

TITLE OF REPORT: Home Energy Conservation Act Report 2021

REPORT OF: Peter Udall – Strategic Director, Economy, Innovation and Growth

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 21 May 2019. (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, 2017 and 2019 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. The 2021 report format is more of a consultation response or survey, than a strategy for future works as the previous reports have been. The strategy for future works is covered by other mechanisms such as the Zero Carbon Heat Strategy and the Asset Management Plan for social homes.
5. The 2021 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. Social Housing
 - IV. Private Rented Sector Minimum Energy Efficiency Standards
 - V. Financial Support for Energy Efficiency,
 - VI. Fuel Poverty,
 - VII. The Green Homes Grant Local Authority Delivery
 - VIII. The Energy Company Obligation and
 - IX. Smart Metering.
6. Gateshead has been successfully delivering energy efficiency measures for over a decade through the historical partnerships of Warm Up North, Warmzone, Warmfront and the Decent Homes through The Gateshead Housing Company (TGHC). Private sector investment has also seen significant 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 the Council while tackling other low rise, “hard to treat” non-traditional properties.

Proposal

7. It is proposed to submit the HECA report, as summarised in Appendix 1, and referenced in Appendix 2

Recommendations

8. It is recommended that Cabinet:
 - (i) Approves the Home Energy Conservation Act (HECA) Report as set out in Appendix 2.
 - (ii) Agrees to the HECA Report being submitted to the Department of Business, Energy & Industrial Strategy (BEIS) prior to 28th February 2022 deadline.
 - (iii) Agrees to the publication of Appendix 2 on the Council’s website
 - (iv) Agrees to receive an update report in March 2023.

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).

The Corporate Plan – Making Gateshead a Place Where Everyone Thrives

2. 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.

Climate Emergency

3. The Council declared a Climate Emergency in May 2019, which has been followed up by the preparation of Climate Emergency Action Plans. As part of the commitment, the Council commits to making its operations and estate Zero Carbon by 2030. The HECA Strategy plays a key role in supporting emissions reduction in Council Housing, which forms part of the Council's estate

Economic Development Strategy

4. The Council adopted an Economic Development Strategy in November 2021. Works to delivery energy generation and conservation can potentially create growth in the green jobs sector which will link in with the aims of the Economic Development Strategy.

Background

5. 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.
 - **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 the current round is ECO3, running from December 2018 to April 2022. Support is limited to 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.

- **Social Housing Decarbonisation Fund** – The Social Housing Decarbonisation Fund is a government-backed scheme, which provides grants to social landlords and social housing managers with social housing properties that have an Energy Performance Certificate (EPC) rating of 'D' or below. The scheme covers various upgrades including new heating systems (including district heating), energy efficient doors and windows and upgrades to insulation. The scheme also has a focus on clean energy, supporting social housing to decarbonise, improve energy efficiency and reduce fuel poverty.
- **Green Homes Grant / Local Authority Delivery Scheme (GHG:LAD)** - The GHG:LAD scheme aims to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality off-gas grid homes. The scheme will deliver progress towards reducing fuel poverty, the phasing out of high carbon fossil fuel heating and net zero commitments. The scheme is primarily focussed on improving properties with an EPC rating of E-G, to increase their efficiency to a C rating and the funding must be targeted at areas and households who are likely to be in fuel poverty, using the combined annual income threshold of £30,000 or other suitable measure.
- **Homes Upgrade Grant (HUG) and Sustainable Warmth**- The Sustainable Warmth competition combines Local Authority Delivery Phase 3 (LAD3) and Home Upgrade Grant Phase 1 (HUG1) into a single funding opportunity for local authorities to install energy efficient and low carbon heating upgrades in off-gas properties. The application window has now closed and the successful schemes will be delivered between January 2022 and March 2023 with a view to upgrading F and G rated properties to D and above and D and E homes to a C or above.
- **Housing Act 2004** – The Council can exercise powers under the Act in 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).

Historic Delivery 2019 - 2021

6. Gateshead Council and its partners have delivered energy efficiency improvements to both private and social housing. Delivery has been limited for most of the period, due to the absence of grant funding for the majority of residents.
7. As a result, since April 2019, the proportion of homes rated in the highest energy efficiency bands (A-C) in Gateshead has remained unchanged at 57% (SAP 2009). This reflects the reduced grant support for energy efficiency works during this period.

Future Delivery 2021 - 2023

8. A range of initiatives are referenced in the HECA Report in Appendix 2. These include but are not limited to:
 - a. The Council continuing to progress its Zero Carbon Heat Strategy, which has a priority around heat network connections as the main source of zero carbon heat to 2030
 - b. Investment in energy efficiency measures to 120 homes across three Council high rise blocks
 - c. Connection of up to 271 new homes to the Gateshead District Energy Scheme, at the Freight Depot site
 - d. Delivery of Green Homes Grant funding, to install up to 420 solid wall insulation measures to homes in Chopwell, by mid 2022
 - e. Development of further heat network connections, including an existing council housing estate of 550 homes.

Consultation

9. The Cabinet Members for Environment & Transport, Housing and Economy together with the Leader Deputy Leader have been consulted on this report.

Alternative Options

10. The recommended option is to approve the Home Energy Conservation Act Report 2021 and 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.
11. The following option has been considered, and rejected:

Option 1. 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

12. Resources

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

Where already approved, the Council's Capital Programme includes 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 Gateshead Council.

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

13. **Risk Management Implications** – Key risk remains the availability of external funding to support energy efficiency measures in homes and for residents
14. **Equality and Diversity Implications** – The works to be delivered have been prioritised on physical condition of the properties and business case.
15. **Crime and Disorder Implications** – None.
16. **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.
17. **Climate Emergency and 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.
18. **Human Rights Implications** – The proposals have no impacts on human rights.
19. **Ward Implications** – The proposals will potentially benefit all wards.