



REPORT TO: COMMUNITIES COMMITTEE ON 25 SEPTEMBER 2018

SUBJECT: MORAY HOME ENERGY EFFICIENCY PROGRAMME

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 To inform the Committee of progress on the Moray Home Energy Efficiency Programme.
- 1.2 This report is submitted to Committee in terms of Section III G (2) of the Council's Scheme of Administrative relating to the exercise of all its functions as a housing authority.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) **considers and notes the progress made on the delivery of the Moray Home Energy Efficiency Programme; and**
- (ii) **agrees that further reports on progress will be presented to this Committee.**

3. BACKGROUND

- 3.1 The Home Energy Efficiency Programme for Scotland (HEEPS) is a Scottish Government initiative to tackle fuel poverty by improving the energy efficiency of existing homes. The programme offers home insulation to people living in older properties who are at risk of fuel poverty. The cost of the measures to households is discounted by a combination of Scottish Government grant and Energy Company Obligation (ECO) funding provided by utility companies. Only private sector households are eligible for HEEPS funding but ECO is available to all tenures, including council housing.
- 3.2 Since 2013/14, the Scottish Government has provided the Council with an annual funding allocation from the Home Energy Efficiency Programme Scotland: Area-Based Schemes (HEEPS:ABS) for energy efficiency improvements to homes in Moray. Details of the Council's historic allocations are provided below:

2013/14	£787k
2014/15	£1.102m
2015/16	£1.015m
2016/17	£906k

Over the years, the Moray HEEPS programme has generally spent all or most of its budget allocation.

- 3.3 On 6 June 2017, this Committee was provided with details of the Scottish Government's funding allocation of £1.288m for the 2017/18 Moray HEEPS programme (paragraph 6 of the Minute refers).
- 3.4 The Scottish Government's guidance on the HEEPS scheme expects that programmes will focus mainly on insulation to solid wall properties with no or "hard-to-treat" cavities. Over the years, the key measure delivered by the Moray HEEPS programme has been external wall insulation to council and former council houses of "systems-built", non-traditional construction such as "Crudens", "Weir Multicombs" and "No Fines". These types of properties are dispersed throughout Moray and homes in Elgin, Lossiemouth, Forres, Rothes, Buckie, Findochty, Portknockie, Garmouth, Cullen and Dufftown have been insulated as part of the HEEPS programme. Since 2013/14, the Moray programme has insulated 802 solid wall properties including 574 privately-owned and 228 social rented houses.

4. MORAY HEEPS:ABS PROGRAMME 2017/18

- 4.1 The Scottish Government's 2017-18 HEEPS guidance required councils to focus their HEEPS:ABS programmes on improving solid wall and hard-to-treat properties with measures to be targeted to fuel poor households, specifically those living in Council Tax bands A-C properties, or D if they have a poor energy efficiency rating.
- 4.2 The Council's proposals for the 2017-18 programme sought to continue its rolling programme of external wall insulation (EWI) to systems-built, solid-wall properties across Moray. The programme made provision for measures to 155 private and 33 social rent houses.
- 4.3 The Scottish Government required that measures funded by the 2017-18 programme should be completed by the end of August 2018. By this date, the programme had completed measures to 98 private properties and 21 social rented properties. Total HEEPS grant spend was £920k against the funding allocation of £1.288m. Total spend on the HEEPS programme, including ECO funding and client contributions was £1.248m. The outturn level of ECO funding of £174k was significantly higher than the £62k initial estimate.
- 4.4 With lower than target completions, the 2017-18 programme outturns indicate that there is now limited scope to deliver a large-scale programme of external wall insulation to solid-wall properties of non-traditional construction. Over the years, the HEEPS programme has insulated the vast majority of these properties in Moray and there are now only a residual number that have not yet been treated and are eligible for grant. The remaining properties are pepper-potted in small clusters at various locations across Moray and not, as in previous years, in large concentrations in the main towns. Most of the properties insulated by the 2017-18 programme were in areas where adjacent

properties had already received measures in previous years. In some cases, the owners had declined to participate in past programmes or had not responded to offers.

