

Report of	Meeting	Date
Director of Customer and Advice Services  (Introduced by the Executive Member for Customer and Advice Services)	Executive Cabinet	17 <sup>th</sup> March 2016

## ENERGY EFFICIENCY UPDATE

### PURPOSE OF REPORT

- To provide Executive Cabinet with an update on the Council's involvement in various activities relating to Energy Efficiency and its continued efforts to combat Fuel Poverty.

### RECOMMENDATION(S)

- Executive Cabinet is requested to note the contents of this report.

### EXECUTIVE SUMMARY OF REPORT

- The Council is required to provide a HECA (Home Energy Conservation Act) update report every two years. The last such report was in March 2015. This report therefore acts as an interim report in advance of the next HECA update report, which will be presented to Executive Cabinet in March 2017.
- The report sets out the various Energy Efficiency initiatives in which the Council is currently participating. Some are collaborations with other Local Authorities in Lancashire, others involve work which the Council is leading.

<b>Confidential report</b> Please bold as appropriate		<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate		<b>No</b>
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<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

### CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities	X	An ambitious council that does more to meet the needs of residents and the local area	x

## REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. The report is for noting and does not contain any specific recommendations.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None considered.

## BACKGROUND

8. The Council has a long-standing commitment to combating Fuel Poverty. The Corporate Strategy contains a performance target for the level of Fuel Poverty in Chorley to be below the North West average level.
9. The most recent figures for Fuel Poverty relate to 2013. The figures confirm that 8.2% of Chorley households experienced Fuel Poverty (this is the third lowest in Lancashire) and that the North West average was 10.9%. The figures for 2014 should be available by summer 2016.
10. The Council's various Energy Efficiency activities, therefore, aim to deliver Affordable Warmth for customers and reduce the incidence of Fuel Poverty in the Borough.
11. Currently there are a number of Energy Efficiency initiatives either in progress or being developed. Further details about each of them are provided below:
- Energy Switching Support Service
  - Affordable Warmth Fund interventions
  - Cosy Homes in Lancashire (CHIL)
  - GB Energy partnership

## ENERGY SWITCHING SUPPORT SERVICE

12. The Council launched its Energy Switching Support Service in June 2014. The service was a Corporate Strategy Project during 2014/15.
13. The Council engaged an external contractor to deliver this service on a weekly basis. The aim of the service is to help customers through the potentially complex process of switching their energy suppliers in order to secure a more cost effective tariff.
14. This free service consists of the Energy Switching Support Advisor carrying out web-based searches, using accredited switching sites only, to facilitate customers' switching from one provider to another in order to save money.
15. The service is available to all residential householders, throughout the borough, with responsibility for paying for gas and electricity bills.
16. Since the service launched, it has proved to be very successful in assisting customers to make savings, as the following information in Table 1 indicates:

**Table 1**

<b>£63,284</b>	<b>Savings achieved from switching: 1<sup>st</sup> June 2014 to 2<sup>nd</sup> February 2016</b>
<b>266</b>	<b>No. of switched clients</b>
<b>£237.47</b>	<b>Average annual savings per switch</b>
<b>£71,536</b>	<b>Total Possible savings (if all customers who could have made savings by switching had done so)</b>
<b>300</b>	<b>Number of potential switch clients</b>

17. Funding for the development and implementation of the scheme in 2014/15 came from the Council's own resources. Additional funds obtained via Lancashire County Council's *Affordable Warmth Fund* in both 2014/15 and 2015/16 have supplemented the funds available to deliver this service. Funds are available to continue the service into 2016/17.

#### **LANCASHIRE COUNTY COUNCIL AFFORDABLE WARMTH FUND 2015/16**

18. In September 2015 the Council successfully applied to Lancashire County Council (LCC) for funding to deliver high impact affordable warmth interventions to customers who are vulnerable to harm from cold or damp homes.
19. The Grant guidance states that ultimately the fund aims to reduce levels of death and illness over the winter months and to improve people's wellbeing.
20. LCC set the maximum amounts available per District. Chorley was allocated £27,950, in two tranches of payment. The payments have been provided in an initial sum of £20,693, to be followed by a £7,257 that can be applied for once the initial sum has been utilised.
21. LCC have also stipulated that whilst it is expected that the majority of the funding will be spent before 31<sup>st</sup> March 2016, it will be possible to carry forward 40% of the funds to 2016/17 if the planned expenditure is in line with the objectives set out in the original funding agreement with LCC.
22. As at 1<sup>st</sup> February 2016 the Council has spent the initial sum and has applied to LCC for the £7,257.
23. To promote the scheme and to target our resources appropriately, we wrote to those customers who receive an Assisted Refuse Collection Service from the Council in Autumn 2015.
24. There are a range of services available under the Affordable Warmth Fund:
- **Heating System Maintenance** (servicing of gas boilers and radiator checks). This is provided in partnership with Preston Care and Repair.
  - **Warm Homes Checks**. This is an enhanced handyperson service which involves carrying out draught-proofing around customers' homes. It is provided in partnership with Preston Care and Repair.

