

TITLE OF REPORT: Home Energy Conservation Act – Biennial Progress Update & Revised Further Report 2015 -2017.

REPORT OF: Paul Dowling, 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 24 March 2015. (Appendix 2).
2. Cabinet is also asked to approve a revised Further Report to be implemented for 2017-2019 (Appendix 3).

Background

3. Improving domestic energy conservation to reduce household fuel bills, lower carbon emissions and addressing cold-related health problems continue to be a Government priority.
4. Gateshead has been delivering home energy conservation measures for over nine years, most recently through the Warm Up North Partnership and the ongoing investment in the Council's housing stock. The Gateshead Warm Zone, the Government's historic Warm Front scheme and private sector investment, have also seen significant works secured in the borough in previous years.
5. In July 2012 the Department of Energy & Climate Change (DECC) issued guidance to English energy conservation authorities' pursuant to the Home Energy Conservation Act (HECA) 1995.
6. Using powers under section 5(1)(b) of the HECA, all English authorities were required to prepare Further Reports by 31 March 2013 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. A requirement was also made to report progress on a biennial basis. On 12 March 2013 Cabinet approved the Council's first HECA Further Report which was submitted to the Department of Energy & Climate Change and published on the Council website. On 24 March 2015 Cabinet approved the Council's second Further Report and agreed to receive an update report in March 2017.

Progress Update

7. The Council, working in partnership with other organisations responsible for delivering home energy conservation work reports the following headline progress from March 2015:

- The proportion of homes rated in the highest energy efficiency bands (A-C) in Gateshead has risen from 55% to 56%.
- Over 140 properties managed by The Gateshead Housing Company have had their central heating boiler upgraded and over 940 have had their windows replaced or upgraded.
- Over 200 private rented properties achieved the Council's voluntary private rented sector accreditation standard.

Since the last Further Report was approved adverse changes to Government grants and funding streams have had a negative impact on progressing capital schemes by both the Council and The Gateshead Housing Company.

Proposal

8. Over the next two years the Council and its partners propose the following primary areas of work be included in a revised Further Report 2015 - 2017:
 - Fabric and energy efficiency improvements to selected High Rise Council owned properties. (Including Gateshead HEIGHTs – see separate item on this agenda)
 - Enforcement of minimum standards in the private rented sector.
 - Continue the new build homes of Gateshead Regeneration Partnership.
 - Review the direction of travel of the Warm Up North Partnership of which Gateshead is a partner authority.

Recommendations

9. It is recommended that Cabinet:
 - (i) Approves the Home Energy Conservation Act biennial update and revised Further Report.
 - (ii) Agrees to both being submitted to the Department of Business, Energy & Industrial Strategy prior to 31 March 2017.
 - (iii) Agrees to the publication of both reports on the Council's website.
 - (iv) Agrees to receive an update report in March 2019.

For the following reasons:

- (i) To meet the Council's statutory obligations under the Home Energy Conservation Act (1995)
- (ii) To continue improving the energy efficiency of both social and private housing in Gateshead Council.
- (iii) To continue reducing incidences of fuel poverty in Gateshead, in line with corporate priorities.
- (iv) To reduce CO₂ emissions from the domestic sector.

Policy Context

1. The proposals contained within the prevailing Home Energy Conservation Act Further 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. These directly contribute to many targets within Vision 2030, The Council Plan and other council strategies and commitments.

Vision 2030.

2. The delivery of projects that improve domestic energy efficiency through the installation of new efficient central heating boilers and fabric insulation saves carbon emissions, improves home health and comfort, and creates financial savings for residents. This will contribute significantly to the following objectives within Vision 2030:
 - Active and Healthy Gateshead:
 - Excess winter deaths reduced by 80% by 2015 and eliminated by 2030
 - Sustainable Gateshead Council
 - Consumption of energy by Gateshead residents falls by 20% (by 2020)
 - Gateshead is one of the first cities with 30% of energy provided by low carbon or renewable energy generated locally
 - A programme introduced to work towards Carbon Neutrality on all existing buildings (by 2020)
 - Economic performance exceeds the national average.
 - All Council homes meet Decent Homes Standard

The Council Plan.

