

Cabinet – 24 October 2012

Housing Energy Conservation Act Report

Portfolio: Councillor Adrian Andrew, Deputy Leader, Regeneration

Service: Strategic Housing

Wards: Borough Wide

Key decision: Yes

Forward plan: Yes

1. Summary

The council and it's partners have been at the forefront nationally of home energy improvements for many years. The council has led the way from the;

- nationally acclaimed Walsall Health Through Warmth Scheme
- to the first Community Energy Saving Programmes to start in the country
- and some of the highest Carbon Emissions Reduction Target funding secured in the midlands region.

Investment to the end of December 2012 will have totalled over £30M.

This report seeks Cabinet endorsement to the publication of a new report pursuant to the Home Energy Conservation Act (HECA) 1995 and the requirements updated in July 2012 and issued by the Department of Energy and Climate Change. The Act made all councils Home Energy Conservation Authorities with the responsibility to help reduce domestic carbon emissions.

2. Recommendations

2.1 That Cabinet is recommended to approve:

- a) The publication 'on-line' of Walsall council's HECA report as contained in **Appendix A**.
- b) That reviews of the HECA report are undertaken at least annually and that the Executive Director Regeneration in consultation with the portfolio holder Regeneration agree to the re-publication of any amended reports.

3. Report detail

3.1 The Department of Energy and Climate Change (DECC) issued guidance and instructions in July 2012 to council's for the production of a report (by April 2013) which contains plans for how they will achieve improved energy efficiency within residential stock in their borough.

- 3.2 DECC provide a template for the report and this has been used to produce the council's HECA report '*Improving Home Energy Efficiency Together*' (**Appendix A**).
- 3.3 The council has undertaken and proposes to continue to undertake a range of initiatives with its partners to tackle the combined and inter-linked relationships between:
- Energy inefficiency of homes
 - Fuel poverty (defined by the Warm Homes and Energy Conservation Act 2000 as a household that is living on a lower income in a home which cannot be kept warm at a reasonable cost.)
 - Physical and mental health impacts of cold and damp homes including excess winter deaths
 - Domestic carbon emissions.
- 3.4 DECC issued a consultation document in September 2012 which highlighted that they were considering amending the method of defining fuel poverty. The existing definition is;
- Where a household would need to spend more than 10% of its income on energy to keep warm.
- The proposed new definition is;
- Low Income High Cost (LIHC) indicator where a household is considered to be fuel poor if
 - - It had required fuel costs that were above average; and
 - - Its income is below the average poverty line (once housing and fuel costs have been taken into account).
- 3.5 DECC recommend that the Coalition Government publish a new Fuel Poverty Strategy and definition during 2013. No firm timescale has been set for this but it may require elements of the council's HECA report to be updated in 2013.

4. Council Priorities

- 4.1 The council's work on promoting and supporting home energy conservation is in full accordance with the Corporate Plan in particular:
- Economy – through creating living / housing environments that retain and attract the workforce required to develop our economy and reducing child poverty levels and improving family well-being
- Health and Well-being – fewer infant deaths and gaps in life expectancy in the least and most deprived areas of the borough are reduced
- 4.2 As highlighted above tackling excess cold and damp homes and reducing fuel poverty through the council's HECA report is in full accordance with the Marmot Review – Fair Society, Healthy Lives (2010) in particular due to our focussed work with vulnerable households:
- Give every child the best start in life
 - Enable all children, young people and adults to maximise their capabilities and have control over their lives

- Ensure a healthy standard of living for all
- Create and develop healthy and sustainable communities
- Strengthen the role and impact of ill-health prevention

5. Risk management

- 5.1 The principal risk relates to the potential that the Council will not be able to secure investment into the borough from partners towards tackling dwelling energy inefficiency.
- 5.2 It should be noted that the council has had successes in addressing this issue already through capturing significant investment into the borough from partners (housing associations, NHS Walsall and energy companies). This has included:
- Walsall Npower Health Trough Warmth initiative (HTW)
 - Community Energy Saving Programme (CESP)
 - Carbon Emissions Reduction Target Funding (CERT)
- 5.3 The success to date has been due to our proactive approach to securing funding and the council's continued commitment in providing capital investment to 'pump-prime' initiatives and provide a 'safety-net' for critical cases in partnership with NHS Walsall. This is combined with both planning and building control advice to investors on how to economically deliver the proposals.
- 5.4 Walsall has a significant number of areas identified by DECC as 'priority' within the national list of Lower Super Output Areas (LSOAs) for investment from new initiatives such as Energy Company Obligations (ECOs). Discussions are ongoing with energy companies and their agents to secure their continued commitment to invest and support residents in the borough.

