

# Finance and Resources Committee

10.00am, Thursday 4 June 2015

## Home Energy Efficiency Programmes for Scotland: Area Based Schemes update

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

### Executive summary

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The purpose of this report is to provide an update on the Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS:ABS) for Edinburgh and advise Committee of delivery arrangements for future phases of the programme.

HEEPS:ABS is the Scottish Government's programme to specifically target areas of fuel poverty by funding owners' contributions to energy efficiency works to their homes.

Current HEEPS:ABS projects are successfully delivering free and part-funded home insulation schemes for private owners. This not only helps individual home owners to improve the energy efficiency of their homes, but supports Council led mixed tenure projects by funding (or part funding) owners' contributions to these works.

The scheme supports the delivery of the Homes and Energy Strategy, as part of the overarching City Housing Strategy, addressing the priority to improve existing homes of all tenures.

### Links

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Coalition pledges	<a href="#">P8 P50</a>
Council outcomes	<a href="#">CO10 CO18 CO19</a>
Single Outcome Agreement	<a href="#">SO2 SO4</a>

## Home Energy Efficiency Programmes for Scotland: Area Based Schemes update

### Recommendations

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It is recommended that the Finance and Resources Committee:

- 1.1 Notes the success of the Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS: ABS) projects to date.
- 1.2 Notes that the Council will continue to access the Energy Saving Trust (EST) framework to deliver HEEPS: ABS projects for the duration of its lifetime.
- 1.3 Notes that additional resources from the Housing Revenue Account (HRA) will be required to establish a customer relationship team where work is being carried out in mixed tenure areas.
- 1.4 Refers this report to Health, Social Care and Housing Committee for information.

### Background

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- 2.1 At its meeting on 20 March 2014, the Health Social Care and Housing Committee approved the use of the EST insulation contractors framework to deliver HEEPS: ABS projects and agreed to receive an update on the progress of this programme.
- 2.2 The Scottish Government HEEPS: ABS funding is allocated to Scottish local authorities to fund insulation works to privately owned homes in areas with high levels of fuel poverty.
- 2.3 The key objectives of HEEPS: ABS are to reduce fuel poverty, reduce carbon emissions, and attract Energy Companies Obligation (ECO) funding to Scotland from utility companies.
- 2.4 This funds loft, loft top-up and cavity wall insulation for homes in Council Tax bands A-C, hard to treat cavity wall insulation, flat roof insulation, and solid wall insulation for houses and mixed tenure blocks. The programme contributes to improving homes and reducing fuel poverty for households in all tenures as prioritised in the City Housing Strategy 2012-17.

### Main report

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- 3.1 The purpose of this report is to provide an update on the delivery of the HEEPS: ABS projects in Edinburgh and to advise of delivery arrangements for future phases of the HEEPS: ABS programme.

- 3.2 Areas are selected for the HEEPS: ABS programme on the basis of levels of fuel poverty and house construction type. The programme is targeted at those construction types which would benefit the most from having insulation measures installed.
- 3.3 HEEPS: ABS funding offers free and subsidised insulation to private householders. Depending on the nature of the work, some householders may be asked to pay a contribution towards costs.
- 3.4 The Council works closely with the Home Energy Scotland (HES) advice centre, which is the free and impartial energy advice service funded by the Scottish Government. This ensures that householders benefitting from insulation also get the opportunity to benefit from other HES services including energy advice, referrals for social tariffs, and benefits checks. HEEPS: ABS funds the secondment of a senior energy adviser within HES to engage with owners in mixed tenure schemes. This is beneficial in schemes with a majority of private owners and this post is in place to support existing and new HEEPS: ABS schemes.
- 3.5 The Council encourages Registered Social Landlords (RSLs) operating in Edinburgh to access HEEPS: ABS funding, to extend their own projects to private owners in their neighbourhoods.

