

TITLE OF REPORT: Home Energy Conservation Act Report 2019.

REPORT OF: Colin Huntington, Acting Strategic Director, Communities & Environment

Purpose of the Report

1. This report seeks Cabinet's approval of the biennial progress update in relation to the Home Energy Conservation Act (1995) Further Report approved by Cabinet on 14 March 2017 (Appendix 2)

Background

2. Improving domestic energy conservation to reduce household fuel bills, lower carbon emissions and addressing cold-related health problems continue to be a Government priority.
3. In July 2012 the then Department of Energy & Climate Change (DECC) issued guidance to English energy conservation authorities pursuant to the Home Energy Conservation Act (HECA) 1995. Gateshead duly submitted HECA reports in 2012, 2015 and 2017 respectively, setting out the energy conservation measures that the authority considered practicable, cost-effective and likely to result in significant improvement in the energy efficiency of housing.
4. Since the last submission, the government has revised the HECA reporting guidance, changing its format and widened the scope. To combat a reducing response rate by some local authorities, a new proforma return reporting method is being piloted inputted into a digital platform. In addition, the request to report on non-domestic properties has been added. Local authorities continue to be required to publish their responses, albeit not the full document should they not wish, and Chief Executive approval of submissions is still required.
5. The 2019 HECA return captures information on the following key themes where response to questions is optional but highly encouraged:
 - I. Communications,
 - II. Green Local Supply Chain,
 - III. Private Rented Sector Minimum Energy Efficiency Standards
 - IV. Financial Support for Energy Efficiency,
 - V. Fuel Poverty,
 - VI. The Energy Company Obligation and
 - VII. Smart Metering.
6. Gateshead has been delivering energy efficiency measures for over nine years through the historical partnerships of Warm Up North, Warmzone, Warmfront and Decent Homes through The Gateshead Housing Company (TGHC). Private

sector investment has also seen significant, with works secured in the borough and in Housing Association stock. More recently, focus has prioritised delivering area-based schemes to high rise dwellings managed by TGHC while tackling other low rise, “hard to treat” non-traditional properties.

7. This progress report covers energy initiatives delivered and planned to domestic & non-domestic buildings.

Progress Update

8. The Council and its partners report the following headline progress:
 - Since April 2017, the proportion of homes rated in the highest energy efficiency bands (A-C) in Gateshead has risen from 56% to 57% (SAP 2009).
 - In partnership with TGHC delivered district heating and double-glazed windows to 621 properties across 7 high rise blocks in addition to insulating the rooves. This removed legacy, inefficient electric storage heaters or older gas boilers.
 - Connected over 300 domestic properties to the Council’s Town Centre District Heating network providing lower carbon heating.
 - During 2018/19 the Council completed an additional £420,000 of projects to reduce energy consumption in the Council’s property portfolio through the Salix schemes, including new LED lighting and heating plant.

Proposal

9. The Council and its partners propose the following primary areas of work:
 - Launch LEAP (Local Energy Assistance Programme) and ECHO (Emergency Central Heating Offer) so eligible residents in fuel poverty can receive advice re; income maximisation and boiler repairs / replacements.
 - Enforce minimum energy efficiency letting standards in the private rented sector.
 - Extend the Gateshead District Energy Scheme to a new school and office.
 - Pilot “Gateshead Switching & Fuel Poverty Campaign” to support residents to reduce household energy bills.

Recommendations

10. It is recommended that Cabinet:
 - (i) Approves the Home Energy Conservation Act Report as set out in Appendix 2.
 - (ii) Agrees to it being submitted to the Department of Business, Energy & Industrial Strategy (BEIS) prior to 31 May 2019.
 - (iii) Agrees to it being published on the Council’s website
 - (iv) Agrees to receive an update report in March 2021.

For the following reasons:

- (i) To meet the Council's statutory obligations under HECA (1995)
- (ii) To continue improving the energy efficiency of both housing and non domestic buildings in Gateshead.
- (iii) To reduce CO₂ emissions from the domestic sector.

Policy Context

1. The reported measures and future proposals contained within the prevailing Home Energy Conservation Act (HECA) Report (Appendix 2) aim to deliver measures to improve the energy efficiency of the residential stock in the borough, reduce fuel poverty, lower carbon emissions and improve housing conditions. Schemes are also proposed to improve non-domestic properties that the Council owns and buildings owned by small to medium size enterprises (SMEs). Proposals contribute towards achieving many elements of Vision 2030, and other council strategies and commitment as outlined below.

