



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 7
DECEMBER 2021**

SUBJECT: MORAY HOME ENERGY EFFICIENCY PROGRAMME

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

1. REASON FOR REPORT

- 1.1 This report provides the Housing and Community Safety 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 Housing and Community Safety Committee scrutinises and notes the progress made on the delivery of the Moray Home Energy Efficiency Programme.**

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 private sector 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 last 5 years allocations are provided below:

2015/16	£1.015m
2016/17	£0.906m
2017/18	£1.286m
2018/19	£1.453m
2019/20	£1.436m

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

3.3 On 3 March 2020, Communities Committee was provided with details of the HEEPS ABS programme for 2019/20/21 grant funding.

3.4 The Scottish Government's guidance on the HEEPS scheme expected that programmes will focus mainly on insulation measures to solid wall properties with no or "hard-to-treat" cavities. During 2013/14 to 2018/19, the Moray programme has delivered measures to over 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
2018/19	196			196
Total	981	159	10	1,150

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>.

3.6 The COVID-19 pandemic has caused significant delays in the delivery of measures. As a consequence, the 2019/20 funded programme was concluded in January 2021, and the 2020/21 funded programme has only just been concluded in October 2021. Therefore the outturn for 2 years are presented in this report.

4. MORAY HEEPS:ABS PROGRAMME 2019/20 – 2020/21 OUTTURN

4.1 The Scottish Government's 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.

- 4.2 Officers used 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 2019/20/21 programme sought to continue delivery of IWI to properties of stone construction, but also included a residual number of properties suitable for EWI.
- 4.4 Delivery of the 2 year IWI contract was severely impacted by COVID-19. Many households were understandably reluctant to participate due to the indoor nature of the works. Latterly, delivery has been impacted by shortages of both skilled labour and materials. Despite this, the full 2019/20 grant allocation of £1.436m was spent by January 2021. Only 37% of the 2020/21 grant allocation has been spent.
- 4.5 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. 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 corncicing and fireplaces are excluded from the scope of works.
- 4.6 The following measures were delivered over the 2 year programme.

Measure	2019/20		2020/21		Total
	Council	Private	Council	Private	
IWI	21	124	10	101	256
EWI	30	21	0	0	51
Total	51	145	10	101	307

5. MORAY HEEPS:ABS PROGRAMME 2021/22 – 2022/23

- 5.1 On 29 June 2021, the Scottish Government advised that the Council’s HEEPS:ABS offer of grant would be £1.914m, and that the target group for measures should continue to be those fuel poor households in most need of assistance. The Government have issued revised guidance associated with this funding. The key changes are that the range of measures eligible for HEEPS ABS funding has been extended to include zero and low carbon heating and micro-generation measures, and to support this the maximum grant available has been increased from £8k per property to £14k per property. The primary focus of the programme will be on insulation measures and “fabric first”, with a secondary focus on “zero carbon first” through heating measures and microgeneration, where feasible and where it will result in reduced fuel poverty. HEEPS ABS funding should help secure an EPC rating of C or better by 2030 for all eligible homes.

5.2 The Council's 2021/22 HEEPS:ABS proposals, submitted to the Government on 17 May 2021, set out details of an insulation programme to properties of solid wall construction across Moray.

5.3 The planned outputs for the 2021/22 HEEPS programme are as follows:

Measure	Private sector	Council	Total
Council off-gas retrofit - private sector infill (LCITP)	42	150	192
IWI plus ASHP/Solar PV/Battery storage	39	0	39
CWI plus ASHP/Solar PV/Battery storage	35	0	35
IWI	10	0	10
Total	126	150	276

IWI = internal wall insulation

CWI = cavity wall insulation

ASHP = air source heat pump

PV = Solar photovoltaic panels

LCITP = Scottish Government's Low Carbon Infrastructure Transition Fund

5.4 The total cost of the programme is estimated at £4.453m as follows:

HEEPS ABS grant	ECO	Home Owner Contribution	Moray Council Contribution	LCITF	Total
£1.914m	£0.756m	£0.063m	£1.200m	£1.200m	£4.453m

5.5 In August 2021, the Council published a tender for a managing agent service who will manage and deliver the HEEPS ABS programme for 2 years with an option of an extension for a 3rd year. This service is funded from within the Scottish Government grant. The procurement was managed with the assistance of the Procurement Team using an open market tendering procedure. The successful tenderer, Changeworks, was appointed on 3 November 2021 and it is anticipated that household engagement will begin early in 2022. The agent is required to provide an end to end service from identifying and engaging with targeted householders; procurement of contractors; to quality assurance, monitoring, evaluation and reporting. The agent will provide the resource and expertise required to procure and deliver a multi-measure programme involving specialist contractors, and provide specialist advice and support to householders. The agent will continue to use the Energy Saving Trust's Home Analytics database as the primary source of data to target properties at greatest risk of fuel poverty. There will be an opportunity to identify Council owned properties of similar construction where HRA funded works might be delivered in conjunction with HEEPS ABS works in a tenure-neutral manner.

Qualifying Criteria and Customer Contributions

5.6 The measures in the 2021/22 – 2022/23 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.

- 5.7 Home owners will be expected to accept installation of all the measures required to bring their property up to the required EPC rating of C or as close to it as technically possible. Where the HEEPS ABS grant does not cover the full cost, households will be required to make up the difference from their own resources. Partial measures will not qualify for the scheme. Owners seeking to raise funding for their contribution will be directed to the Scottish Government's HEEPS Loan Scheme. This Scheme offers homeowners interest-free loans to help them meet the cost of measures.

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. Since 2018/19 officers have 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 (HES), which does not include home visits. REAP and HES have a well established cross-referral arrangement providing advice and support on energy supplier switching, energy saving and fuel debt advice, access to emergency/hardship grants, as well as signposting to provision of insulation measures, on a tenure-neutral basis. Funding to REAP will continue during the 2021/22 programme, up to September 2022.

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. 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 Head of Housing and Property Services, the Housing Strategy and Development Manager, the Principal Quantity Surveyor, the Housing Asset Manager, the Home Improvement Services Manager, the Principal Climate Change Strategy Officer, Deborah O'Shea, Principal Accountant, the Legal Services Manager, the Payments Manager and Lindsey Robinson (Committee Services Officer).

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 author

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