6. Financial implications

- 6.1 Funding from a variety of sources is continually sought for HECA work and feedback from energy companies has highlighted how the council's continued investment of its own capital resources has helped to encourage them to invest in the borough as opposed to elsewhere.
- 6.2 As projects develop through the year we will continue to seek to replace Council funds with funding from energy companies under Community Energy Saving Programme (CESP), Carbon Emissions Reduction Target (CERT) or Energy Company Obligations (ECO) from the emerging Green Deal initiative. For example, previously the council has contributed towards:
- loft and cavity wall insulation for homes which received a CERT contribution
 - Health Through Warmth which received Npower crisis funds
 - Match funding towards the Department of Health Warm Homes Healthy People initiative
 - Boiler replacements which received funding from the Warm Front initiative.
- 6.3 In 2012/13 the council has allocated £1M for home energy efficiency projects. This fund is being used to:

- Pump prime and help market initiatives such as CESP in the borough to maximise residents take-up and
- Provide assistance through new projects such as Walsall Healthy Homes (a replacement for HTW) including a 'safety-net' for the most vulnerable households.

As highlighted in above we will continue to seek to substitute council funds with external investment.

- 6.4 The scale of investment being attracted into the borough is considerable and has included:

Carbon Emissions Reduction Target Funding (CERT). £8.6M+

Between 2008 and end of March 2012 a total of 17,559 homes in Walsall had received an energy saving measure (cavity wall insulation and or loft insulation) with a total of 21,544 measures being installed. Based on an average cost of £400 per measure this equates to £8.618M invested in the borough.

Community Energy Saving Programme (CESP) £21M

This programme has led to:

- Blakenall - £3M+ from whg, British Gas, the Regional Housing Pot
- Jones House - £1.752M from whg, British Gas,.
- Borough wide whg properties £9M+ whg, British Gas,
- Austin House planned for this year £3.25M whg, British Gas
- Accord properties borough wide £2M+ Npower
- Private sector homes borough wide £2M Npower

7. Legal implications

- 7.1 The proposed report is in line with DECC guidelines and requirements and the Home Energy Conservation Act (HECA) 1995.
- 7.2 Legislation which enables local authorities to offer housing assistance (including energy efficiency works) is set out in the Regulatory Reform (Housing Assistance) (England & Wales) Order 2002. It allows councils to adopt a flexible approach to giving assistance in any form including financial help reflecting local circumstances, needs and resources. Such assistance can be given upon terms specified before making the assistance available, including the seeking of security taken as a charge on the property.

8. Property implications

The council has a very small portfolio of dwellings and where these are in potential areas for future home energy investment applications will be made to secure assistance.

9. Staffing implications

None.

10. Equality implications

- 10.1 The focus of the majority of assistance (due to national funding requirements) is on helping households in areas of multiple deprivation. The home energy efficiency projects have a direct positive impact on:
- health and well-being
 - removing households from fuel poverty
 - reducing excess winter deaths in the borough
- 10.2 Many projects are available for specific geographic areas (bound by the funding requirements) known as lower super output areas. Our partnership working with organisations such as AgeUK Walsall and NHS Walsall helps us proactively target assistance at key household groups such as:
- the elderly,
 - disabled residents,
 - households with long term illnesses made worse by damp or cold housing,
 - households who have a child under the age of 5 who at birth was low-birth weight
 - households with incomes of less than £21,000.
- 10.3 The changes to the definition of fuel poverty that are proposed by DECC are likely to increase the proportion of household types with dependent children of all ages (not just under 5's) who are seen as a priority group. Under the current definition households with a 60 years of age or older resident comprise almost 70% of all fuel poverty households compared with the new method where they equate to approx. 40%. The council will continue to ensure that methods of maximising assistance to vulnerable households are reflective of the target groups and this will include where necessary and appropriate broadening the partners that we work with.

