

21 November 2012		ITEM: 5
Housing Overview & Scrutiny Committee		
Fuel Poverty Information Report		
Report of: Councillor Val Morris-Cook. Portfolio-Holder Housing		
Wards and communities affected: All	Key Decision: Non key	
Accountable Head of Service: Katherine Adedeji – Housing Client Contractor Manager		
Accountable Director: Barbara Brownlee Director of Housing		
This report is Public		
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Date of notice given of exempt or confidential report: not applicable		
Purpose of Report: To outline current and further work proposed in the Housing Directorate to improve the energy efficiency of domestic housing stock in Thurrock, in light of significant changes to the statutory framework for energy efficiency and the introduction of the Government's Green Deal Scheme.		

EXECUTIVE SUMMARY

Thurrock will continue to be one of the lead partners of the new Essex Energy Consortium, enabling both the private and public sector housing bodies, to take advantage of the Government's Green Deal and Energy Commitment Obligation funding (ECO).

The Council has commissioned a number of projects to support the effective delivery of more extensive efficiency measures to an increased number of homes within Thurrock. These are production of a green study that provides a comprehensive evaluation of measures that can be taken to maximise thermal efficiency in different archetypes across the Thurrock Council owned and managed housing stock; identification of a number of exemplar efficiencies measures to trail in Thurrock based on archetype and need; provision of a comprehensive evaluation of external

funding streams available to support the implementation of appropriate measures based on the outcome of the green study; production of a green strategy and associated action plan.

This will help residents to benefit from energy efficiency measures and support wider local strategic priorities such as better health outcomes, reduced fuel poverty, carbon reduction and support for the maintenance of small to medium businesses.

1. RECOMMENDATIONS:

1.1 Pre Green Deal – to acknowledge the outcomes achieved by the private housing service through its lead in promoting the sub-regional Warm Healthy Homes Partnership and its commitment to continue to take the Essex lead in gaining the most from the Green Deal and ECO.

1.2 Post Green Deal – to note the continued work of the Essex Energy Consortium, ensuring continuity of approach across all sectors and enabling the scale of the partnership, to attract a direct proportion of the monies that will be available nationally.

2. INTRODUCTION AND BACKGROUND

2.1 The landscape for achieving improvements in energy efficiency is changing. One specific development through the introduction of the Energy Act 2011 has been the replacement of the current obligation for energy companies to fund domestic energy efficiency, by the Coalition Government's flagship initiative known as the Green Deal and ECO.

2.2 The continuing driver for both Thurrock's private and public housing sector is to improve the decency of the borough's stock. In the private sector the aim is to focus on making decent, those homes which house vulnerable households. The decency standard includes improving thermal comfort standards and contributing to the reduction of those in fuel poverty. This has been achieved to date, by a mixture of direct expenditure by landlord services via its capital programme and direct financial loan/grant assistance by the private housing service. Both services have been and continue to be supported by energy suppliers, who have ongoing legal obligations to provide free/discounted energy efficiency measures for vulnerable residents.

Green Deal and ECO

2.3 The Coalition Government's aim with the Green Deal is to deliver a step change in the update of energy efficiency measures in both domestic and commercial premises by creating the conditions for business investment and removing upfront costs.

With the Green deal energy efficiency improvements are funded by a loan which is repaid through a charge on the consumers' electricity bill over an extended period of time on the basis that the cost does not exceed the energy savings. It is important to note the obligation to repay the loan is passed on with tenancy or change of ownership i.e. the charge is made to the home that has been made more energy efficient.

Energy Company Obligation or ECO has a more targeted focus on properties that are harder to treat, as a result of the costs associated with the energy measures being prohibitively expensive for either the resident or based on the property archetype or both. ECO provides a mechanism that enables additional subsidies direct from energy suppliers for these more expensive measures and to assist vulnerable households. The two types of external funding are inter-related access to one is not contingent on use of the other. However in order to deliver maximum energy efficiency measure it is expected that some households both will be used.