#### **2013/14 Programme**

- 3.6 HEEPS: ABS 2013/14 has supported Council led energy efficiency improvements in Dumbiedykes and funded loft, cavity and hard to treat cavity schemes for individuals in Council Tax bands A-C across the city. The 2013/14 programme also funded projects led by Horizon Housing Association and Port of Leith Housing Association.
- 3.7 The Council spent its full 2013/14 HEEPS: ABS funding allocation of £1.5 million by the Scottish Government deadline of December 2014 and an estimated £920,000 of ECO funding was also levered in through these projects.
- 3.8 To date, over 1,880 Edinburgh homes have been insulated through this programme, which has assisted private owners to fund insulation works to individual homes and as part of communal works. The 2013/14 programme is now complete, and has saved 23,521 tonnes of carbon.

#### **2014/15 Programme**

- 3.9 The Council was allocated £3.3 million from the 2014/15 HEEPS: ABS funding pot. Approximately 470 homes in Edinburgh will be insulated using the 2014/15 funding. These projects will be delivered by the Scottish Government's deadline of September 2015.
- 3.10 A mixed tenure refurbishment project is currently on site at Dumbiedykes using 2014/15 funding. Loft, cavity and hard to treat cavity wall insulation for homes in Council tax bands A-C continue to be delivered.

- 3.11 As part of the 2014/15 programme, the Council is working in partnership with Manor Estates Housing Association to deliver a mixed tenure solid wall insulation project at Telford worth approximately £1.4 million. It is estimated the 2014/15 programme will save 12,400 tonnes of carbon.

### **2015/16 Programme**

- 3.12 In April 2015, the Scottish Government announced that the Council had been awarded £3.58 million in HEEPS: ABS funding for 2015/16. This allocation is expected to deliver insulation to approximately 1594 homes across the city.
- 3.13 The 2015/16 programme consists of areas with high levels of fuel poverty, containing suitable homes for solid wall insulation, and in areas in the bottom 25% of the Scottish Indices of Multiple Deprivation (SIMD).
- 3.14 The programme includes projects at Moredun, West Mains, South Queensferry and hard to treat cavity wall insulation across the city. It also includes a Manor Estates Housing Association project at Niddrie Mill and continued Council led refurbishment at Dumbiedykes.
- 3.15 The Council is now developing projects for 2016/17 HEEPS: ABS schemes, and the future programme will include the continuation of previous projects including Dumbiedykes and Westburn. It is estimated the 2015/16 programme will save 27,000 tonnes of carbon emissions

### **Promotion of HEEPS:ABS**

- 3.16 HES branding is used to promote loft, cavity and hard to treat cavity schemes for private homes. This is promoted through letters, contractor generated referrals, HES referrals and Council social media and through the 'Warm your home' campaign.
- 3.17 The Council and HES engage directly with owners and tenants in mixed tenure refurbishment schemes led by the Council. An energy advisor has been seconded within HES, specifically to encourage owner participation in mixed tenure projects.

### **Delivery through the Energy Saving Trust framework**

- 3.18 The EST framework of insulation contractors was established via a European Union compliant procurement process. The EST has now exercised its option to extend this framework to the end of March 2017. The contractors included on this framework are Wates, Everwarm, BCA Insulation, AC Whyte, Keep Moat and Help Link. Projects are delivered through mini tenders managed by Changeworks on the Council's behalf. Everwarm have to date been successful in three mini-tenders to deliver loft and cavity wall insulation programmes.
- 3.19 The HEEPS: ABS programme is delivered in phases, so further mini-tenders will be carried out as required, up to a maximum value of £1.5 million each. The Council will access the framework to deliver 2015/16 and 2016/17 projects using HEEPS: ABS funding.

## Measures of success

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4.1 Measures of success include:

- the number of homes insulated;
- fuel bill reductions and warmer homes for Edinburgh residents;
- carbon emissions reductions from housing in the city; and
- spending Edinburgh's allocation of HEEPS:ABS funding within the timescales set by the Scottish Government.

