bid for this new funding and Chesterfield Home Improvement Service collaborated with Metropolitan Home Improvement Agency to submit a joint bid covering Derbyshire County. The bid has secured £20,000 to be spent on home energy conservation measures between 1 April 2015 and 30 December 2015. Works may range from simple measures such as draft proofing to contributing to heating installations et al. The average grant will be in the region of £250 and may be combined with a FILT Health Through Warmth grant or other funding.

Metropolitan Home Improvement Agency is the accountable body for this fund and will enter into a Service Level Agreement with Chesterfield Home Improvement Service regarding the distribution of the funding.

5.5 Current Budget – Housing Revenue Account

5.5.1 On the 26 February 2015, Council approved the Housing Capital Programme for 2015/16. This programme includes the following areas of work which will contribute to improving home energy efficiency in Council homes.

Area of Work	Budget	Approx. Number of installations
Central Heating and CHP Replacement	£2,737,000	846
Roof Renewal	£3,200,000	490
External Wall Insulation	£4,602,279	575
Window Replacement	£1,600,000	760
Improvements to Non Traditional Housing Stock	£1,614,050	90
Unfilled Cavities	£100,000	170
Total	£13,741,999	2,931

5.6 Where Chesterfield Borough Council Housing Services have tendered for works to carry out external wall insulation and improvements to its non- traditional housing stock (including external wall insulation), as part of the tender process contractors have been asked to secure ECO funding to support the

necessary improvements and where possible to carry out this work / bring funding to the adjoining and neighbouring private properties in order to maximise the benefits for local householders.

6.0 RISK MANAGEMENT

Description of the Risk	Impact	Likelihood	Mitigating Action	Residual Impact	Residual Likelihood
Delays in securing new Data base & reporting software due to insufficient funds for specification required	H	M	LAEP have already secured some revenue funding to support current activity but further funding is likely to be required. Other funding opportunities being sought	M	M
Decrease in number of household assisted with Energy Advice due to delay in appointing cross tenure Energy Officer	M	M	Private Sector Housing staff receiving Energy Advice training, however availability to carry out this work will depend on balance of other workload priorities	M	M
Insufficient ECO and restrictive eligibility criteria in relation to the extent of work funded limits ECO take up	H	H	Control of ECO budget and ECO eligibility criteria rests DECC	H	H

Description of the Risk	Impact	Likelihood	Mitigating Action	Residual Impact	Residual Likelihood
Failure to meet Derbyshire Warm Homes Pilot targets in year 1 so Year 2 funding with held	H	H	<p>LAEP delivery team recruited</p> <p>Participating GO surgery identified</p> <p>Additional letter to be sent to all GP surgeries to raise awareness and increase likelihood of referrals</p> <p>National grid Hardship funding and Foundations for Independent Living Trust (FILT) funding secured to help pay for home energy measures nor none-ECO eligible cases</p>	M	M

7.0 **EQUALITIES IMPACT ASSESSMENT (EIA)**

7.1 The equalities impacts of all the proposals in this report for race, disability, gender, sexual orientation, age and religion have been considered and assessed. Equalities improvements have informed the development of the proposals and where possible, action has been taken or incorporated into the proposals. A Preliminary Equalities Impact Assessment is attached at **Appendix 2**.

8.0 **RECOMMENDATIONS**

8.1 It is recommended that Cabinet:

8.1.1 notes the progress made in delivering the actions set out in the Home Energy Conservation Act (HECA) Further Report 2013 -15

8.1.2 approves its publication on the Council's website and its submission to the Department for Energy and Climate Change

8.1.3 supports the continued delivery of the revised Action Plan

9.0 **REASONS FOR RECOMMENDATION**

9.1 The report addresses the issues of fuel poverty in Chesterfield and across Derbyshire.

9.2 The action plan helps to contribute to meeting the Government target of eradicating Fuel Poverty by 2016.

9.3 The report contributes to meeting the Council's Corporate Plan priority of improving the quality of life for local people.

ALISON CRAIG

HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY

You can get more information about this report from Jane Thomas on ext. 5708

Officer recommendation supported.



Signed Executive Member

Date 14.04.2015

Consultee Executive Member/Support Member comments (if applicable)/declaration of interests