Making Gateshead a Place Where Everyone Thrives

Measures reported and proposed have helped to, and will continue to help to make Gateshead a place where everyone thrives where people and families are at the heart of what the Council does. It will help to address the inequalities in housing standards by raising them and demonstrates investment in sustainable energy solutions in the borough.

EU Covenant of Mayors

As well as Vision 2030 targets and the Thrive Agenda, the Council has made a commitment to the EU Covenant of Mayors programme, to reduce carbon emissions by at least 20% by 2020. Reducing carbon emissions of housing is also one of the key themes in Gateshead Council's Sustainable Energy Action Plan.

Background

2. Improving home energy conservation, tackling fuel poverty and reducing energy use remain core priorities for national government, and there have been many developments in recent years, which have led to a step-change in how energy schemes, grants and reducing energy bills are secured. These changes will also shape future delivery.
 - **Home Energy Conservation Act (HECA)** - Using powers under this act, all Local Authorities are required to prepare reports every two years setting out the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area.
 - **Green Deal** - The Green Deal was designed to help householders and businesses increase the energy efficiency of properties across the UK, by making energy-saving improvements to your home or business without having to pay all the costs up front. Now repealed, the Green Deal Home Improvement Fund and finance to the Green Deal Finance Company are no longer in operation. Take up was poor and success was limited.
 - **Energy Company Obligation (ECO) funding** - The Energy Company Obligation (ECO) is a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty. The scheme began in April 2013 and has been amended over time. ECO3, the latest policy commenced in December 2018 with only one obligation named the Home Heating Cost Reduction Obligation (HHCRO), which must promote measures

which improve the ability of low income, fuel poor households to heat their homes and lead to financial savings on energy bills such as installing insulation or heating measures. Although predominantly aimed at private sector properties some thermally inefficient social housing can benefit from measures in addition to “innovative” measures. Local Authorities are also able to refer residents in their areas to an obliged ECO3 energy supplier. A small allocation of HHCRO is also open for local authorities to add additional qualifying criteria in their areas via a published “Statement of intent” on their website to widen eligibility locally.

- **Housing Act 2004** – The Council can exercise powers under the Act in specific relation to the mandatory housing standard the Housing Health and Safety Rating System. Excess Cold is one of the twenty nine hazards a property must be free from. Homeowners or landlords can be compelled to improve the property to improve thermal comfort and energy efficiency.
- **Energy Price Caps** – Set by Ofgem twice a year Energy Price caps were introduced to ensure consumers pay a fairer price for gas and electricity. These caps apply to prepayment, default and standard variable tariffs (SVT),
- **Warm Home Discount Scheme** – Eligible parties deemed “core” or “broader” groups due to receipt of pension credit and low income criteria respectively, can benefit from £140 off their electricity bill.
- **Cold Weather Payment / Winter Fuel Payment** – Two schemes, the first to support certain welfare benefit recipients should weather be 0 degrees or below for 7 consecutive days and the second an age-related payment to help older people pay their heating bills.

Historic Delivery 2017 - 2019

3. Gateshead Council and its partners have delivered energy efficiency improvements to both private and social housing. Improvements to non-domestic properties have also been secured, particularly Council premises. These include but are not limited to the following;
 - Since April 2017, the proportion of homes rated in the highest energy efficiency bands (A-C) in Gateshead has risen from 56% to 57% (SAP 2009).
 - In partnership with TGHC delivered district heating and double-glazed windows to 621 properties across 7 high rise blocks in addition to insulating the roofs. This removed legacy, inefficient electric storage heaters or older gas boilers and replaced it with low carbon combined heat and power or renewables from ground source heat pumps.
 - With TGHC insulated non-traditional properties, replaced defective cavity wall insulation and insulated flat roofs to tackle hard to treat properties.
 - Continued to deliver the Empty Home Purchase and Repair Scheme in conjunction with Keelman Homes to ensure modern combi boilers and heating controls are installed into dwellings brought back into use.
 - Connected over 300 domestic properties to Gateshead Councils Town Centre District Heating network providing lower carbon heating.
 - During 2018/19 the Council completed an additional £420,000 of projects to reduce energy consumption in the Councils property portfolio through the Salix schemes including new LED lighting and heating plant.
 - Between 2016 and 2019 Capital energy efficiency improvements and reductions in energy consumption to Council owned schools & buildings have resulted in an

improvement in the average Display Energy Certificate (DEC) of ca 10 units uplifting them from band D to C.

