

PERTH AND KINROSS COUNCIL**Housing and Health Committee****28 May 2014****Home Energy Efficiency Works****Report by Executive Director (Housing and Community Care)****PURPOSE OF REPORT**

This report summarises progress in providing energy efficiency measures to households in Perth and Kinross during 2013/14. The report also outlines proposals for continuing with further energy saving initiatives in 2014/15 and seeks homologation of actions taken to help secure funding for these schemes.

1. BACKGROUND / MAIN ISSUES

- 1.1 The last fuel poverty statement, submitted to Housing and Health Committee on 6 November 2013 (Report 13/514), outlined various initiatives which were aimed at addressing fuel poverty and improving the energy efficiency of homes within Perth and Kinross.
- 1.2 Further sharp increases in energy prices during the winter of 2013/14 have presented renewed challenges and whilst much has already been done to assist fuel poor households, further actions are still needed to counter the effects of rising fuel costs.
- 1.3 For 2013/14, the Scottish Government replaced the former Universal Home Insulation scheme (UHS) with a new scheme which is known as the Home Energy Efficiency Scotland – Area Based Schemes (HEEPS-ABS). Like UHS, the HEEPS-ABS programme provides grant funding only for private home owners and private landlords.
- 1.4 Based on local fuel poverty levels and in consideration of the Council's past performance of delivering the UHS programme, a provisional HEEPS-ABS 'core allocation' of £922,500 was originally designated for Perth and Kinross Council in 2013/14.
- 1.5 Councils were required to submit proposals to the Scottish Government outlining how they could spend their core allocation of HEEPS-ABS funds in April 2013. The proposals from each local authority were considered and this resulted in an initial award of £1,216,881 in June 2013. Subsequent bids for extra funding resulted in two further grants of £1,921,947 in October 2013 and £815,247 in March 2014, bringing the total of HEEPS-ABS money awarded to Perth and Kinross in 2013/14 to £3,954,075. Only three of the thirty two Scottish Local Authorities received higher funding awards in 2013/14 (see Appendix 2).

- 1.6 A detailed breakdown of the funding awards from HEEPS-ABS, UHIS, CERT and the SGN Assisted Connections Scheme since 2010 (along with an estimate of ECO contributions) is contained in Appendix 1.
- 1.7 One of the key elements of the HEEP-ABS programme is a requirement for Councils to source supplementary funding from energy companies through the Energy Company Obligation (ECO), which also replaced the former Carbon Emissions Reduction Target (CERT) scheme in 2013. Unlike HEEPS-ABS funding, which can only be used to pay for work in privately owned or private rented homes, it is possible to use ECO funds to pay for certain approved energy saving measures in both private and Council owned houses.
- 1.8 Proposals to obtain ECO funding from locally based energy supplier SSE for schemes in the Hillyland and North Muirton areas of Perth were previously approved by the Housing and Health Committee on 29 May 2013 and 14 August 2013 (References 13/251 and 13/38).
- 1.9 Any HEEPS-ABS funds that were awarded during 2013/14 must be spent before 30 September 2014 and arrangements are already in place to make sure this is achieved.

2. PROGRESS UPDATE

- 2.1 A wide range of energy saving measures have already been carried out as part of the Council's ongoing plan to improve the energy efficiency of its housing stock and achieve compliance with the Scottish Housing Quality Standard by March 2015.
- 2.2 In the two year period since March 2012, a total of 1,869 Council houses have received upgraded central heating systems (895 in 2013/14). Most of these systems include high efficiency gas condensing combination boilers with high output radiators and thermostatic controls. Approximately 165 houses located outwith the mains gas network have been fitted with new heating that incorporates supplementary energy saving measures like solar water heating, high efficiency 'quantum' electric heaters or air-sourced heat-pumps. New gas connections have been commissioned for 1,110 homes, attracting subsidies of £1,293,851 through the Scottish Gas Network's (SGN) Assisted Connection Scheme.
- 2.3 Since 2012, basic insulation improvements, such as loft top-ups and pipe / tank lagging have been completed in 1,155 Council houses. Detailed insulation checks were completed in a further 2,550 homes, where no additional works were found to be necessary. 134 flat roofed houses in the Letham area of Perth have also benefitted from insulation upgrades as part of planned re-roofing works.

