

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: ACTION ON ENERGY SCHEME

Meeting/Date: COMT – 2nd June 2014
O&S – Environmental wellbeing 17th June 2014

Executive Portfolio: ENVIRONMENT

Report by: ENVIRONMENT TEAM LEADER

Ward(s) affected: All

Executive Summary:

Huntingdonshire District Council in conjunction with other Cambridgeshire local authorities (Cambridge City, East Cambridgeshire, Fenland, South Cambridgeshire and the County Council) has procured an innovative working relationship with a private sector delivery partner to install energy efficiency improvements in homes across Cambridgeshire.

The partnership, branded as Action on Energy, provides a trusted local authority backed route for installing energy efficiency improvements, maximising access to available government funding, whilst engaging communities, generating local employment and securing additional revenue streams to sustain local action.

The scheme has recently been significantly boosted by the award of £7.8m grant funding for the whole of Cambridgeshire, from the Green Deal Communities Fund.

This report outlines progress in delivering the Action on Energy scheme in the District to date, the resource implications for the Council and explains how the DECC grant funding will be used to boost the take-up of Green Deal measures.

Recommendation(s):

- To note the work of the councils Environment Team in delivering Action on Energy to ensure the maximum benefit from the scheme for the residents of Huntingdonshire.
- To welcome the award of significant grant funding (£7.8m) from the DECC Green Deal Communities Fund to enhance the offer to householders.
- To acknowledge the positive revenue implications of the scheme including an anticipated revenue income for the council of £10,000 per annum from measures installed and a further £26,000 during the current financial year to offset the cost of officer time spent managing and implementing the Green Deal Communities Fund grant in the district.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 The purpose of this report is to update members on the successful development of Action on Energy in Huntingdonshire which is partnership between all Cambridgeshire local authorities and a private sector delivery partner to provide home energy efficiency improvements for householders across Cambridgeshire.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Council, along with the other Cambridgeshire Councils launched Action on Energy in November last year. The scheme is designed to provide residents with a trusted local authority backed route to access home energy efficiency improvements, essentially providing a 'one-stop-shop' from an initial assessment of what might be possible, through to the installation of appropriate measures by qualified installers.
- 2.2 The Action on Energy partnership has recently been awarded £7.8m funding from the DECC Green Deal Communities Fund which must be used to subsidise the installation of solid wall insulation and also to incentivise the installation of improvements within the private rented sector. This funding has provided a major boost to the development of the scheme and will be allocated on a first come first served basis.
- 2.3 In addition to the Green Deal Communities Funding the scheme will utilise and signpost residents to government 'cash back' incentives. From June 2014, the Green Deal Home Improvement Fund (GDHIF) will be available to all householders, providing up to £1,000 cashback for anyone wishing to install any two of 12 qualifying measures (see section 5 below).
- 2.4 Where grants do not cover the full cost of the work undertaken, householders can 'self finance' the difference or take advantage of loan options including Green Deal Finance, which helps meet the upfront costs of improvements and is a 'pay as you save' option, meaning the money you save on your energy bill from having the improvement is then used to pay off the loan.

3. THE OBJECTIVES OF THE PROJECT/LINK TO LEADERSHIP DIRECTION

- 3.1 The five key objectives of the Action on energy are:
- a) Securing the maximum take-up of energy efficiency improvements across the building stock of Cambridgeshire, to reduce fuel poverty and to improve the housing stock;
 - b) Ensuring good value, high quality energy efficiency installations with outstanding quality of work and customer care;
 - c) Boosting the local economy (employment, skills and learning, expansion and development of the energy efficiency and micro-generation business sector);
 - d) Supporting local community groups and voluntary sector organisations working on sustainable energy-related issues
 - e) Establishing an energy efficiency/Green Deal programme to provide a revenue stream that local authorities can use to re-invest into the project or to offset the cost of officer time.
- 3.2 The objectives outlined above link closely to the Council's corporate priorities;

