



REPORT TO: COMMUNITIES COMMITTEE ON 3 MARCH 2020

SUBJECT: MORAY HOME ENERGY EFFICIENCY PROGRAMME

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 This report provides the Communities Committee with details 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 Administration relating to the exercise of all the functions of the Council 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 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	£0.787M
2014/15	£1.102m
2015/16	£1.015m
2016/17	£0.906m
2017/18	£1.286m
2018/19	£1.453m

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

3.3 On 25 September 2018, this Committee was provided with details of the Scottish Government’s funding allocation of £1.453m for the 2018/19 Moray HEEPS programme (paragraph 9 of the Minute refers).

3.4 The Scottish Government’s guidance on the HEEPS scheme expects that programmes will focus mainly on insulation measures to solid wall properties with no or “hard-to-treat” cavities. During 2013/14 to 2017/18, the Moray programme has delivered measures to nearly 1,000 properties as shown below:

Year	Private sector	Council	Grampian Housing Assoc	Total
2013/14	275	43		318
2014/15	151	53		204
2015/16	135			135
2016/17	128	33		161
2017/18	96	30	10	136
Total	785	159	10	954

3.5 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 (Sol) which provides details of the households in Moray which are eligible for “LA-flex”. The key criteria are a combination of household income/qualifying welfare benefits and the type of construction of the property. The Council’s Sol is published on its website at <http://www.moray.gov.uk/downloads/file120919.pdf>.

MORAY HEEPS:ABS PROGRAMME 2018/19 OUTTURN

4.1 The Scottish Government’s 2018/19 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 uses the Energy Savings Trust’s Home Analytics database to identify properties that may be suitable for HEEPS:ABS measures. Before properties can be included in the programme, they receive a technical survey to confirm their construction type and their suitability for either external wall insulation (EWI) or internal wall insulation (IWI). Where cavity wall insulation

is required, householders are signposted to Home Energy Scotland's helpline for advice.

- 4.3 The Council's proposals for the 2018/19 programme sought to continue delivery of EWI to properties of non-traditional construction, but also introduced provision of IWI for the first time. The programme made provision for measures to 184 private and 30 social rent houses.

Internal Wall Insulation programme

- 4.4 The Scottish Government required that measures funded by the 2018/19 programme should be completed by the end of August 2019. Unfortunately the tendered contractor for delivery of the IWI programme pulled out, and an alternative contractor had to be found. As a result the IWI programme did not begin until February 2019, but progressed successfully thereafter, with an extension of deadline agreed by the Scottish Government. The full 2018/19 grant allocation of £1.453m was spent by December 2019. The programme completed measures to 178 private properties and 93 social rented properties. Total spend on the HEEPS programme, including ECO funding and client contributions was £2.270m. The 2018/19 IWI programme did not require any financial contribution from the householder.
- 4.5 The 2018/19 programme introduced a large-scale programme of IWI to solid wall properties of traditional construction. IWI works by adding a layer of insulation boarding to the inside of the external walls. The IWI programme focussed on pre-1930 and period properties with a stone facing appearance which, for planning and heritage reasons, are not considered suitable for EWI.
- 4.6 Due to the cost, time and disturbance involved in removing fixtures and fittings, kitchen and bathroom areas are excluded from the scope of works. Similarly, period details such as cornicing and fireplaces are excluded from the scope of works. Initially the 2018/19 IWI programme focussed on former Council houses built during the 1920s, i.e. where fuel poverty is most prevalent and where period features are least prevalent. The 2018/19 IWI programme did not require a householder contribution. On average, IWI costs considerably less than EWI, at £7,700 per property and were delivered free to the householder.

External Wall Insulation programme

- 4.7 Over the years, the HEEPS programme has insulated the vast majority of qualifying properties in Moray and there are now only a residual number which have not yet been treated, pepper-potted in various locations across Moray. Following a protracted tender process, an EWI contractor was appointed in April 2019. Engagement has involved returning to properties whose owners may have declined or not responded to previous offers of insulation. Due to the high cost of EWI, owners were asked to make a small contribution of £500 towards the cost of measures, which averaged at around £12k per property. The contractor has encountered difficulties in finding suitable properties, and finding home owners who are interested in participating in the scheme. 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 identify and contact. It is not possible to

approach private landlords directly in writing due to the constraints of General Data Protection Regulations (GDPR).