- 4.5 In previous years, the Council had worked in partnership with Scottish and Southern Energy plc (SSE) as the programme managing agent and ECO funder. However, following a protracted period of negotiation on the cost of the 2017-18 programme, it became evident that SSE would be unable to deliver a financially viable scheme unless owner contributions were set at prohibitively high level. In an effort to secure a viable scheme, the Council tendered the 2017-18 EWI programme via the Scotland Excel procurement framework. E.ON were the successful tenderers and delivered the major part of the 2017-18 programme.
- 4.6 For the first time, owners were asked to make a small contribution of £500 towards the cost of measures, which averaged at around £12k per property. Whereas a very small number of owners were reluctant to contribute, this requirement does not appear to have affected take-up. The main reason for non-take up was no response to offer letters. A small number of non-participants were private landlords who were difficult to contact. As well as writing letters to potential participants, E.ON's energy advisers called at homes to discuss offers directly with owners.
- 4.7 The Council mainly uses the Energy Savings Trust's Home Analytics database to identify properties that may be suitable for external wall insulation. Before properties can be included in the programme, they receive a technical survey to confirm their construction type. During the course of the programme, surveys found that some of the target properties were ineligible for inclusion as their form of construction was suitable for cavity wall insulation.
- 4.8 It is likely that the 2017-18 programme will mark the completion of the substantial part of the EWI programme in Moray. There will be a carry-over of some properties to the following year's programme but it is expected that the numbers will be marginal with eligible properties increasingly hard to find.

5. MORAY HEEPS PROGRAMME 2018-19

- 5.1 On 19 February 2018, the Scottish Government wrote to the Council providing details of its 2018/19 HEEPS funding allocation. The letter confirmed that the Council's share of the 2018-19 national HEEPS budget would be £1.43m. On 21 February 2018, the Scottish Government issued guidance requiring local authorities to submit proposals by 6 April 2018 setting out how they intended to use their funding allocations. The guidance reaffirmed that the priority for programmes should continue to be insulation with priority given to solid wall and hard-to-treat properties. Doors and windows would not be eligible measures for funding and no more than 5% of the programme should be devoted to cavity wall insulation. The target group for measures should continue to be those fuel poor households in most need of assistance.
- 5.2 The Council's 2018/19 HEEPS proposals, submitted to the Government on 6 April 2018, set out details of an insulation programme to solid-wall properties across Moray. However, in recognition of the diminishing number of eligible non-traditional properties, the scale of the external wall insulation programme

has been significantly reduced. The EWI programme will incorporate mainly the balance of properties that have not been insulated as part of previous years' programmes. This will involve returning to properties whose owners may have declined or not responded to previous offers of insulation.

- 5.3 As an alternative use of the available funding, the HEEPS scheme, for the first time, aims to deliver a large-scale programme of internal wall insulation (IWI) to solid wall properties of traditional construction. These are pre-1930 and period properties with a stone facing appearance which, for planning and heritage reasons, are not considered suitable for an external render system. IWI involves framing out internal walls to receive insulation and fitting plasterboard on to the new frame.
- 5.4 Officers are of the view that the delivery of the IWI programme is likely to be much more challenging than the EWI programme. The installation process will involve significant disruption to the household and result in a small reduction in room sizes. The rooms receiving insulation will require re-decoration. Due to the cost and disturbance involved in removing fixtures and fittings, kitchen and bathroom areas will be excluded from the scope of works. Unlike EWI, which can also improve the appearance of property, the benefits of IWI will primarily lie in the improved energy efficiency of the home.
- 5.5 The first phase of the IWI programme will be focussed mainly on the former Council houses built during the 1920s. It is estimated that there are around 600 of these properties in towns across Moray, with a large proportion being "Turriff" bungalows. These properties have been targeted because they have fewer of the period details, such as cornicing and ornate windows, door frames and skirtings that could give rise to installation difficulties.
- 5.6 As in previous years, the measures in the 2018-19 programme will continue to be targeted to fuel poor households living in properties within Council Tax bands A-C or D if the home has a poor energy rating. The Council will also apply the fuel probability factors in the Energy Saving Trust's Home Analytics database to target areas with higher risks of fuel poverty.
- 5.7 The UK Government's Flexible Eligibility Scheme allows councils to secure higher levels of ECO funding for energy efficiency improvements to households at the highest risk of fuel poverty and "vulnerability to cold". The Council has produced a Statement of Intent which provides details of the households in Moray that would be eligible for "Eco-flex". The key criteria for eligibility is household income and disability but households living in solid wall properties may also qualify. The Council's Statement of Intent can be accessed using the link <http://www.moray.gov.uk/downloads/file120919.pdf>.
- 5.8 The planned outputs for the 2018-19 HEEPS programme are as follows:

Installation	Private	Social Landlord	Total
EWI	88	30	
IWI	97	0	
Total	185	30	215

- 5.9 The total cost of the programme is estimated at £2.153m, funded by Scottish Government grant of £1.453m, ECO of £329k and owner and social landlord contributions of £371k. As the total cost of measures is likely to exceed the

funding available from grant and ECO, owners will again be asked to make a contribution to the cost of measures to their homes. Owners seeking to raise funding for their contributions will be directed to the Scottish Government's HEEPS Loan Scheme which offers owners interest-free loans to help them meet the cost of measures.

- 5.10 The Council is currently conducting an exercise via the Scotland Excel framework to identify a managing agent and finalise costings for the IWI programme. This will be completed by the end of September 2018.

6. HOME ENERGY SCOTLAND HOME CARER PILOT

- 6.1 Progress on the Home Carer pilot running in Moray was reported to this Committee on 6 June 2017 as part of the HEEPS progress report (paragraph 6 of the Minute refers). The "energy carer" pilot scheme aims to assess 'the effectiveness of high quality, in-home, locally delivered, holistic support in bringing verifiable affordable warmth improvements to cold, vulnerable, fuel poor households living in any part of remote rural Scotland'. The pilot will help to inform the development of the Scottish Government's fuel poverty strategy and associated programmes.

- 6.2 The pilot scheme, which is also running in Moray and Dumfries and Galloway, offers holistic support to 115 mostly rural households in each area to help them cut their energy bills. As well as intensive energy advice, some households can qualify for energy efficiency improvements to their homes, such as draught proofing, secondary glazing, insulation, anti-condensation solutions and potentially new and improved heating systems. To date, around 60 households in Moray have been visited by HES Homecare energy advisors and 11 have received energy efficiency measures to their homes, including new boilers and insulation.

- 6.3 The pilot was initially due to run during 2017-18 but following agreement between the Scottish Government and the Energy Savings Trust, the funders and managers respectively; it has been extended through 2018-19. Details of the results of the pilot in Moray will be reported to this Committee when available.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Addressing poverty and promoting healthy communities is a key priority of the Corporate Plan and the 10 Year Plan. Actions to help households deal with fuel poverty will contribute to the achievement of this priority. The HEEPS programme will contribute towards corporate carbon reduction targets by helping reduce energy consumption from domestic buildings.

(b) Policy and Legal

Energy efficiency improvements to housing stock are carried out in order to meet statutory requirements on local authorities to address fuel poverty and contribute to the achievement of climate change targets. Part 4 of the Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change.

(c) Financial implications

The report provides details of progress in delivering energy efficiency measures to housing stock in Moray, including Council houses, funded from external sources, mainly the Scottish Government's Home Energy Efficiency Programme for Scotland (HEEPS). The funding secured for Council properties will help reduce expenditure on energy efficiency measures from Housing Revenue Account.

(d) Risk Implications

There are no risk implications arising from this report.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The energy efficiency proposals set out in this report will be targeted to the homes of fuel poor and older person households.

(h) Consultations

Consultation on this report has been carried out with the Head of Housing and Property, the Asset Manager, Deborah O'Shea, Principal Accountant, the Home Improvement Services Manager, the Legal Services Manager (Property and Contracts), the Payments Manager and Caroline Howie (Committee Services Officer). Comments received from consultees have been reflected in the report.

8. CONCLUSION

8.1 This report provides details of progress on the delivery of the Moray Home Energy Efficiency Programme.

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Background Papers: Held by HSPS and Housing Strategy and Development Manager
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