- 2.4 New triple glazed windows have been fitted in 251 homes (198 fitted in 2013/14) along with insulated exterior doors. The enclosure of communal stairways and landings in 269 houses has helped to reduce draughts and improve comfort levels within flatted blocks. New low energy LED light fittings are also helping to reduce energy consumption whilst improving lighting levels in communal areas.
- 2.5 The ECO / HEEP-ABS programme started in July 2013 and has specifically targeted 'hard to treat' houses of non-traditional construction. This programme is continuing to progress well and more than 300 homes (250 Council and 79 privately owned or privately rented) have already benefitted from this work. During 2013/14 external wall Insulation works were completed to 120 maisonette flats and 59 terraced houses in the Hillyland area of Perth. A further 28 houses were also completed in Stanley and Methven along with 122 houses in North Muirton. In addition to improving the thermal performance of these houses, their visual appearance has in most cases been significantly enhanced by the newly applied rendering.

Along with the external wall insulation works, basic energy saving measures such as loft insulation and new boilers have been, or are being, provided for home-owners / private landlords.

3. PROPOSALS FOR 2014/2015

- 3.1 A provisional 'core allocation' of the Scottish government's HEEPS-ABS funding amounting to £1,194,000 has been designated for Perth and Kinross in 2014/2015. Changes were announced to ECO funding rules during December 2013 in the Chancellor's Autumn Statement, which has resulted in a reduction in the availability of funding for energy saving measures. It was hoped that there could be opportunities to extend the programme even further during 2014/15, so that more houses could be improved. The changes to ECO rules mean that this will not now be possible, however, a bid for HEEPS-ABS funding which exceeds the 'core allocation' was submitted to the Scottish Government in April and if successful, this may help to compensate for some of the reductions in ECO. This report seeks approval from Committee to homologate actions already taken by the Executive Director (Housing and Community Care) to submit the 2014/15 HEEPS-ABS funding application.
- 3.2 Despite the revisions to ECO, SSE will continue to provide sufficient funding to enable the original planned 2014/15 programme of work to be completed under the existing contractual arrangement. The agreements with SSE have, to date, provided a commitment to contribute ECO funding totalling £3,451,212.
- 3.3 This report seeks approval from Committee to homologate actions already taken by the Executive Director (Housing and Community Care) and the Leader of the Council in progressing with the acceptance of SSE's offer to provide further ECO funding for projects in Stanley, Methven, Invergowrie, Comrie and the Friarton / Craigie areas of Perth.

- 3.4 By utilising the funding awards from HEEPS-ABS, ECO and contributions from the Council's HRA Capital Investment Programme (for Council houses only) it is anticipated that External Wall Insulation works will be completed to a further 1161 'hard to treat' houses during 2014/15. Owner occupiers and private landlords will continue to receive subsidies from HEEP-ABS and ECO which will enable works to be carried out at a very low or even free cost. These works will include the following projects:-
- Hillyland – 60 houses (all privately owned)
 North Muirton – 862 houses (270 Council and 592 privately owned)
 Friarton, Perth – 124 houses (66 Council and 58 privately owned)
 Craigie, Perth – 52 houses (20 Council and 32 privately owned)
 Invergowrie – 50 houses (19 Council and 31 privately owned)
 Methven – 3 houses (all privately owned)
 Comrie – 10 houses (8 Council and 2 privately owned)
- 3.5 All works will be completed to the recognised industry standard - PAS 2030 and will include the cost of ancillary works, such as access scaffolding and moving / relocating satellite dishes. The works are also be covered by a 25 year guarantee.
- 3.6 Engagement and participation of owner-occupiers continues to be a critical factor in the successful delivery of mixed tenure projects. Engagement methods have included a variety of methods, including written and electronic communications, along with door to door visits and locally based public information sessions. The uptake level of these offers by owners has been encouraging.
- 3.7 In addition to the works noted above, the 2014/15 scheme also includes a proposal to offer a package of basic insulation measures (similar to those previously carried out under UHIS) but targeted at properties in Council tax bands A-C. It is difficult to assess with accuracy the levels of uptake for this offer, however, there is thought to be sufficient interest to make the scheme worthwhile.
- 3.8 For this part of the programme, Perth and Kinross Council has participated in a joint tendering exercise which was undertaken by the Energy Savings Trust (commissioned by the Scottish Government) on behalf of several local authorities. This 'framework' arrangement will ensure that works are completed by suitably qualified and resourced contractors at competitive rates.
- 3.9 A similar approach was taken in the procurement of contractors for Perth and Kinross Council's earlier UHIS programme and the economies of scale arising from a collective tendering approach resulted in highly competitive rates being obtained for the local authorities that took part.
- 3.10 The feasibility of developing further schemes that could result in similar improvements to other groups of 'hard to treat' homes within Perth and Kinross are also being explored. It is hoped that funding packages for these mixed tenure schemes can also be put together, which will also result in them becoming viable projects.