- **Replace unsafe heating appliances.** This fund is available for customers in instances when a boiler servicing visit takes place which results in the boiler being condemned as unsafe to use, and where the customer lacks the funds to pay for a replacement themselves.
- **Top-up contributions to assist customers with funding shortfalls for replacement boilers.** In cases where the customer is seeking to obtain a replacement boiler through funding streams such as 'Cosy Homes in Lancashire' (CHiL), and where the full costs of the replacement boiler cannot be met through CHiL or other grant funding options, a small budget is available to assist customers in overcoming the funding shortfall.
- **Energy Switching Advice Service.** This service has been covered in paragraphs 13 to 18 above.

25. As at 1<sup>st</sup> February 2016, 47 households have received the Heating System Maintenance/Warm Homes Check services, 3 customers have received 'top up' contributions to assist them with funding contributions to obtain a replacement boiler, and 135 have been assisted via the Energy Switching support service.

### **COSY HOMES IN LANCASHIRE (CHiL)**

26. The 'Cosy Homes in Lancashire' (CHiL) scheme is a countywide energy efficiency and affordable warmth initiative. Launched in November 2015, it seeks to offer an accessible means of accessing grants from energy companies and other sources to fund new heating measures, insulation and renewable technologies in domestic properties.
27. On behalf of all the local authorities in Lancashire, Blackpool Council has entered into a contract with Scottish and Southern Energy (SSE) for around £3.5 million worth of energy efficiency measures. It has also engaged with other companies to manage and deliver the scheme as a pilot running from September 2015 to August 2016.
28. At a meeting of the Lancashire Chief Finance Officers in September 2015, each of the 15 local authorities in Lancashire were asked to contribute £4,000 to the staffing, marketing and administration costs for this pilot.
29. Chorley Council's £4,000 contribution was paid from the funding provided by LCC for its Affordable Warmth Fund.
30. Chorley Council has also signed the Accountable Body Agreement with Blackpool Council, who are the Host Authority for the operation of the CHiL scheme.
31. Lancashire has also been successful in securing £2.2 million from the Department of Energy and Climate Change (DECC)'s Central Heating Fund (CHF). Blackburn with Darwen Council is entering into the contract with DECC on Lancashire's behalf.
32. The total funding available for Lancashire therefore is now over £6 million and, if utilised, the outcome of the scheme will be a significant reduction in energy bills and an increase in the 'thermal comfort' of homes, leading to a reduction in cold-related illnesses and associated GP and hospital visits.
33. Currently the private market for energy efficiency work is complex and difficult to navigate for the ordinary householder. Eligibility criteria for accessing grants directly from energy companies can be arbitrary and the quality of work carried out by private contractors can vary significantly.
34. The funding provided by SSE depends on Lancashire Local Authorities delivering measures that help SSE meet its statutory obligations to help households in fuel poverty and to reduce

domestic carbon emissions. Whilst there is potentially over £6 million available, in many cases the cost of measures will need to be 'topped-up' by the household or other source.

35. Measures available under the scheme include new boilers and central heating systems for low income/vulnerable households, cavity wall insulation and loft insulation. The cost of these measures to households will vary – as many as possible will be done for free, but the grant funding available sometimes needs a top-up, which averages several hundred pounds. Firefly Energi will work with landlords, home improvement agencies, housing and energy officers and charitable trusts to try and source this contribution.
36. If the pilot proves successful, there is the possibility to develop 'CHiL' further – perhaps into a standalone not-for-profit entity such as a Community Interest Company (CIC).
37. However, the potential for continuation depends on the future of the Energy Company Obligation (ECO) or other energy efficiency scheme. The policy environment nationally is somewhat clouded, with the current government having made a commitment only to "*insulate a million more homes over the next five years*" which is a rate significantly below what has previously been delivered.
38. As at 1<sup>st</sup> February 2016, the various offers available from the CHiL scheme are as follows:

**Loft Insulation:** The scheme can deliver **free** loft insulation to any domestic property in Lancashire. Loft insulation will be installed to the recommended thickness of 270mm. The scheme can also provide top-up loft insulation where the existing insulation is 100mm thick or less.

**Cavity Wall Insulation:** The scheme can provide **free** cavity wall insulation for most homes built after 1920. We can also insulate 'hard to treat' cavities from houses built before 1920 or with stone fronts; unfortunately at the present time we can't do this for free but we can offer a very competitive quote.

**Solid Wall Insulation:** Solid wall insulation, which can be either external to the property or fitted onto internal walls, is appropriate for older properties with no cavity wall but can be very expensive and a substantial self-funded contribution will be required by customers in most instances.

**Boilers and Electric Storage Heaters:** CHiL can provide replacement high quality condensing gas boilers or electric storage heaters. In some cases 'affordable warmth' grant funding is required in order to be able to provide them for free to the customer or at a substantial discount. Eligibility criteria do apply which require households to be in receipt of certain benefits.

