

## Home Energy Conservation Act (HECA)- update report

### 1. Introduction

The Home Energy Conservation Act 1995 (HECA) requires local authorities to develop and implement local home energy efficiency strategies. New guidance was launched in July 2012 with the requirement that the Council would publish its HECA report by March 2013 and subsequently be updated every two years.

### 2. Background

The Cabinet duly considered and approved the Council's report on 13 March 2013 and the report together with an accompanying action plan was submitted to the Department of Energy and Climate Change (DECC).

The Government requires local authorities to update their action plans every two years. The Borough Council was allowed an extension of time to enable the new action plan to be developed in accordance with the Council's new Housing Strategy for 2016-2019. DECC fully appreciated that it seemed unwise to publish our HECA action plan in advance and pre-empt the recommendations of the over-arching Housing Strategy, covering all aspects of housing.

Due to the timetable of the Government's current housing and welfare legislative programme, it was agreed that the production of a new Housing Strategy should be deferred until the autumn of 2016. In view of the extent of proposed changes and the likely impact on the Strategy, it was felt that it would be premature to seek approval any earlier.

However, in view of the legal requirement to have an updated HECA Action Plan, it was felt that it would be prudent to press ahead in advance of the Strategy and then to revise the Action Plan at an early stage, if it was felt necessary to bring it into line.

### 3. National and sub-regional context

The Government's priorities are to keep energy bills as low as possible for households and businesses, tackling climate change, developing clean energy, financially supporting the renewables sector, reducing the UK's reliance on foreign imports and supporting jobs and growth by reinvigorating the domestic oil and gas industry.

The Government published a national Fuel Poverty Strategy in March 2015. The aim of the Strategy was to set a framework for future fuel policies with an ambitious new legal target and was developed following the independent review by Professor Sir John Hills held in 2011/12. The review established that the traditional way of measuring fuel poverty had been flawed and under-estimated the scale of the problem. The review recommended a new approach – the Low Income High Costs approach. This was adopted by the Government to ensure that people living in the deepest fuel poverty were prioritised for help by making their homes warmer through energy efficient investments.

The national Fuel Poverty Strategy estimates that there are 320,000 fuel poor households in England living in properties rated below a Band E level Energy Performance Certificate (EPC) rating, needing to spend on average £1,000 a year more on energy to heat their home compared to a typical home.

Accordingly, the Government has set two targets:

- As many fuel poor homes in England as is reasonably practicable to achieve Band E by 2020,
- As many fuel poor homes in England as is reasonably practicable to achieve Band D by 2025.

The main focus of the Government's approach is to introduce a new minimum energy efficiency standard for private rented accommodation by 2018, to work in partnership with the NHS to focus on the links between health and fuel poverty, focus on non-gas homes and new types of homes that appear to be badly affected, such as park homes.

Hampshire County Council also produced a *Hampshire Excess Winter Deaths and Fuel Poverty Strategy* earlier in 2015. The Strategy Action Plan focuses on:

- Raising awareness, promoting communication and providing information on fuel poverty and excess winter deaths in Hampshire to key agencies and the public
- Establishing effective partnerships
- Providing energy efficiency and financial advice to households in Hampshire
- Improving or sustaining the impacts on health, well-being and social care.

#### 4. Test Valley's Sustainability Strategy

The Council's Sustainability Strategy covers the period 2012-2017 and includes a range of objectives and action plan. Themes included in the Strategy relevant to the HECA work relate to partnership working and community involvement, seeking opportunities as they arise to promote action linked to the objectives of the strategy.

#### 5. The Council's 2013 HECA Action Plan and progress achieved

The objectives of the 2013 Action Plan were set out under the following headings with details of progress achieved:

##### a) Local energy efficiency ambitions and priorities –

The Council commissioned and received the results of a private sector house conditions survey in 2010. The data is still considered relevant, although five years is regarded as approximately the accepted 'shelf life' of surveys of this kind. With regard to energy efficiency, the survey revealed the following key facts:

- i) the mean SAP rating for all stock was 56 compared to 48 nationally (Standard Assessment Procedure rating as set by the Government based on the annual energy cost for space and water heating. The higher the number on a scale of 0-120, the better the standard),
- ii) the proportion of properties that had a SAP rating of less than 30 was 4.7%,

iii) the proportion of households living in fuel poverty was 4.1% (assessed under the now outdated fuel poverty formula). This was superseded by the work undertaken by the Environment Centre which established that 10.1% of households were in fuel poverty, which was lower than the Hampshire average (10.7%) and average for the South East (11.5%).

iv) the least energy efficient homes were constructed before 1944,

v) the means to improve energy efficiency were listed as being loft insulation, hot water cylinder insulation, double glazing, cavity wall insulation, installation of modern and efficient gas boilers and installation of full central heating where there is none.