2018/19 Outturn

- 4.8 Officers had been of the view that delivery of the IWI programme would be challenging due to the significant disruption to the household and resulting in reduction in room sizes, albeit minimal, and redecoration. However, the programme has been much more successful than anticipated and has achieved a take up rate of approximately 20%.
- 4.9 Unfortunately due to the difficulties in engaging householders, private sector EWI works will now be included in the 2019/20 programme. The IWI programme successfully took up the grant instead. The final outturn for 2018/19 HEEPS:ABS is:

Measure	Private Sector		Council		Total	
	Target	Actual	Target	Actual	Target	Actual
Internal wall insulation (IWI)	96	178	0	42	96	220
External Wall Insulation (EWI)	86	0	30	51	116	51
Total	182	178	30	93	212	271

5. MORAY HEEPS:ABS PROGRAMME 2019/20

- 5.1 On 7 June 2019, the Scottish Government wrote to the Council confirming that the Council's share of the 2019/20 national HEEPS:ABS budget would be £1.436m. The target group for measures should continue to be those fuel poor households in most need of assistance.
- 5.2 The Council's 2019/20 HEEPS:ABS proposals, submitted to the Government on 26 April 2019, set out details of an insulation programme to properties of solid wall construction across Moray. The 2019/20 programme will focus on IWI but will include an element of EWI as slippage from 2018/19. The Government require that measures are completed by end June 2020, but officers have requested an extension of time to end August 2020 which is currently under consideration.
- 5.3 The planned outputs for the 2019/20 HEEPS programme are as follows:

Measure	Private sector	Council	Total
Internal wall insulation (IWI)	160		160
External Wall Insulation (EWI)	30	20	50
Total	190	20	210

- 5.4 The total cost of the programme is estimated at £2.153m, funded by Scottish Government grant of £1.436m, ECO of £120k and owner and social landlord contributions of £370k. As the total cost of measures is likely to exceed the funding available from grant and ECO, owners will be asked to make a contribution to the cost of IWI measures, as well as EWI.

- 5.5 Due to the success of the 2018/19 IWI programme, the Council has made a direct award of contract to the existing contractor via the Scotland Excel framework for the 2019/20 programme, with an option to continue into a future 2020/21 programme should grant funding become available.
- 5.6 The measures in the 2019/20 programme will continue to be targeted to fuel poor households living in properties within Council Tax bands A-C. The qualifying criteria are available on the Council's website at http://www.moray.gov.uk/moray_standard/page_41080.html. The Council will continue to use the Energy Saving Trust's Home Analytics database to target properties at greatest risk of fuel poverty.

Customer Contributions 2019/20

- 5.7 During the 2018/19 IWI programme officers became aware that the properties prioritised through analysis of the Home Analytics database were larger, and their measures more costly, than had been anticipated. Due to a reduction in the availability of ECO funding, and the higher than anticipated cost of works, the 2019/20 IWI programme will introduce a requirement for householder contributions. For properties qualifying for IWI measures, households qualifying under the Council's Sol i.e. those with low incomes or in receipt of benefits will not be required to make a financial contribution, but these measures will attract ECO funding. Households not qualifying under the Council's Sol will be required to make a financial contribution, but at a level proportionate to the value of the works, at a rate of approximately 7%. Owners seeking to raise funding for their contribution will be directed to the Scottish Government's HEEPS Loan Scheme. This Scheme offers owners interest-free loans to help them meet the cost of measures.
- 5.8 As householder engagement on the EWI programme began during 2018/19, the customer contribution will be held at £500 per property.

6. ENERGY ADVICE SERVICES

- 6.1 The HEEPS:ABS funding allocation makes provision for a small proportion of funds to be used for enabling activities. Some of this activity is delivered in the form of local energy advice services. During 2018/19 officers provided funding to the Keith-based Rural Environmental Action Project (REAP) to provide energy advice services to householders to include home visits. This activity will complement the services available via Home Energy Scotland as it includes home visits. Some of this activity has already identified properties suitable for HEEPS:ABS measures, as well as energy switching, energy saving advice and fuel debt advice, on a tenure neutral basis. Funding to REAP will continue during the 2019/20 programme, up to September 2020.

7. SUMMARY OF IMPLICATIONS

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

Addressing poverty and promoting healthy communities is a key priority of the Corporate Plan and the 10 Year Plan. Delivery of the HEEPS:ABS programme will contribute to the achievement of this priority, as well as

contributing towards corporate carbon reduction targets by helping reduce energy consumption from domestic buildings.

(b) Policy and Legal

Part 4 of the Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change. Moray Council has declared a Climate Change Emergency. Delivery of the HEEPS:ABS programme will contribute to the achievements of these aims and requirements.

(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). Any ECO 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

This report provides details of improvements carried out to Council houses to meet statutory standards of energy efficiency.

(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

This report has been subject to wider consultation with the Acting Head of Housing and Property Services, the Principal Quantity Surveyor, the Asset Manager, the Home Improvement Services Manager, Deborah O'Shea, Principal Accountant, the Legal Services Manager, the Payments Manager and Caroline Howie (Committee Services Officer). Any comments received 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.

Author of Report: Fiona Geddes, Acting Housing Strategy and Development Manager
Background Papers: Held by Acting Housing Strategy and Development Manager
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