This programme is applicable to owner occupiers and tenants in both the social housing and private sector. It has begun to go live in stages from October 2013. ECO is the initial new product, but the Government has still to release details for delivery, however early work on how this may apply to homes in Thurrock is underway in both the private and public sector housing stock. It is anticipated that the Green Deal plans will not be available until January 2013 and the Green Deal finance has been delayed until the New Year.

To get the most from Green Deal /ECO, authorities will need to work in groups and partnerships to interest major Green Deal providers and funding utilities, in order to get a decent proportion of the resources that will be available nationally.

Private Housing Service initiatives 2009-12

- 2.4 The private housing service's initiatives under the last Government, i.e. pre-green deal – to date, have been provided through a *Warm Healthy Homes Partnership*. Thurrock's private housing service lead a sub-regional housing working group and in 2009 Thurrock successfully submitted an energy efficiency bid on behalf of the sub-region, for housing renewal funding covering 2009-11. Over £4million was awarded. This allowed Thurrock to allocate monies to its private residents, totalling £1million.

During the life of this project, Thurrock's private housing service was the lead and accountable authority and the partnership was subsequently awarded regional recognition winning a Energy Action Award and national recognition with a Green Apple Award.

This particular phase of the project/partnership is now closed and the Government no longer allocate private sector renewal monies to local authorities. This change in budget allocation has meant that this partnership,

has not been sustained at the same level of outputs, but the private housing service, continued with the branding of *Warm Healthy Homes*, retaining some continuity with regards to provision. Throughout this time and to date, the private housing service continues to support the Government's Warm Front Scheme. As part of the Government changes this scheme will close in April 2013.

A summary of private housing outcomes to date include:

- X2,000 Number of homes made thermally decent
- 15,000 tonnes Total life time CO2 savings
- £1,400,000.00 Projected financial savings over 10yrs.

2.5 As Green Deal emerges, the housing directorate is now leading on bringing together a wider Essex group of local authorities to maximise delivery under the new funding opportunities. During this interim period, the private housing service has also just entered into a Government ECO pilot project with an approved delivery company, using local installers to install a range of energy measures to vulnerable residents under the principles of the new Green Deal scheme. This pilot project is at no direct cost to the Council. This local pilot initiative will stop at the time the Essex Energy Consortium have formalised their engagement with Green Deal and ECO providers.

2.6 Thurrock's private housing service commissioned the Building Research Establishment to carry out a stock profiling and health impact assessment on its private stock. The service was seen to be a flagship for this new profiling model, which has since resulted in a local database of information, including energy data, at dwelling level. This has allowed the private housing service to be in a very good position to work effectively with existing energy partners and new Green Deal providers. This new database is currently being used for the ECO pilot initiative and has recently been used to inform the Council's JSNA and future joint working with the Council's public health team.

2.7 The private housing service are working with the public health team to agree joint working projects, with a focus on keeping warm and reducing housing hazards. The private housing service propose a new Healthy Homes prescription initiative which will engage all visiting officers to offer a free prescription, prescribing a range of information which residents can use to improve their home, e.g. energy efficiency grants/loans; fuel poverty advice.

Current Capital programme and Council owned stock

2.8 The current capital programme includes a number of measures designed to improve the energy efficiency of homes. These include the installations of new heating systems and external wall insulation. The first phase of the external wall insulation programme is complete the second and final phase of this year's programme due for completion by December. Appendix one provides detailed outline of the EWI programme.

Table one shows the proportion of properties in different SAP bandings, it shows that we have clusters of properties which remain relatively inefficient. At present, analysis is taking place on how many of these properties are earmarked to have efficiency measure delivered through the current programme. Moving forward the energy study and associated strategy and action plan will ensure that the current efficiency level of a home is a factor both determining what and when efficiency measures are delivered.