**First Time Central Heating:** CHiL funding is available to install first time central heating to properties that currently have no system. This can be gas, LPG or Oil. To be eligible an occupant must be in receipt of certain benefits or be assessed as being in fuel poverty.

**'Room in Roof' Insulation:** Many older properties that were originally built with a loft room or 'Room-in-Roof' were not insulated at the time. If insulation was installed, it is often inadequate by modern standards. Many loft rooms are therefore cold and difficult to heat. The level of funding is subject to survey but in many cases will cover the full cost.

39. As at 31<sup>st</sup> January 2016 the CHiL scheme has delivered the following outcomes:

**Table 2**

Local Authority Area	Boiler leads on database	Boilers installed by 31/1/16
Blackburn	26	5
Blackpool	55	13
Burnley	18	1
<b>CHORLEY</b>	<b>8</b>	<b>0</b>
Fylde	11	0
Hyndburn	10	2
Lancaster	15	2
Pendle	6	1
Preston	79	25
Ribble Valley	3	0
Rossendale	4	0
South Ribble	5	0
West Lancashire	24	2
Wyre	25	1
Outside Lancashire	1	0
<b>Total</b>	<b>290</b>	<b>52</b>

40. Whilst the CHiL scheme is useful as another option for the Council, it is not the only route that we are pursuing in order to provide opportunities for Chorley residents to achieve Affordable Warmth.
41. As Table 2 above indicates, CHiL has yet to deliver for Chorley residents. This may be partly an issue of promotion. The scheme is now being advertised on the Council's website <http://chorley.gov.uk/Pages/AtoZ/Energy-efficiency.aspx>. In addition, our customers who receive a Handyperson visit, a Minor Adaptation or Disabled Facilities Grant or who use the Energy Switching service receive a leaflet promoting the CHiL scheme.
42. However, one difficulty in 'selling' the CHiL scheme to residents is that it is rather complex, with numerous variables determining whether a customer is likely to be able to access free measures.
43. Therefore the Council is also exploring parallel options with one of our long standing Energy Efficiency partners, Rheinegold insulations (who are also an accredited CHiL installer), for the Council to promote CHiL via Rheinegold, who, in addition to installing under the CHiL scheme, have independent access to Energy company funding which can provide Chorley customers with free cavity wall insulation with fewer conditions attached.

#### **GB ENERGY LTD**

44. GB Energy Ltd is a Lancashire company which offers a wide range of energy related services <http://gb-energy.com/>.
45. Their services include competitive rates of Energy supply and the facilitation of Energy Company Obligation (ECO) funded measures for customers experiencing Fuel Poverty.

46. GB Energy have approached the Council and are keen to work in partnership on a variety of energy initiatives, the main aims of which would be to achieve financial savings for Chorley residents and help to combat Fuel Poverty.
47. Their 'Unique Selling Point' is that they are keen to promote a 'whole house' approach with a package of works ranging from installation of energy efficiency measures whilst also including switching energy supplier to a branded 'Chorley' tariff.
48. GB Energy have been asked to submit a more detailed proposition which will include matters such as:
- Providing a fuel supply solution for Chorley residents, endorsed by the Council, including a commitment on the part of GB Energy to provide Chorley residents with the cheapest fuel tariffs across the UK.
  - This would include the installation of smart meters for each Chorley resident switching to a branded 'Chorley Council' tariff, which would be accessible via the Council's website. Further promotion would also be undertaken via the Council's Energy Switching Support Service.
  - Operating a costed pilot project with the Council to identify fuel poor households and to provide energy efficiency measures for such households. Such measures would include smart meters, heating and insulation.
49. GB Energy have indicated that they would be willing to invest funds in such a project and would also approach utility companies for match funding.
50. The detailed proposition from GB Energy will clarify whether there would be any financial implications for the Council in the event of a partnership being formed with GB Energy. In that instance, a further report will be presented to Executive Cabinet in due course.
51. The critical success factors of such a project would include:
- A record of the 'start position' for each fuel poor resident, with a financial assessment undertaken at each participant's property prior to any installation.
  - Cost savings for each resident post installation.
  - Energy assessment post installation, detailing levels of carbon savings for each resident.
  - Post installation energy-related behavioural advice for each participating household.

## IMPLICATIONS OF REPORT

52. This report has implications in the following areas:

Finance	x	Customer Services	x
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	x

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

58. The report is for noting and does not contain any specific financial recommendations

**COMMENTS OF THE MONITORING OFFICER**

59. As this is an update report for information there are no legal comments to be made.

LESLEY-ANN FENTON - DIRECTOR OF CUSTOMER AND ADVICE SERVICES

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<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
Rates of Fuel Poverty in Lancashire (2013)	April 2015	***	Lancashire County Council website <a href="http://www3.lancashire.gov.uk/corporate/web/?siteid=6121&amp;pageid=35490&amp;">http://www3.lancashire.gov.uk/corporate/web/?siteid=6121&amp;pageid=35490&amp;</a>

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Martin Sample	5704	23rd February 2016	***