Significant challenges still remain to improve energy efficiency in Gateshead properties. Reductions in scope and funding from the Energy Company Obligation (ECO) and the reduction in other funding streams reduces capital investment potential. Many solid wall properties and those of non-traditional construction also remain uninsulated due to them being “hard to treat” and expensive to remedy.

Future Delivery 2019 - 2021

4. A range of initiatives are proposed in the HECA Report in Appendix 2. These include but are not limited to:

Area based Pre 1919 / Solid wall housing – The aim is to;

- Secure ERDF funding for an area based scheme in Chopwell to provide low carbon renewable energy via a local heat network, solar PV installations to up to 600 homes and also improve energy efficiency to properties through delivery of solid wall insulation measures to up to 800 homes.

All housing – Gateshead has around 95,000 residential properties. The aim is to;

- Launch LEAP (Local Energy Assistance Programme) and ECHO (Emergency Central Heating Offer) so eligible residents in fuel poverty can receive advice re; income maximisation and boiler repairs / replacements.
- Pilot “Gateshead Switching & Fuel Poverty Campaign” to support residents to reduce household energy bills.
- Improve standards in the private rented sector through the utilisation of the enforcement powers under the Housing Act 2004.
- Continue to enforce minimum energy efficiency letting standards in the private rented sector.
- Upgrade old, inefficient boilers and windows in properties managed by The Gateshead Housing Company as part of the maintaining decency housing capital programme.

Energy Generation – To increase the amount of decentralised energy.

- Extend the Gateshead District Energy Scheme to connect a newly developed school and Grade A office building.
- Complete feasibility studies to investigate connect existing Council owned properties in Gateshead Town Centre to the District Energy Scheme to provide low carbon heat.

Non Domestic Properties – The aim is to;

- Deliver Salix projects to non-domestic Council buildings where an investment to save business case exists.
- Continue membership of the ERDF funded BEST (Business Energy Savings Team) to support local SMEs.

Consultation

5. The Cabinet Members for Environment & Transport and Housing have been consulted. The Leader and Deputy Leader have also been consulted on this report.

Alternative Options

6. The following option has been considered, and rejected:

Not to draft a HECA Report, nor publish the report on the Council website. This option was discounted given that preparation of the report is a requirement under the Act and that publishing it provides transparency to the public.

Implications of Recommended Options

7. Resources

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications arising directly from this report.

The Council's 2019/20 and 2020/21 Capital Programme includes proposed energy related schemes and the financial implications for each specific project are considered on an individual basis to ensure that the proposed investment can be accommodated from available resources prior to commencing a project.

- b) **Human Resources Implications** – None – all works to be managed within existing staffing resources within the Council and the Gateshead Housing Company.

- c) **Property Implications** – Capital works arising from the delivery of actions within the revised further report will improve the condition of Council homes managed by TGHC or premises owned / managed by the Council. All other works will take place in private sector domestic properties outside Council control.

8. **Risk Management Implications** – A medium and realistic risk is that the Energy Company Obligation (ECO) funding will not be at the anticipated level or withdrawn entirely. If this occurs, the project outputs will be scaled down accordingly or if a revised business case was unviable the project would be abandoned.
9. **Equality and Diversity Implications** – None.
10. **Crime and Disorder Implications** – None.
11. **Health Implications** – The proposals will have positive health benefits, by installing modern, efficient heating systems and delivering fabric insulation improvements to homes thus reducing cold, damp conditions which can cause respiratory illnesses and excess winter deaths.
12. **Sustainability Implications** – The proposals continue to deliver environmental benefits through reduced carbon emissions, reduced demand for grid electricity,

social benefits through improved home comfort and health, as well as economic benefits by passing on fuel savings.

13. **Human Rights Implications** – The proposals have no impacts on human rights.
14. **Area and Ward Implications** – The proposals will potentially benefit all wards.