- **Promoting a Strong Local Economy** – working towards the use of a 100% Cambridgeshire based installer and assessor network, by providing a comprehensive training programme for local companies wishing to become involved in installing measures. This training will give all the necessary accreditations, with the prospect of securing a regular flow of work under the scheme.
- **Enabling Sustainable Growth** – enhancing our built environment by reducing the number of households in fuel poverty and by improving the energy efficiency and structural integrity of homes across all tenures.
- **Working with our Communities** – Improving health and well being by providing affordable warmth. Empowering local communities to upgrade the energy efficiency of homes, through extensive community engagement activities and the recruitment of local ‘Community Energy Champions’ to maximise the take up of the scheme.
- **A Customer Focused and Service Led Council** - the scheme will provide members of the public with a ‘one-stop-shop’ for energy efficiency improvements using a network of trusted local installers and salespeople. Working in this way will ensure the process is as simple as possible and regular market testing will ensure value for money for the customer and for the Council.

4. THE DECC GREEN DEAL COMMUNITIES FUND

- 4.1 The Action on Energy Partnership has recently been awarded £7.8 million in grant funding from the DECC Green Deal Communities Fund. The funding will be held by Cambridge City Council who will administer the release of grants as the project progresses. The details of the administration and division of the funding are the subject of a Memorandum of understanding between Huntingdonshire District Council and Cambridge City Council. The entire grant allocation must be spent during 2014/15 and it will require continuing officer commitment from Councils across Cambridgeshire to achieve this.
- 4.2 The majority of the funding (£5.7m) must be used to support solid wall insulation a further £2m will specifically support energy efficiency improvements in the private rented sector, £80,000 must be used to provide subsidised Green Deal assessments for householders.
- 4.3 The project will involve targeting around 8,000 solid walled households, with the expectation that around 1100 – 1500 will proceed with solid wall insulation. Four main sectors will be targeted including off-gas villages, conservation areas, steel framed properties and private rented properties. There will also be a trial scheme to insulate park homes, which are notoriously energy inefficient and historically have proved difficult to cost effectively insulate. This element of the project will be undertaken at the Howitt’s Lane site, St Neots in co-operation with the social housing provider Luminus.
- 4.4 With the average solid wall insulation job costing an estimated £8,500, eligible households will receive support and guidance with all aspects of the process and importantly, will be able to benefit from an upfront grant of up to £6,000 to cover the cost of the work.

- 4.5 DECC is particularly keen to ensure that properties are targeted on a street by street basis. The main ‘pockets’ of solid wall properties in Huntingdonshire have been identified, but solid wall properties in areas other than those targeted will not be excluded from the scheme and general marketing and publicity is being undertaken.
- 4.6 Funds will be distributed on a first come first served basis and there has been an indication from DECC that if the partnership successfully allocates the funding, there is a strong possibility that a similar allocation will be forthcoming in 2015/16.
- 4.7 To offset the cost of officer time spent distributing the funding, the Council will receive £26,000 revenue support during 2014/15 the council will also receive an allocation of £10,000 for the St Ives Green House to be fitted with new products and technologies to demonstrate possible solutions for green deal measures.

5. THE GREEN DEAL HOME IMPROVEMENT FUND

- 5.1 The Green Deal Home Improvement Fund (GDHIF) is a new incentive available to all householders in England and Wales offering a ‘cashback’ incentive to anyone wishing to improve the energy efficiency of their home.
- 5.2 The scheme will be open to applications from early June 2014. Householders will be able to choose to apply for one or both of two offers available, and could be eligible to claim up to £7,000 cashback towards the installation of eligible energy-saving improvements in their properties.
- 5.3 In addition home buyers who have bought a home in the 12 months prior to having had a Green Deal assessment may be eligible for a refund of up to £100, if they install energy saving improvements under GDHIF.
- 5.4 Under the scheme householders can claim cashback against the cost of installing internal or external solid wall insulation, up to a maximum value of £6,000. Householders can also claim up to £1,000 for installing any two eligible energy saving improvements from the 12 shown in the Table 1 below.

