

PERTH AND KINROSS COUNCIL**Housing and Health Committee****27 May 2015****Home Energy Efficiency Works****Report by Executive Director (Housing and Community Care)****PURPOSE OF REPORT**

This report summarises the significant funding awarded to Perth and Kinross Council and the impact this has had, and will continue to have, on reducing energy bills and promoting energy efficiency for households across Perth and Kinross. The report also outlines proposals for continuing with further energy saving initiatives in 2015/16 and seeks homologation of actions taken to help secure funding for these schemes.

1. BACKGROUND / MAIN ISSUES

- 1.1 The last Local Housing Strategy progress report, submitted to Housing and Health Committee on 29 October 2014 (Report 14/453), outlined various initiatives aimed at addressing fuel poverty and improving the energy efficiency of homes within Perth and Kinross.
- 1.2 While there has been some stabilisation of energy prices during 2014/15, the high cost of domestic fuel remains a significant challenge and, although much has already been done to assist fuel-poor households, further actions are still needed to counter the effects of these costs.
- 1.3 For 2013/14, the Scottish Government replaced the former Universal Home Insulation scheme (UHS) with the Home Energy Efficiency Programme Scotland – Area Based Schemes (HEEPS-ABS). 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. Subsequent bids for additional funding resulted in two additional grants which brought the total HEEPS-ABS money awarded to Perth and Kinross in 2013/14 to £3,954,075. HEEPS-ABS funds awarded during 2013/14 had to be spent by 30 September 2014.
- 1.5 A similar bidding process was adopted for 2014/15 and a 'core' HEEPS-ABS allocation of £1,194,614 was awarded to Perth and Kinross in March 2014. Additional funding bids successfully resulted in further awards, bringing the total grant for 2014/15 to £2,156,518.

- 1.6 A detailed breakdown of the funding awards from HEEPS-ABS, UHIS, CERT and the SGN Assisted Connection 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, North Muirton, Friarton, Craigie, Invergowrie, Methven and Comrie areas were previously approved by the Housing and Health Committee on 29 May 2013, 14 August 2013 and 28 May 2014 (References 13/251, 13/38 and 14/225).
- 1.9 Any HEEPS-ABS funds that were awarded during 2014/15 must be spent before 30 September 2015 and arrangements are already in place to make sure this is achieved.

2. PROGRESS UPDATE

- 2.1 This section details the significant and innovative work in the last three years to support households throughout Perth and Kinross, reducing inefficiencies and fuel poverty.

- 2,400 houses had central heating systems upgraded
- 175 houses outwith the mains gas network fitted with new heating (such as solar water heating, high efficiency 'quantum' electric heaters or air-sourced heat-pumps)
- 1,178 houses fitted with loft insulation and/or tank lagging
- Insulation checks done on 2,550 homes
- 134 flat roofed houses in the Letham area of Perth benefitted from insulation upgrades
- 291 homes fitted with new triple glazed windows
- 1,400 'hard to treat' houses of non-traditional construction benefitted from external wall insulation through the ECO / HEEP-ABS programme

The details of these schemes are noted below in sections 2.3 – 2.6

- 2.2 The energy-saving measures to Council houses have 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.
- 2.3 In the three year period since March 2012, a total of 2,419 Council houses have received upgraded central heating systems (550 in 2014/15). Most of these systems include high efficiency gas condensing combination boilers with high output radiators and thermostatic controls. Approximately 175

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 1,369 homes, attracting subsidies of £1,597,329 through Scotland Gas Networks' (SGN) Assisted Connection Scheme.

- 2.4 Since 2012, basic insulation improvements, such as loft top-ups and pipe / tank lagging have been completed in 1,178 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.
- 2.5 New triple glazed windows have been fitted in 291 homes (40 fitted in 2014/15) along with insulated exterior doors. The enclosure of communal stairways and landings in 764 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.
- 2.6 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 1,400 homes (568 Council and 862 privately owned or privately rented) have already benefitted from this work. The 2014/15 external wall Insulation programme includes works in North Muirton, Friarton, Craigie and Invergowrie. These works will continue through to September 2015. 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.
- 2.7 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 qualifying home-owners / private landlords, all of whom are being encouraged and supported to agree to this work.

3. PROPOSALS FOR 2015/2016

- 3.1 A provisional 'core allocation' of the Scottish government's HEEPS-ABS funding of £1,339,205 was announced for Perth and Kinross Council's 2015/16 programme in December 2014. A further funding bid has resulted in the award of an additional £680,000 from the Scottish Government. This brings the total HEEPS-ABS allocation for 2015/16 to £2,019,205.
- 3.2 SSE will continue to provide ECO funding to enable the planned 2015/16 programme of work to be progressed. The agreements with SSE have, to date, provided a commitment to contribute ECO funding estimated at £4,267,612.

- 3.3 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 355 'hard to treat' houses during 2015/16. 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.

The planned works include houses in the following areas:-

North Muirton – 65 houses (all privately owned)
Craigie/ Moncrieffe, Perth – 80 houses (all privately owned)
Scone – 85 houses (21 Council and 64 privately owned)
Muirton, Perth – 41 houses (19 Council and 22 privately owned)
Blairgowrie – 6 houses (all Council owned)
Coupar Angus – 48 houses (29 Council and 19 privately owned)
Crieff – 12 houses (6 Council and 6 privately owned)
Alyth – 12 houses (10 Council and 2 privately owned)
Luncarty – 6 houses (2 Council and 4 privately owned)

This adds to the list of areas targeted with previous funding.