In 2013, the Environment Centre carried out a **baseline assessment** of energy performance across the Borough under the requirements of the Home Energy Conservation Act. This data still holds good as a basis from which to move forward. The Baseline Report noted that per capita domestic CO<sub>2</sub> emissions were slightly higher than those in Hampshire, South East England and Great Britain as a whole. Domestic gas consumption was noticeably lower than the British average and 25.5% of homes were identified as being off-gas. Correspondingly, electricity consumption was above the British average.

Cavity wall and loft insulation installations were below the national average, however numbers of domestic solar photo voltaic (PV) installations were above average.

The Environment Centre also undertook an analysis of **fuel poverty** and concluded that levels had been consistently below average since 2006. The Environment Centre recommended a carefully targeted multi-agency partnership approach to address issues of fuel poverty in the Borough.

The Council signed up to a range of objectives under **Climate Local** in December 2012. The specific outcome that relates to the HECA work is: *The Council will seek to work with others to reduce the carbon emissions of the Borough and increase the resilience to climate change.* Under this heading the following items are listed:

- Produce a Fuel Poverty Strategy for Test Valley
- Develop the Council's approach to the Green Deal to raise awareness of the scheme
- Promote and seek to increase the uptake of the installation of renewable energy systems linked to the Feed in Tariff and Renewable Heat Incentive
- Identify local partners for area based energy measures and where the need for improvement is the greatest

The progress recently noted by Members included reference to the tEC's mapping work and the need to focus on an area-based approach.

Aster is the largest social housing provider within the Borough with stock of varying age. The other Registered Providers have more modern stock and built to higher energy efficiency standards. Aster has an Energy and Carbon Reduction Policy which was adopted in 2014 and is currently being updated in line with Government energy policy changes. The Company's targets are, based on 1990 levels, an 80% reduction in its carbon footprint by 2050 and improved SAP ratings including particular attention to off-gas properties. Aster has developed specific projects concerning photo voltaic panel installations, external wall insulation and renewable heat incentives.

It was hoped that through the Government's Green Deal and referrals to the Hitting the Cold Spots scheme, inroads would be made. Unfortunately, neither approach has been particularly fruitful. There have been only a handful of referrals made to the **Solent Green Deal** scheme and the Government has now terminated the funding arrangements. Furthermore, referral rates to **Hitting the Cold Spots** despite promotion through front-line staff, has been lower than expected. This scheme will be running for the next 2-3 years and so one of the forthcoming actions of this report will be to give this greater prominence and to dedicate capital funding from within the Housing Renewals capital budget to improve and expand take-up.

In tandem, and linked to the Hitting the Cold Spots initiative, two other schemes are currently being developed aimed at households in fuel poverty. These are targeted partnership schemes with energy providers Southern and Scottish Energy (SSE) and EON, funded by the Department of Energy and Climate Change (DECC) and using some residual funding still available through the Energy Companies Obligations (ECO).

- The Environment Centre was commissioned to undertake a mapping exercise of the Energy Performance Certificates covering the Borough and to identify areas for priority action. The electronic mapping results may be interrogated allowing analyses to be undertaken taking different factors and components into account. This, in turn enables the identification of types and clusters of property that are the least energy efficient and most expensive to heat and the geographical areas in which they are located.

The mapping exercise has shown that across the Borough there are:

- 4,232 properties with an Energy Performance Certificate (EPC) rating of E-G
- 1,051 properties with uninsulated solid walls (EPC rating of E-G)
- 3,930 properties with uninsulated cavity walls
- 2,629 properties with less than 100mm of loft insulation
- 337 properties with no central heating (EPC rating of E-G)
- 13,521 off-gas properties

This information, combined with analysing concentrations and locations enables targeted action to be taken through contacting the owners and occupiers. For example, targeting the 3,930 properties with cavity walls but lacking insulation would improve energy efficiency and combat fuel poverty at the same time. This targeting would be linked to the Hitting the Cold Spots programme, the central heating fund provided by the Department of Energy and Climate Change (DECC) and the funding available through energy supplier EON for solid wall properties.