11. Consultation

The HECA report will be available on-line in accordance with DECC guidance and to enable residents and energy investors to see our proposed priorities and activities.

Background papers

1. Guidance to English energy conservation authorities issued pursuant to the Home Energy Conservation Act 1995 – DECC July 2012.
2. Fuel Poverty: changing the framework for measurement - Taking forward the recommendations from the Hills Review – DECC 18 September 2012.
3. Marmot Review – Fair Society, Healthy Lives 2010

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Tim Johnson
Executive Director
Regeneration

24 October 2012



Councillor Adrian Andrew
Deputy Leader
Portfolio holder – Regeneration

24 October 2012



Improving Home Energy Together

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i)	LOCAL ENERGY EFFICIENCY AMBITIONS AND PRIORITIES	
	Our current performance	
	<p>Reducing Fuel Poverty We will reduce fuel poverty as stated above by the following actions:</p> <ul style="list-style-type: none"> a) Specifically targeted promotion of all home energy initiatives that are available towards the 2010 (and future years) LSOA's that are <ul style="list-style-type: none"> • <i>Priority Area 1.</i> Either within the highest 1% of fuel poor in England (as at 2010 = E01010342) • <i>Priority Areas 2.</i> The LSOA's which are within the highest 5% of fuel poor in England (as at 2010 = 33 areas in total). b) Work with our partners (including energy companies, Registered Social Landlords, NHS Walsall, AgeUK Walsall) to target any discretionary assistance (capital investment, advice and support) to areas identified in a) above. This work to include seeking external funding /advice to help residents of these properties c) Continue the borough wide initiatives (subject to funding) which improve the energy efficiency of homes in the borough and help reduce fuel poverty. <p>We will review all actions to reduce fuel poverty during 2013 following the Coalition Government's publication of their new Fuel Poverty Strategy and revised definition of Fuel Poverty.</p>	<p style="text-align: center;">Ongoing</p> <p style="text-align: center;">2013</p>
	MEASURES WE ARE TAKING TO RESULT IN SIGNIFICANT ENERGY EFFICIENCY IMPROVEMENTS OF RESIDENTIAL ACCOMMODATION IN OUR BOROUGH	
Prior to Green Deal	<p>We will maximise the investment for borough residents from funding sources including</p> <ul style="list-style-type: none"> • Community Energy Saving Programme (CESP) including external and internal wall insulation • Carbon Emissions Reduction Target (CERT) – including free cavity wall and loft insulation • Boiler replacement using council and NHS Walsall contributions 	<p style="text-align: center;">December 2012</p> <p style="text-align: center;">April 2013</p>

Action	Details	TIMING (Where relevant)
MEASURES WE ARE TAKING TO RESULT IN SIGNIFICANT ENERGY EFFICIENCY IMPROVEMENTS OF RESIDENTIAL ACCOMMODATION IN OUR BOROUGH		
Green Deal and ECO	<p>We are working with Sandwell, Wolverhampton and Dudley Councils to determine if a joint approach to Green Deal will deliver greater environmental and economic benefits than working individually. Consultants have been appointed to provide a Risk Benefit Analysis of potential options for Councils. The Council is the lead authority for this work.</p> <p>We will continue to develop new partnerships with energy companies and other partners to deliver both Green Deal and Energy Company Obligations (ECO) including the Carbon Saving Communities (CSC) element of ECO. We have commenced discussions with them to secure their investment into the borough.</p>	<p>October 2012</p> <p>Ongoing</p>
Feed in Tariffs scheme	<p>Domestic Photovoltaic (PV) Installations – As at end June 2012 cumulative installations per 10,000 for Walsall totalled 39 compared to the Black Country rate of 34. Other comparative rates are:</p> <ul style="list-style-type: none"> • Wolverhampton 24 • Sandwell 27 • Dudley 42 <p>We are looking at a range of options to assist with the installation of PV on homes in Priority Area 1 and 2.</p>	Ongoing