- 3.4 All work will be completed to the recognised industry standard - PAS 2030 and will include the cost of ancillary work, such as access scaffolding and moving / relocating satellite dishes. The works are also covered by a 25 year guarantee.
- 3.5 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 levels of these offers by owners continues to be encouraging.
- 3.6 In addition to the works noted above, the 2015/16 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, it is projected that a further 295 households could benefit from this work.
- 3.7 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.
- 3.8 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.

- 3.9 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.
- 3.10 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 This report highlights the significant funding the Council has secured to improve the energy efficiency and reduce fuel poverty in homes across Perth and Kinross. This includes:
- £8.1m from Scottish Government
 - £4.2m from SSE (ECO) and
 - £1.5m from Scotland Gas Networks Assisted Connections Scheme during the past 3 years.
- 4.2 This, together with the Council's investment of £15.5m, has resulted in a total energy efficiency related investment to our local homes of £29.3m.
- 4.3 The plans to continue these works during 2015/2016 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.
- 4.4 It is recommended that Housing and Health Committee:-
- (i) Notes the significant investment and improvements made to support energy efficiency in households across Perth and Kinross.
 - (ii) Homologates the actions already taken to submit funding applications for the Scottish Government's Home Energy Efficiency Programme Scotland – Area Based Schemes for 2015/16.
 - (iii) Homologates the actions already taken to secure ECO funding from SSE for the 2015/16 programme.

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ANNEX

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 The Single Outcome Agreement for Perth and Kinross and the Perth and Kinross Council Corporate Plan 2013-18 have five concurrent outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

- Promoting a prosperous, inclusive and sustainable economy
- Creating a safe and sustainable place for future generations

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 28 January 2015 in the Housing Revenue Account (HRA) Strategic Financial Plan Incorporating the 5 Year Capital Investment Programme and Rent Strategy to 2019/20, Reserves Strategy and Other Housing Charges for 2015/16. (article 15/50 refers). The approved budget contains a provision of £1,500,000 in 2015/16, £1,350,000 in 2016/17 and £625,000 in 2017/18 for Energy Efficiency works.

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 both 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

No significant risks have been identified.

4. **Consultation**

Internal

- 4.1 The Head of Finance and Support Services and Head of Legal Services have been consulted on this report.

The Tenant Committee Report Panel have also been consulted. They commented as follows:- “We are pleased to read of the proposed energy reducing measures which Perth and Kinross Council have planned for more of their properties and privately owned houses. The uptake of government financial support for those schemes has to be commended.”

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 2019/20, Reserves Strategy and Other Housing Charges for 2015/16. (article 15/50)
- Perth and Kinross Local Housing Strategy 2011-2016 Progress Report 2014 (article 14/453)
- Home Energy Efficiency Works 2014 (article 14/225)
- Home Energy Efficiency Works 2013 (article 13/251)
- Home Energy Efficiency Works – North Muirton (article 13/381)

3. **APPENDIX**

The following document is appended to this report.

- Appendix 1 - Summary of Funding Awards (Energy Efficiency 2010 – 2015).

APPENDIX 1

Programme	Funding Obtained	Council Funding	Measures Undertaken	Year Complete
UHS Programme 2010/2011	£590,000		Loft / Cavity / Pipe and Tank Insulation	2010/11
UHS Programme 2011/2012	£560,000		Loft / Cavity / Pipe and Tank Insulation	2011/12
UHS Programme 2012/2013	£675,000 + £350,000		Loft / Cavity / Pipe and Tank Insulation	2012/13
CERT Funding 2012/2013	£520,070		Loft / Cavity / Pipe and Tank Insulation	2012/13
SGN Assisted Connections 2012/2015	£1,597,329		New Connections to Mains Gas Network	2014/15
Greener Homes Initiative	£210,000		Eco friendly new-build housing	2014/15
HEEPS-ABS 2013/2014	£1,216,881 + £1,921,947 + £815,247= <u>£3.954m</u>		Hard to Treat Wall Insulation , Loft / Cavity / Pipe / Tank Insulation	2013/14
HEEPS-ABS 2014/2015	£1,194,000 + £679,921 + £264,597= <u>£2.156m</u>		Hard to Treat Wall Insulation , Loft / Cavity / Pipe / Tank Insulation	Ongoing
HEEPS-ABS 2015/2016	£1,339,205 + £680,000= <u>£2.019m</u>		Hard to Treat Wall Insulation , Loft / Cavity / Pipe / Tank Insulation	Ongoing
ECO (Energy Company Obligation)			External Wall Insulation / Loft / Cavity Insulation / Boilers. <i>*Provisional assessment of ECO Funding Contributions</i>	Ongoing
Central Heating Programme		£11,300,000	Central Heating Upgrades	2014/15
Triple Glazing Programme	£4,267,612*	£1,600,000	Window and External Door Renewals	2014/15
Energy Efficiency / Insulation Programme Phases 1+2		£2,600,000	Insulation Improvements	2014/15