This data analysis has also been compared with the examples identified by and the experience of the Council's Private Sector Housing Team in terms of their casework. Using both data sets a list of potential areas has been drawn up providing a focus for action. The areas identified for action could include:

- private rented flats in New Street and Western Road, Andover
- private rented flats in Anna Valley
- private rented flats in Woodley, Romsey

- mobile homes
- a number of hard to treat properties in Shipton Bellinger
- unimproved non-Aster owned properties on Andover estates

The action to be taken to combat fuel poverty varies from place to place but in general terms, the Council's strategy is to aim to meet the Government's targets as detailed on page 1 of this report by treating the 'worst first' where the accommodation is occupied by low income residents and the recommended actions include the following:

- Signposting and providing information through both leafleting and the Council's website,
- Actively promoting the Hitting the Cold Spots programme and linking it to other funding initiatives such as boiler replacement programmes, central heating installations and further work concerning cavity wall and loft insulation,
- Identifying off-gas properties that are within 23 metres of a gas main which have an E-G EPC rating and promoting DECC's central heating fund initiative,
- In appropriate circumstances, offering capital grants and loans from the Council's Housing Renewal capital budget in line with the Council's Private Sector Housing Policy,

b) Measures being taken to ensure significant energy efficiency improvements of residential accommodation

- In October 2013, the Council agreed to join the **Solent Green Deal Partnership**. The Partnership headed by Portsmouth, Eastleigh and Southampton councils, was established to promote the Government's Green Deal initiative encouraging householders to improve the energy efficiency of their homes by paying for the improvements through their fuel bills. The Council agreed to sign up to the project as a promoting organisation, preferring to leave the assessment work to those authorities with trained assessors who were recruited to work across the county.

Despite developing a marketing strategy and the Council promoting the scheme through its website, Test Valley News and front-line officers, take-up in Test Valley and indeed across much of the county was very low. So much so, that by late 2014 Southampton and Eastleigh councils indicated that they wished to end their involvement as assessing authorities. Matters came to a head when the Government finally decided to end the funding arrangements in the July 2015 budget announcement.

- Discussions have also been held with Aster and the Carbon Savings Alliance concerning a potential partnership scheme to be developed alongside Aster's PV installation programme. The objective of the scheme would be to enable home owners who have exercised their Right to Buy and live close to Aster's properties to benefit from the bulk procurement and economies of scale, so derived, and purchase their own installations from the commercial provider at a reduced rate. The programme was tendered under the Carbon Savings Alliance procurement umbrella and the Alliance developed a proposal for the partnership scheme. Unfortunately as a result of the Government cutting the feed-in tariff, this proposal has been halted and unlikely now to come to fruition.

- Much of the housing stock owned and managed by Registered Providers is relatively new and so has been constructed in line with modern energy efficiency standards. Most of the older housing

stock belongs to Aster. Where this older stock is concerned, Aster has implemented a rolling programme of improvements including the latest initiative of installing photo voltaic panels. This programme has unfortunately come to a premature halt as a result of the Government's announcement in the July 2015 Budget requiring Registered Providers to reduce their rents each year by 1% over the next four years starting in 2016/17. Nevertheless in the first year of the project, Aster completed 134 installations within Test Valley enabling tenants to benefit from reduced electricity bills.

- In addition, reports from the Council's Building Control service show that in 2013/14, 305 properties across the Borough received cavity wall insulation and a further 323 properties were completed in 2014/15.

- In order to progress the 2013 Action Plan, a project team was established involving staff within the Housing and Environmental Health, Planning Policy and Transport and Chief Executive's services. The team concentrated on promoting the Solent Green Deal and Hampshire County Council's Collective Switching initiative, reviewing the private sector stock condition survey information and private sector housing policy, developing the partnership working with the Environment Centre and Carbon Savings Alliance. A replacement Principal Environmental Health Officer was also appointed in May 2015 to help take this matter forward.

c) Measures proposed to deliver cost effective energy efficiency improvements in residential accommodation by using an area-based approach

- Despite the changes introduced by the Government regarding the Green Deal, feed-in tariffs and the future income streams of Registered Providers, a number of initiatives are still being developed.

- The Environment Centre has been in discussion with EON and through the procurement framework developed as part of the Solent Green Deal, EON is able to reduce some remaining Energy Companies Obligation (ECO) funding to finance a boiler replacement programme. This has been linked to the Hitting the Cold Spots initiative to assist those lower income and vulnerable residents to replace their outdated boilers. It is also hoped that EON will also be able to access funding to provide cavity wall and loft insulation for those residents who did not benefit from the Insulate Hampshire project.

- Hitting the Cold Spots has again been run during the past winter and co-ordinated by Hampshire County Council. Take-up within Test Valley has again been limited. As part of this HECA update it is proposed that next year greater promotion is given to the scheme locally working with field based and front-line staff with the Council providing some dedicated funding from within its capital Housing Renewals budget.

- a partnership scheme is also being developed by the Environment Centre with Scottish and Southern Energy aimed at improving homes that lack a central heating system. As a pilot flats in Romsey have been identified where they are served by night storage heaters and suffer from condensation problems. The Environment Centre is also planning to target those homes that are within 23 metres of the gas network but do not have central heating. Again, it is proposed that this can be linked with Hitting the Cold Spots to target those households that are likely to be in fuel poverty.

d) Identification of key partners and time frame for delivery.