- a. Actions contained within the biennial update and revised further report will help the Council realise the vision LiveWell Gateshead

EU Covenant of Mayors

3. As well as Vision 2030 targets and the Council Plan, 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

4. Improving home energy conservation remains a core priority of national government, and there have been many developments in recent years, which will lead to a step-change in how energy schemes are delivered from January 2013 onwards.
 - **Home Energy Conservation Act (HECA)** - Using powers under this act, all Local Authorities were required to prepare reports by 31 March 2013 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.
- **Energy Company Obligation (ECO) funding** - The Energy Company Obligation (ECO) began in January 2013 with subsequent revisions in December 2013. An 18 month extension to ECO from April 2017 has been announced. This funding will primarily target central heating boiler replacements. Local Authorities may have an increased role through the new “flexible eligibility” guidance.
- **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.

Historical Delivery 2015 - 2017 – biennial progress update

5. The Council and its partners have delivered energy efficiency improvements to both private and social housing. These include the following.
 - The Gateshead Housing company have managed the delivery of energy efficiency investment in the Council’s housing stock which has included 140 G to A rated central heating boiler upgrades, double glazing upgrades to 940 properties and external wall insulation to 366 properties. This has made dwellings more economical to heat and healthier to live in.
 - Warm Up North have secured 71 measures installed in private sector dwellings including boiler upgrades and loft insulations, helping vulnerable households and saving carbon emissions. This has levered in funding from contributions from clients and the Energy Company Obligation funding.
 - Members of the Gateshead Private Landlords Association have ensured an additional 203 properties meet the Council’s voluntary private rented sector accreditation scheme.
6. This has resulted in the following improvements in the domestic stock in Gateshead.
 - The proportion of homes rated in the highest energy efficiency bands (A-C) in Gateshead has risen from 55% in April 2015 to 56% in March 2017.
7. Significant challenges still remain to improve energy efficiency in Gateshead properties. Proposed changes to 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 still remain uninsulated.
8. The full biennial progress update is attached at appendix 2.

HECA Further Report 2017 - 2019

9. A range of initiatives are proposed in the revised Home Energy Conservation Act Further report which follows on from the outcomes achieved in the last two years. This list, which is not exhaustive is outlined below:

Non traditional high rise housing – The aim is to:

- Deliver a fabric insulation improvement scheme and communal heating network (HEIGHTs) to 7 High Rise Council Tower blocks managed by The Gateshead Housing Company. The £11.6m scheme is part funded by £4.5m grant

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

- Improve standards in the private rented sector through the utilisation of the enforcement powers under the Housing Act 2004
- Upgrade old, inefficient boilers and windows in properties managed by The Gateshead Housing Company as part of the housing capital programme.

Energy Generation – To increase the amount of decentralised energy

- Connect existing Council owned properties in Gateshead Town Centre to the District Energy Scheme to provide low carbon heat.

The full revised Further Report is attached at appendix 3.

Consultation

10. The revised HECA further report and biennial progress update were shared with and informed by the following partners:
- a. The Gateshead Housing Company.
 - b. Gateshead Private Landlord Association.
 - c. Warm Up North.
11. The Cabinet Members for Environment & Transport and Housing have been consulted.

Alternative Options

12. The recommended option is to approve the Home Energy Conservation Act biennial progress update and the revised further report 2017-2019; approve their subsequent submission to Department for Business, Energy & Industrial Strategy and make them both available on the Council website to facilitate public access as mandated.
13. The following option has been considered, and rejected:

Not to formulate either the biennial progress update or a revised HECA Further Report. This option was discounted given that preparation of the report is a requirement under the Act following instructions from the Department of Energy and Climate Change.

Implications of Recommended Options

14. Resources

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

The Council's Capital Programme includes a number of 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 the Gateshead Housing Company. All other works will take place in private sector domestic properties outside Council control.

18. **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.
19. **Equality and Diversity Implications** – None.
20. **Crime and Disorder Implications** – None.
21. **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.
22. **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.
23. **Human Rights Implications** – The proposals have no impacts on human rights.
24. **Area and Ward Implications** – The proposals will potentially benefit all wards.