- 3.11 The latest funding application that has been submitted by Perth and Kinross Council for the Scottish Government's HEEPS-ABS programme contains proposals for insulating further hard to treat houses of non-traditional construction in Alyth, Crieff and Luncarty in future years.
- 3.12 The Council's Energy Advice Project which is delivered by SCARF (Save Cash and Reduce Fuel) continues to provide advice and guidance to all residents within Perth and Kinross. The range of services offered by SCARF includes advice and help in ensuring householders are on the most beneficial tariff from their energy supplier. The Warm Homes Discount Scheme operated by energy companies is not automatically given to their customers (even though they may qualify) and usually relies upon annual applications being made to continue receiving the discount. Those in receipt of Pension Credit are an exception and the discount is automatically renewed in their circumstances.

The importance of ensuring that householders are on the correct fuel tariff is of significant value and the Council will continue to work with SCARF and the Energy Suppliers to maximise tariff savings.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 Energy efficiency works already completed through the Council's housing investment programme and other externally funded schemes have helped to counter the effects of fuel poverty.
- 4.2 The plans to continue these works during 2014/2015 are already in place and it is hoped that this will continue to bring further improvements to 'hard to treat' homes in Perth and Kinross whilst helping to address fuel poverty.
- 4.3 It is recommended that Housing and Health Committee:-
- (i) Homologates the actions taken to secure ECO funding from SSE for the insulation of 50 houses in Invergowrie, 10 houses in Comrie and 176 houses at Friarton / Craigie in Perth.
 - (ii) Homologates the actions already taken to submit funding applications for the Scottish Government's Home Energy Efficiency Programme Scotland – Area Based Schemes for 2014/15.
 - (iii) Remits the Executive Director (Housing and Community Care) to report on progress with the implementation of the 2014/15 programme to a future meeting of the Housing and Health Committee later in the year.

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	Yes

1. Strategic Implications

1.1 Community Plan / Single Outcome Agreement

The Perth and Kinross Community Plan/ Single Outcome Agreement 2013-2023 sets out five strategic objectives. This report relates to the following:

- (i) Promoting a prosperous, inclusive and sustainable economy
- (ii) Creating a safe and sustainable place for future generations

1.2 Corporate Plan

The proposals relate to the Council's Corporate Plan Objectives as above.

2. Resource Implications

Financial

- 2.1 The financial resources required to deliver the proposals contained in this report will mainly be provided from the Energy Company Obligation and from the Scottish Government's Home Energy Efficiency Programme Scotland – Area Based Schemes programme.

Some elements of the proposals relate to energy efficiency improvements to the Council's own housing stock, which are already contained in the approved

Capital budget. The Head of Finance was consulted as part of the Capital Budget setting process which was reported to the Housing and Health Committee on 29 January 2014 in the Housing Revenue Account (HRA) Strategic Financial Plan Incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2018/19, Reserves Strategy and Other Housing Charges for 2014/15. (article 14/18 refers). The approved budget contains a provision of £1,391,000 in 2014/15, £1,700,000 in 2015/16, £1,500,000 in 2016/17 and £625,000 in 2017/18 for Energy Efficiency works.

The precise allocation of funding to individual parts of the proposed programme will not be known until the outcome of the 2014/15 HEEPS-ABS bidding process has been concluded.

Workforce

- 2.2 There are no direct workforce implications regarding this report.

Asset Management (land, property, IT)

- 2.3 The properties included in these proposals contain both privately owned / privately rented homes and HRA housing. These proposals are in accordance with objectives contained in Council's Housing and HRA Asset Management Plan 2012-2017. The works being carried out to Council owned stock will contribute towards the achievement of the Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing.

3. Assessments

3.1 Equality Impact Assessment

Under the Equality Act 2010 the Council is required to eliminate discrimination, advance equality of opportunity and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

The proposals have been considered under the Corporate Equalities Impact assessment process (EqIA) with the following outcome:

- (i) Assessed as not relevant for the purpose of EqIA.