Table 1: Energy efficiency improvements eligible for ‘Cashback’ under the Green Deal Home Improvement Fund

Improvement	Minimum quantity
1. Cavity wall insulation	At least 50% of external walls
2. Condensing gas boiler	One
3. Secondary glazing	Must apply secondary glazing to at least 50% of the windows in the property
4. Double/triple glazing	At least 50% of the windows
5. Flat roof insulation	Insulate the total flat roof area
6. Replacement warm air unit	One
7. Fan-assisted heaters	At least three
8. Energy efficient doors	At least two external doors improved
9. Floor insulation	At least 50% of ground floor
10. Room-in-roof insulation	Must insulate all of the roof
11. Flue Gas Heat Recovery	One
12. Waste water heat recovery	One

- 5.5 The GDHIF compliments Action on Energy as householders living in a solid wall property will be able to use Cambridgeshire's Green Deal Communities Fund to contribute up to £6,000 towards the cost of solid wall insulation with no upfront cost, whilst using the cashback incentives available under the Green Deal Home Improvement Fund to contribute towards the cost of other measures.

6. PERFORMANCE MONITORING

- 6.1 A memorandum of understanding governs joint working between the local authorities participating in the Action on Energy Scheme.
- 6.2 Progress is monitored by a Project Board comprising lead officers from each authority and representatives from the provider partner, Climate Energy Ltd. The Project Board meets monthly to consider operational issues and reports to a Sponsors Board made up of Senior Officers/Heads of Service which provides strategic oversight for the scheme and which meets quarterly.
- 6.3 Monitoring of the project objectives is undertaken using a series of key performance indicators KPIs. The KPIs have been selected so that they allow the Project Board to assess the performance of the scheme as a whole, e.g. total number of installations, broken down by district and by measure; also to assess the performance of our provider partner Climate energy e.g. service standards such as the number of Green Deal assessments completed within ten working days of initial contact and the average length of time for the total customer journey from enquiry to installation.

7. RESOURCE IMPLICATIONS

- 7.1 In addition to savings for householders from the installation of energy efficiency measures in the form of reduced bills and subsidised installation, there will be direct financial benefits to the Council from participating in the Action on Energy scheme. This takes the form of a £35 flat rate referral fee for every measure installed under the scheme which should equate to approximately £10,000 per annum income for the council for the three year life of the project. Budgets have been adjusted to reflect this additional income stream from referral fees.
- 7.2 During the first 6 months of the scheme (November 13 – April 14) 153 households in Huntingdonshire registered an interest in installing measures, which if the work is completed will deliver £5,355 revenue income for the Council.
- 7.3 In addition to referral fees generated under the scheme, the £7.8m grant funding recently received from DECC makes some provision to offset the cost of officer time spent on the project. Current budgets reflect revenue income of £16,000 but this has recently been increased to cover work undertaken within the private rented sector. The total revenue funding for the council during the current financial year towards the cost of officer time now stands at £26,000.
- 7.4 Officers are actively exploring the possibility of co-ordinating the roll-out of the grant funding for some neighbouring councils in return for a greater proportion of the total revenue funding. These discussions are at an early stage but could

deliver an additional £10,000 in revenue funding with minimal requirement for officer time e.g. simply extending our current mail-out strategy.

- 7.5 The DECC funding must be spent during 2014/15 and it will require continuing officer resource from Councils across Cambridgeshire. However, the greater the grant allocation spent within Huntingdonshire the greater the benefit for residents of the district and also for the council in terms of additional referral fees.
- 7.5 There has been a strong indication from government that if Cambridgeshire is successful in spending its allocated funds during the current financial year, additional funding is likely for the financial year 2015/16.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The Action on Energy scheme is an innovative partnership between the Cambridgeshire local authorities which provides a trusted local authority route to energy efficiency improvements for householders across the County.
- 8.2 The scheme will help the Council meet its statutory obligation to engage in and report progress towards improving the energy efficiency of homes under the Home Energy Conservation Act (HECA). Importantly it will also provide a revenue income to partly offset the cost of officer time delivering the project.
- 8.2 With a significant focus on hard to treat solid wall properties the scheme will have reduce the impact of cold damp homes on health and well-being e.g. reducing the risk factors for asthma and chronic heart disease. There will also be a benefit the local economy through the development of a strong local supply chain and training for local installers.
- 8.3 Working in partnership to deliver the scheme has significantly boosted Cambridgeshire's ability to access central government funding to support the scheme. This has been demonstrated by the recent award of £7.8 million to the partnership from the DECC Green Deal communities fund. This is the largest single award to any group of local authorities in the UK from the fund showing confidence in our delivery approach and the potential for the scheme to tackle fuel poverty and boost the local economy.

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