

# Finance and Resources Committee

10.00am, Thursday, 27 August 2020

## Home Energy Efficiency Programme – Enabling Support

Executive/Routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1. It is recommended that Finance and Resources Committee:
  - 1.1.1 Notes the funding allocation of £3,579,954 for the Home Energy Efficiency Programme Scotland: Area Based Scheme (HEEPS:ABS);
  - 1.1.2 Agrees to award £407,000 from this funding to Changeworks Resources for Life Ltd (Changeworks) through a waiver of the Council's Contract Standing Orders to enable delivery of the 2020/21 scheme in Edinburgh;
  - 1.1.3 Agrees that this award can be added to the existing Service Level Agreement (SLA) between the Council and Changeworks for supporting delivery of housing energy projects in the city; and
  - 1.1.4 notes that a full procurement exercise will shortly be commenced to appoint a new Energy Projects Delivery Partner in early 2021.

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Executive Director of Place

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# Finance and Resources Committee

## Home Energy Efficient Programme – Enabling Support

### 2. Executive Summary

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- 2.1 The Home Energy Efficiency Programme for Scotland: Area Based Scheme (HEEPS:ABS) is designed and delivered by Local Authorities annually, in conjunction with utility companies and local delivery partners, targeting fuel poor areas to deliver energy efficiency measures to help reduce fuel poverty for a large number of Scottish households. It is primarily an insulation programme delivering solid wall and hard-to-treat cavity wall insulation.
- 2.2 This report seeks approval to award £407,000 of HEEPS:ABS funding to Changeworks Resources for Life Ltd (Changeworks) to deliver this programme in Edinburgh. As Changeworks have an existing Service Level Agreement (SLA) with the Council to cover these responsibilities, approval is also sought to increase the financial value of this arrangement through a waiver of the Council's Contract Standing Orders.

### 3. Background

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#### Changeworks

- 3.1 Changeworks is an environmental charity and social enterprise that works in collaboration with public and third sector organisations, schools, communities and businesses. They provide a range of services which contribute to sustainability outcomes. These include services relating to renewable energy, energy efficiency, fuel poverty, waste and recycling and transport.
- 3.2 Changeworks a registered charity, currently provides project management support to the Council for housing energy projects under a SLA, and has historically delivered the Council's HEEPS:ABS programme.
- 3.3 This SLA covers three key areas of activity focused on improving energy efficiency and reducing fuel poverty:
  - 3.3.1 **New Technology, Innovation** - providing support and advice relating to new technological innovations and district heating to maximise tenant affordability and ease of use;

3.3.2 **Investment, Tenant Well-being and Fuel Poverty** - providing support that includes securing investment and improving tenant well-being, through advice and information to help reduce fuel poverty; and

3.3.3 **Strategy Management** - assisting the Housing Service in taking a strategic approach to improving energy efficiency of existing homes, building new energy efficient homes and assisting Edinburgh to become a low energy and carbon city.

### **Energy Efficiency Priorities for Council Housing**

3.4 The Housing Revenue Account (HRA) Budget Strategy 2020/21, published February 2020, outlines how the Council will deliver £2.5 billion investment over ten years in building and improving Council homes to deliver Council commitments on affordable housing and net zero carbon by 2030.

3.5 Making homes easier and cheaper to heat remains a key priority in the HRA Budget Strategy. Over half of homes have benefited from energy efficiency measures over the last five years (including 4,400 new heating systems; 3,200 homes insulated; and 2,700 new windows and front doors).

3.6 All homes need to meet Scottish Government's Energy Efficiency Standards for Social Housing (ESSH) by December 2020. At the end of 2019/20, 71% of City of Edinburgh Council homes met this standard, with 86% expected to be compliant by the end of 2020.

3.7 The Council has a target of net zero carbon by 2030.

### **HEEPS:ABS Grant Funding**

3.8 HEEPS:ABS is designed and delivered by Local Authorities annually, in conjunction with utility companies and local delivery partners, to target fuel poor areas by delivering energy efficiency measures to help reduce fuel poverty for a large number of Scottish households. It is primarily an insulation programme delivering solid wall and hard-to-treat cavity wall insulation.

3.9 HEEPS:ABS funding is provided for private sector properties only, the Council though ensures that this targets private sector properties in mixed tenure blocks to unlock larger mixed tenure schemes where a mix of social and private sector properties are involved.

3.10 Applications for grant funding for this programme are submitted annually.

## **4. Main report**

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4.1 In May 2020 Changeworks prepared a submission on behalf of City of Edinburgh Council for HEEPS:ABS funding. This funding is essential in helping the Council to meet the ESSH by December 2020, particularly where mixed tenure challenges would have presented significant barriers to progressing energy efficiency

measures, such as external and cavity wall insulation, and also helps support the Council in achieving its net zero carbon target.

- 4.2 From this application, the Council has been awarded a HEEPS:ABS grant allocation of £3,579,954 in financial year 2020/21.
- 4.3 The core grant allocation will be used to fund private owners and will target external wall insulation across the following areas: Dumbiedykes; Westburn; Gilmerton; Gracemount and Drumbryden as well as city wide cavity wall and internal wall insulation projects targeting HEEPS:ABS eligible areas. As part of this programme the Council will leverage in an additional £1,579,000 to ensure complex mixed tenure blocks are targeted across the project areas.
- 4.4 The current SLA between the Council and Changeworks includes provision for them to deliver and project manage externally funded grant programmes such as HEEPS:ABS. It would not be practical in terms of timelines and ability to deliver to change the delivery partner for the HEEPS:ABS programme partway through this 20/21 grant award cycle.
- 4.5 Committee is therefore asked to approve, through a waiver of the Council's Contract Standing Orders, an increase in the value of this SLA to enable Changeworks to progress this programme on behalf of the Council to ensure compliance with EESSH.
- 4.6 Householder contributions and Energy Company Obligation (ECO) funding will also be leveraged into the overall HEEPS:ABS programme for 2020/21.
- 4.7 A full procurement exercise will shortly commence to appoint a new Energy Projects Delivery Partner by early 2021 to deliver future HEEPS:ABS programmes and other related energy efficiency/low carbon technology grant programmes.

## **5. Next Steps**

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- 5.1 If Committee approve this award of funding to Changeworks, the value of the current SLA will be increased by £407,000 to enable them to project manage the delivery of the HEEPS:ABS 2020/21 programme.
- 5.2 Council officers will monitor progress and will work with Changeworks to identify any on-going impacts arising from the current working restrictions in place due to Covid-19.
- 5.3 Tender documents will shortly be issued to the market to procure a new contract for a new Energy Projects Delivery partner to be in place by early 2021. Committee approval will be sought at the appropriate time for this contract award.

## **6. Financial impact**

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- 6.1 The Council has been awarded a HEEPS:ABS grant allocation of £3,579,954 in financial year 2020/21.
- 6.2 Within this award, funding of £407,000 has been set aside for project management to ensure successful delivery of the HEEPS:ABS programme.

## **7. Stakeholder/Community Impact**

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- 7.1 The positive equality impacts previously identified will continue. These include:
  - 7.1.1 Reducing the costs of energy for residents;
  - 7.1.2 Contributing to fuel poverty reduction targets;
  - 7.1.3 Ensuring that residents live in warmer, easier to heat homes;
  - 7.1.4 Residents benefits from better welling, improved health and social attainment; and
  - 7.1.5 Carbon emissions reductions are expected to be achieved as a result of continued housing energy consultancy services provided to the Council.

## **8. Background reading/external references**

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- 8.1. None.

## **9. Appendices**

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- 9.1. None.