Table 1

SAP Rating Banded	Properties	% of Stock
Unknown	61	0.6%
20 - 30	4	0.0%
31 - 40	8	0.1%
41 - 50	52	0.5%
51 - 60	1,461	14.2%
61 - 70	875	8.5%
71 - 80	2,958	28.7%
81 - 90	3,163	30.7%
91 - 100	1,655	16.0%
101 - 110	79	0.8%

2.9ECO the energy company obligation is of particular significance as a mechanism to support the Council in further improving efficiency in homes; this is particularly important where the household is vulnerable. Studies show these households tend to be more susceptible to limiting their use of necessary heat due to costs. This can be further compounded if these homes have a construction type, which makes them substantially more expensive to treat. The ECO mechanism is targeted to ensure that efficiencies measures are comprehensively delivered into these homes as well, particularly where they fall out of the golden rule that is required to make the Green Deal possible.

Table 2 below shows the average SAP rating by construction type, as outlined solid brick wall has the lowest relative rating for council owned property in the borough, ECO funding is specifically designed to subsidise the efficiencies measures required to improve the energy rating of homes of this type.

Table 2

Wall Type	Properties	% of Stock	Average SAP Rating
Unknown Wall Construction Type	4,431	43.0%	87.2
WALL STRUCTURE,BRICK CLAD TIMBER PANEL	2	0.0%	80.0
WALL STRUCTURE,CAVITY BLOCK	230	2.2%	89.9
WALL STRUCTURE,CAVITY BRICK	2,793	27.1%	75.4
WALL STRUCTURE,CONCRETE PANEL	16	0.2%	70.8
WALL STRUCTURE,CONCRETE WALL	134	1.3%	74.4
WALL STRUCTURE,OTHER	23	0.2%	72.2
WALL STRUCTURE,SOLID (LECA PANEL)	226	2.2%	79.4
WALL STRUCTURE,SOLID (PRC AIREY)	34	0.3%	65.2
WALL STRUCTURE,SOLID (PRC CORNISH)	25	0.2%	73.2
WALL STRUCTURE,SOLID (PRC STENT)	85	0.8%	78.6

WALL STRUCTURE,SOLID (PRC UNITY)	26	0.3%	63.3
WALL STRUCTURE,SOLID (PRC WATES)	77	0.7%	66.9
WALL STRUCTURE,SOLID BRICK/BLOCK	2,177	21.1%	62.7
WALL STRUCTURE,TIMBER FRAME (SCOTTWOOD)	37	0.4%	73.9

To ensure our approach is timely and broad, the Council has commissioned a comprehensive evaluation of the different efficiency measures that can be reasonably applied to the stock in conjunction with Green Deal, ECO or any other external funding mechanism. This is to ensure that the Council is able to effectively obtain maximum benefit from all the exemplary work that has been done in establishing the consortium, with regard to stock that it owns and manages on behalf of residents. To this end the Council is in conversation with three major energy suppliers to understand the extent possible external funding contribution that the ECO offer may provide based on Council owned archetypes, current SAP ratings and household need. This will ensure that we can maximise the individual benefits to Thurrock residents' through the consortium.

Outlined below are some key efficiencies measures likely to be supported by the ECO subsidy:

- Cavity wall insulation (including insulation of hard to treat cavities)
- Connection to a district heating system
- Draught proofing
- External solid wall insulation for mobile home
- Flat roof insulation
- High performance external doors and passageway walkthrough doors.
- Loft or rafter insulation (including loft hatch insulation)
- Pipework insulation
- Secondary or replacement glazing
- Solid wall insulation for a solid brick wall built before 1967

It is important to note that all of these measures are currently delivered within the capital programme. However, under previous external funding mechanisms very little funding was obtained to support necessary improvements on energy efficiencies. The key to the new approach is to we maximise the number and impact of external funding opportunities in maximising energy efficiency across the greatest number of homes in Thurrock. This will require the Council to access maximum amount of available funding, and then subsequently integrate this with existing Council funding to ensure an intelligent package of works are delivered into people's homes.