The key partners are identified elsewhere within this report but in summary, currently are:

The Environment Centre

Hampshire County Council

EON

Scottish and Southern Energy

Moving forward in partnership with the Environment Centre and others.

a) Private Sector Housing Capital Budget – Each year, the Council receives capital funding from the Government by way of the Better Care Fund (BCF), administered by Hampshire County Council. The payment for 2016/17 is substantially greater than has historically been the case and amounts to £937,669. The Government has published the guidance on how it may be used.

*“Following the approach taken in 2015-16, the Disabled Facilities Grant (DFG) will again be allocated through the BCF. This is to encourage areas to think strategically about the use of home adaptations, use of technologies to support people in their own homes, and to take a joined-up approach to improving outcomes across health, social care and housing. In 2016-17, the housing element has been strengthened through the National Conditions, which require local housing authority representatives to be involved in developing and agreeing BCF plans. Again, following the approach taken in 2015-16, the DFG will be paid to upper-tier authorities in 2016-17. However, the statutory duty on local housing authorities to provide DFG to those who qualify for it will remain. Therefore each area will have to allocate this funding to its respective housing authorities (district councils in two-tier areas) from the pooled budget to enable them to continue to meet their statutory duty to provide adaptations to the homes of disabled people, including in relation to young people aged 17 and under. “*

This anticipated payment almost doubles the level of funding received previously and exceeds the total combined private sector housing capital budget originally agreed for 2015/16 which was made up as follows:

BCF (DFGs)	£480,000
TVBC contribution (DFGs)	£220,000
TVBC housing renewals	£100,000

This enhanced budget presents some possible opportunities to advance the HECA related work.

Based on recent years’ experience, the expected BCF allocation will more than cover the demand and referrals for Disabled Facilities Grants (DFGs). This means that the Council’s contribution for DFGs could be initially discontinued for 2016/17, leaving just the housing renewals budget to be funded by the Council. This would still result in a net increase in the total private sector housing capital budget available for 2016/17.

It is proposed that the housing renewals budget should be retained intact but that its scope should be broadened, in view of the windfall received. This would enable some positive action to be taken within the context of the HECA Action Plan. Without some additional resources, the Action Plan has been heavily reliant on external funding and the efforts of partners with very little dedicated focus within the Borough itself.

The provision of some additional funding would enable a number of initiatives to be progressed in line with an updated Private Sector Housing Policy which has been overdue for some while. These targeted initiatives would be aimed at reducing fuel poverty for those on low incomes and could include the following:

- Support to Hitting the Cold Spots in 2016/17 to enable a larger number of cases to be assisted resulting from heightened publicity, promotion and direct targeting of low income households in Test Valley occupying homes needing improvement.
- To be able to offer loans and grants to low income owners of mobile homes to provide external insulation to the home. The likely homes would be identified and targeted through the ongoing programme of mobile homes site licensing inspections being carried out in 2016, working with an external organisation to carry out these improvements.
- To be able to offer a larger number of loans to improve the least energy efficient private rented homes in line with the forthcoming legislation which will prevent the renting of properties with a low EPC rating (F or below)
- To be able to fund further research concerning the condition of the private sector housing stock in view of the previous stock condition report carried out in 2010 and now becoming rapidly out of date. This will inform an updated private sector housing policy and help target future actions to encourage residents to improve housing stock and identify areas and types of property that are needed to be improved .

Although still to be defined, it is intended that through these actions the following outcomes will be achieved:

- An increased number of referrals and residents assisted through the Hitting the Cold Spots programme
- A reduction in the number of homes with an E-G energy efficiency rating
- A targeted approach tackling the least energy efficient homes including mobile homes
- An updated Private Sector Housing policy with a revised range of grants and loans.

b) Key actions for the next two years:

a) Update and improve information and signposting through website and Test Valley News and targeted campaigns

b) Investigate a pilot targeted area-based approach using the mapping information produced by the Environment Centre

c) Improve promotion of Hitting the Cold Spots and dedicate capital funding from the Housing Renewals Budget for this initiative targeting those who are in fuel poverty, particularly those in private rented accommodation, houses in multiple occupation

- d) Promote central heating through the DECC funded scheme in partnership with the Environment Centre for properties with EPC E-G ratings that are off-gas and lacking central heating.
- e) Participate in the EON funded scheme for insulation for solid wall properties
- f) Target mobile homes with advice in tandem with the site licensing inspection programme
- g) Update the Private Sector Housing Renewal Policy including the provision of grants and loans to take account of the priority areas that have been identified.