Action	Details	TIMING (Where relevant)
MEASURES WE ARE TAKING TO RESULT IN SIGNIFICANT ENERGY EFFICIENCY IMPROVEMENTS OF RESIDENTIAL ACCOMMODATION IN OUR BOROUGH		
Zero Carbon Homes	<p>We have supported the development of a new timber frame housing manufacture project being delivered by Accord called “LoCal Homes” through advice and £780K of investment. This is currently delivering units to Code for Sustainable Homes (CSH) Level 4.</p> <p>Zero Carbon Homes (Code 6) is being encouraged nationally on all new build homes. The government has indicated a potential start date of 2016 for revised building regulations. Between 2013 we will help publicise national best practice guidance on methods of achieving higher code ratings.</p>	<p>Ongoing</p> <p>Ongoing</p>
EPCs	<p>We will continue to ensure that landlords, agents and those selling or letting their homes are aware of their legal obligation to provide and make available Energy Performance Certificates (EPCs). We will take appropriate action against those who fail in this obligation.</p> <p>We will continue to promote to prospective tenants the importance of obtaining and considering EPCs before they decide on a property as it can have a major impact on their future wellbeing (health and costs)</p>	Ongoing

Action	Details	TIMING (Where relevant)
MEASURES WE ARE TAKING TO RESULT IN SIGNIFICANT ENERGY EFFICIENCY IMPROVEMENTS OF RESIDENTIAL ACCOMMODATION IN THE BOROUGH		
Minimum standards in the private rental sector	<p>The Energy Act 2011 proposes that from April 2018, all private rented dwellings should be brought up to a minimum energy efficiency standard rating, likely to be set at EPC rating "E". We will work with landlords and their prospective tenants to:</p> <ul style="list-style-type: none"> • Highlight the benefits of energy efficiency works and • Securing improvements to their homes / properties when external funding grants / loans etc is available. • Ensure that all new tenants are provided with EPC's by their landlord at the point of considering renting a property so that they understand the potential heating and energy costs of a property 	Ongoing and by 2018
Smart meters	<p>The major national roll out of smart meters will start in 2014 with the aim of all households receiving them by 2019.</p> <p>We will work with energy companies who are delivering ECO, Green Deal and other assistance to seek for them to provide at nil cost to residents smart meters whilst they undertake the improvement works to their homes.</p>	Ongoing

Action	Details	TIMING (Where relevant)
ii)	MEASURES WE PROPOSE TO COST EFFECTIVELY DELIVER ENERGY IMPROVEMENTS IN RESIDENTIAL ACCOMMODATION BY USING AREA / STREET BY STREET ROLL OUT.	
	<p>Area and street by street work will be focussed on assisting homes within those Low Super Output Areas (LSOA's) which are in the;</p> <ul style="list-style-type: none"> a) Priority Area 1 i.e. highest 1% for fuel poverty in England (as at 2010 rates this totals 1 and is E01010342) b) Priority Areas 2 i.e. highest 5% for fuel poverty in England (as at 2010 rates this totals 33) c) Priority Areas 3 LSOAs that are not in a) or b) above but are within those highlighted for assistance under the Carbon Saving Communities (CSC) element of the Energy Company Obligation (ie those LSOAs that are within the 15% of the highest score on Indices of Multiple Deprivation (IMD)) and areas adjoining these as determined by the council and in line with DECC requirements. 	Ongoing
iii)	TIME FRAME FOR DELIVERY AND NATIONAL AND LOCAL PARTNERS	
	Walsall is a unitary authority and has developed partnerships with NHS Walsall, AgeUK Walsall, Walsall Housing Group (Whg), Accord LoCal Homes and other housing associations with dwellings in the borough	Ongoing

Abbreviations

CERT	Carbon Emissions Reduction Target
CESP	Community Energy Saving Programme
CSC	Carbon Saving Communities
CSH	Code for sustainable homes
DECC	Department of Energy and Climate Change
ECO	Energy Company Obligations
EPC	Energy Performance Certificates
IMD	Indices of Multiple Deprivation
LSOA	Lower Super Output Areas