Green Deal and Thurrock

- 2.10 Thurrock's private housing service has lead with Tendring Council to bring together all Essex authorities and some registered providers, so we are in a collective position to compete effectively for funding. Green Deal and ECO will not be allocated or tied into any one region, therefore, those areas that are most organised will attract the highest levels of funding, others will lose out. This new partnership is known as the Essex Energy Consortium.

The consortium has since established a governance process and Thurrock's Chief Executive is one of the joint sponsors. Its initial programme includes:

- Formal sign up to the Consortium by participating councils. Complete
- An effective two level Governance model to allow the Consortium to be an effective and efficient delivery mechanism. Complete
- To appoint, or create, one or more delivery agents for Green Deal/ECO through a framework contract arrangement. Ongoing

These partnership arrangements will be at no initial cost to participating Councils. The purpose of the framework contract will be to procure the services of organisations that will bring most to the table in terms of the range of schemes offered, levels of finance, and ability to adapt and develop new schemes or delivery vehicles.

It will also allow councils to choose which particular range of services they want in their own areas.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS

- 3.1 There are concerns about the Green Deal and ECO:
- Getting people to take out a loan to fund the work will be a challenge.
 - The Green Deal is still evolving and there is no guarantee that the future governments will not move the goalposts.
 - Without Green Deal/ECO, there is no guarantee of an effective and affordable market response for residents or for safeguarding jobs in the energy efficiency sector.
 - All the current discounts for insulation will disappear when the funding for the existing energy obligation targets ends in December and there is currently a risk that a gap in service provision will occur.
- 3.2 Despite these concerns local authority action is being encouraged by DECC. Early consultation amongst local authorities and registered providers has highlighted a preference to be a promoter/partner for the Green Deal/ECO. On this basis it is proposed that further work is undertaken by the Essex Energy Consortium to progress its programme, including undertaking some soft market testing with potential partners to better understand potential sources of funding, preferred rates of carbon and delivery options.

4. REASONS FOR RECOMMENDATION

- 4.1 The key driver for continuing the work of the Essex Energy Consortium is that Essex is a large potential market for Green Deal/ECO providers. The benefits for Thurrock and other local authorities include:
- New sources of revenue to deliver energy efficiency measures
 - Help to reduce fuel bills for local residents
 - Opportunities for local economic and physical regeneration
 - Support for wider local strategic priorities (better health outcomes, reduced fuel poverty, carbon reduction)
 - Support for the maintenance of local jobs and skills.
- 4.2 Thurrock wants to maximise its share of energy efficiency funding and to do this, it is essential that it continues to lead in taking a strategic approach to Green Deal in Essex.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

- 5.1 Consultation has already taken place amongst all Essex local authorities, registered providers and the Essex Chief Executive Group, who have all endorsed the way forward.
- 5.2 The Consortium will further consult its residents at the time the Green Deal is fully implemented, to coincide with the Governments future proposed marketing.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The outcome of this work will support wider local strategic priorities, including better health incomes, carbon reduction and improving the decency of both private and public sector.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Michael Jones**
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There are no revenue budget implications for the Council arising from this project on private sector dwellings. The £1.4m savings in paragraph 2.4 above refers to savings accruing on energy bills to private home owners and is not a saving on Council expenditure.

In terms of the Council owned housing there is budget provision within the Housing Capital Programme for replacement of heating systems and insulation which will contribute towards the programmes objectives. It is anticipated that savings on energy bills will also accrue to Council tenants as the Capital programme rolls out across the housing stock where applicable.

7.2 Legal

Implications verified by: **Alison Stuart Principal Housing and Regeneration Solicitor**
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As the report is for noting, there are no legal implications at present.

7.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
 Telephone and email: **01375 652472**
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There are no equality or diversity implications noted in this report.

7.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

N/A

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- N/A

APPENDICES TO THIS REPORT:

- Appendix 1 – EWI programme 12-13

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