3.2 Strategic Environmental Assessment

The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no further action is required as the proposals contained in this report do not qualify as a PPS as defined by the Act and it is therefore exempt.

3.3 Sustainability

These proposals meet the following sustainability criteria:

- Energy conservation through improved insulation measures
- Where possible using materials from sustainable sources
- Re-use of existing resources

3.4 Legal and Governance

The Head of Legal Services has been consulted concerning the contractual agreements with SSE and there are no direct legal implications of this report.

3.5 Risk

TBC

4. **Consultation**

Internal

4.1 The Head of Finance has been consulted on this report.

External

4.2 No external parties have been consulted in the preparation of this report.

5. **Communication**

5.1 Communication with owner-occupiers and tenants affected by these proposals will be undertaken by means of letters, personal home visits and locally arranged open meetings. Local members will be kept advised of schemes in their wards.

2. **BACKGROUND PAPERS**

The following background papers as defined by section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

- Housing Revenue Account (HRA) Strategic Financial Plan Incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2018/19, Reserves Strategy and Other Housing Charges for 2014/15. (article 14/18)
- Perth and Kinross Fuel Poverty Statement 2011-2016 Progress Report 2013 (article 13/514)
- Home Energy Efficiency Works 2013 (article 13/251)
- Home Energy Efficiency Works – North Muirton (article 13/381)

3. APPENDICES

The following documents are appended to this report.

Appendix 1 – Summary of Funding Awards (Energy Efficiency 2010 – 2014)

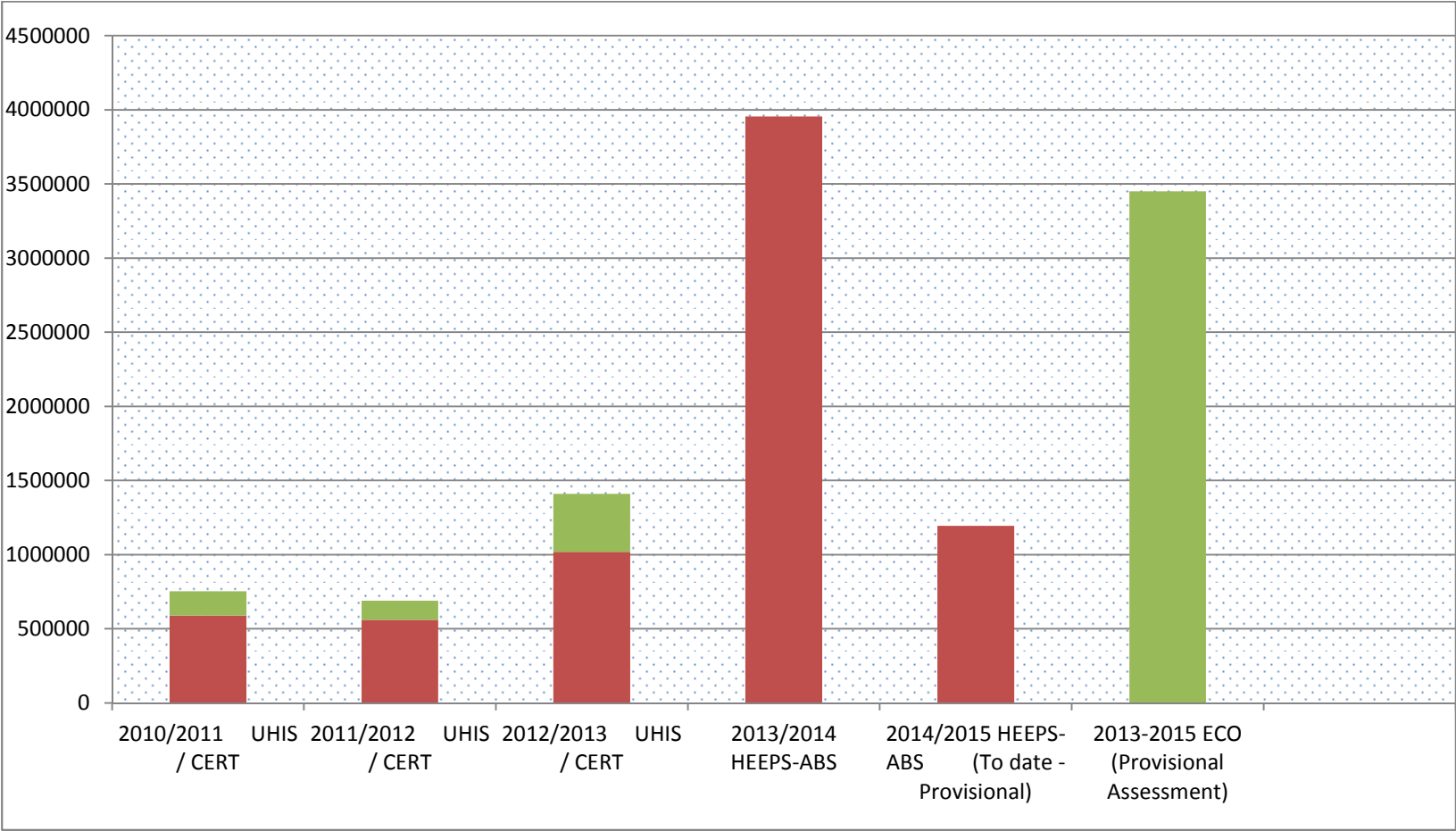
Appendix 2 – UHIS / HEEPS-ABS Programmes 2010 – 2015