## Financial impact

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- 5.1 The Council funds works to its own homes through the Housing Revenue Account (HRA) and the costs are contained within the existing capital programme.
- 5.2 HEEPS: ABS funding is intended to pay for private owners contributions for insulation, plus any enabling works required to achieve this. HEEPS:ABS therefore covers the cost of the secondment of a senior energy adviser within HES to support communications and engagement with owners.
- 5.3 HEEPS: ABS funding could also be used to fund or part-fund a fixed term post to manage HEEPS:ABS projects for the Council. This could mean the number of measures delivered is fewer, but assists the smoother delivery of insulation schemes. This proposal would be subject to the Council re-submitting a revised bid for the 2015/16 funding and approval by the Scottish Government approval.
- 5.4 The cost of the Council accessing the EST framework was included in the HEEPS: ABS funding allocated to the Council for 2013/14. This was a one-off payment which allows the Council to access the framework for its lifetime. The cost to the Council of each mini-tender undertaken is estimated at £1,500, which is paid for by the HEEPS: ABS funding.

## Risk, policy, compliance and governance impact

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- 6.1 The Council will continue to use the current delivery arrangements through the EST framework. Under the Council's Contract Standing Orders, the Director of Services for Communities can approve mini tenders of up to £1.5 million.
- 6.2 The energy adviser, Changeworks and the contractor are responsible for resolving complaints from owners involved in the schemes.
- 6.3 Homeowners are understandably concerned about any work to their property, even when all or most of the costs are being met. Investment in effective customer communication and direct customer contact is essential to secure agreement to work being carried out, particularly in mixed tenure blocks. This will ultimately reduce the number of complaints from customers, many of which are based on misunderstanding of the nature and extent of work which will be done to their home and a misunderstanding of the nature of the Council's role in

relation to the works to be carried out. Investment of resources at the initial stages of any project should reduce the risk of reputational damage to the Council.

## Equalities impact

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- 7.1 There is a positive impact on the duty to advance equality of opportunity by tackling fuel poverty among private owners and tenants, and fostering good relations with private owners. The projects minimise disadvantage to owners, as they can access free or low cost insulation.

## Sustainability impact

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- 8.1 HEEPS: ABS funding assists owners who may not otherwise be in a position to participate in insulation schemes. It can also help the Council to progress works to its homes in mixed tenure blocks, which would not otherwise be possible without owner participation. The projects improve energy efficiency in homes, resulting in carbon emissions savings for Edinburgh.
- 8.2 The 2013/14 programme is now complete, and has saved 23,521 tonnes of carbon. It is estimated that the 2014/15 programme will save 12,400 tonnes and 2015/16 programme will save 27,000 tonnes of carbon emissions.

## Consultation and engagement

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- 9.1 Proposals for the 2015/16 programme have been developed in consultation with Changeworks and HES. The Council has consulted Edinburgh Tenants Federation on the Homes and Energy Strategy reported to Health, Social Care and Housing Committee in June 2014. The 2015/16 programme contributes to those outcomes, by ensuring owners can contribute to mixed tenure refurbishment schemes.
- 9.2 An energy adviser from HES, funded through HEEPS: ABS, will support the Council to further develop communications and owner liaison for the HEEPS:ABS projects.

## Background reading/external references

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[Home Energy Efficiency Programmes for Scotland: Area Based Schemes, Finance and Resources Committee, 20 March 2014](#)

[Homes and Energy Strategy, Health, Social Care and Housing Committee, 17 June 2014](#)

[City Housing Strategy Annual Review, Health, Social Care and Housing Committee, 17 June 2014](#)

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## Links

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<b>Coalition pledges</b>	P8 Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites P50 Meet greenhouse gas targets, including the national target of 42% by 2020
<b>Council outcomes</b>	CO10 Improved health and reduced inequalities CO18 We reduce the local environmental impact of our consumption and production CO19 Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm
<b>Single Outcome Agreement</b>	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO4 Edinburgh's communities are safe and have improved physical and social fabric
<b>Appendices</b>	None.