Appendix 3 – Summary of HEEPS-ABS Funding Awards to Scottish Local Authorities 2013-2014.

APPENDIX 1: Summary of Funding Awards (Energy Efficiency 2010 – 2014)

Programme	Funding Obtained	Measures Undertaken
UHS Programme 2010/2011	£590,000	Loft / Cavity / Pipe and Tank Insulation
CERT Funding 2010 - 2011	£162,492	Loft / Cavity / Pipe and Tank Insulation
UHS Programme 2011/2012	£560,000	Loft / Cavity / Pipe and Tank Insulation
UHS Programme 2012/2013	£675,000 + £350,000	Loft / Cavity / Pipe and Tank Insulation
CERT Funding 2012 - 2013	£520,070	Loft / Cavity / Pipe and Tank Insulation
SGN Assisted Connections 2012-2014	£1,293,851	New Connections to Mains Gas Network
Greener Homes Initiative	£210,000	Eco friendly new-build housing
HEEPS-ABS 2013/2014	£1,216,881 + £1,921,947 + £815,247	Hard to Treat Wall Insulation, Loft / Cavity / Pipe / Tank Insulation
HEEPS-ABS 2014/2015	£1,194,000*	Hard to Treat Wall Insulation, Loft / Cavity / Pipe / Tank Insulation <i>*Note : 2014/15 HEEPS-ABS Funding allocation is provisional and will be subject to approval of proposals that have been submitted to the Scottish Government</i>
ECO (Energy Company Obligation)	£3,451,212**	External Wall Insulation / Loft / Cavity Insulation / Boilers. <i>**Provisional assessment of ECO Funding Contributions</i>

APPENDIX 2 – UHIS / HEEPS-ABS Programmes 2010 – 2015



APPENCIX 3: Summary of HEEPS-ABS Funding Awards to Scottish Local Authorities 2013-2014

HEEPSABS 2013-14 - Grant funding awarded

SUMMARY

Local Authority	Grant offered
Aberdeen City	1,573,826.00
Aberdeenshire	4,420,000.00
Angus	725,736.00
Argyll and Bute	2,442,953.00
Clackmannanshire	780,223.00
Dumfries & Galloway	1,270,671.00
Dundee	1,935,751.00
East Ayrshire	992,338.00
East Dunbartonshire	124,934.00
East Lothian	1,083,022.00
East Renfrewshire	277,120.00
Edinburgh	2,311,876.00
Elia Star	1,349,266.00
Falkirk	2,130,956.38
Fife	4,784,194.00
Glasgow	8,609,470.08
Highland	1,867,837.00
Inverclyde	1,023,008.00
Midlothian	2,246,523.00
Moray	787,175.00
N Ayrshire	1,326,086.00
N Lanark	2,751,730.00
Orkney	200,000.00
Perth and Kinross	3,954,075.00
Renfrewshire	2,310,995.73
Scottish Borders	1,614,437.00
Shetland	444,681.00
South Ayrshire	1,308,578.00
South Lanarkshire	2,559,800.00
Stirling	1,795,419.00
West Dunbartonshire	874,269.00
West Lothian	1,182,816.00

