

Highland Council

Caithness & Sutherland Area Committee 26th May 2015

Agenda Item	10.
Report No	CS/17/15

Housing Affordable Warmth Report

Report by Director of Community Services

Summary

This report provides an update on progress with the affordable warmth elements of Highland's Housing Strategy and recommends Members note the priority actions for the next year in Caithness & Sutherland.

1. Introduction

- 1.1 Highland's strategy to promote affordable warmth and reduce fuel poverty is an integral part of the Council's Programme, the Single Outcome Agreement, the Carbon Clever Programme Plan, and the Local Housing Strategy. One of the aims of the Strategy is that: 'people are able to afford to heat their homes to an adequate level'.
- 1.2 An Affordable Warmth Partners Group has been in place for a number of years. Its membership comprises of officers from Highland Council, Highland's Housing Associations, Energy Saving Trust, Home Energy Scotland, Energy Action Scotland, NHS, CAB and the Scottish Government.
- 1.3 This report focuses on how various actions tackle fuel poverty rather than how they mitigate climate change. It should be noted that while improving the energy efficiency of a house may help reduce household spend on fuel bills, it does not necessarily take households out of fuel poverty.

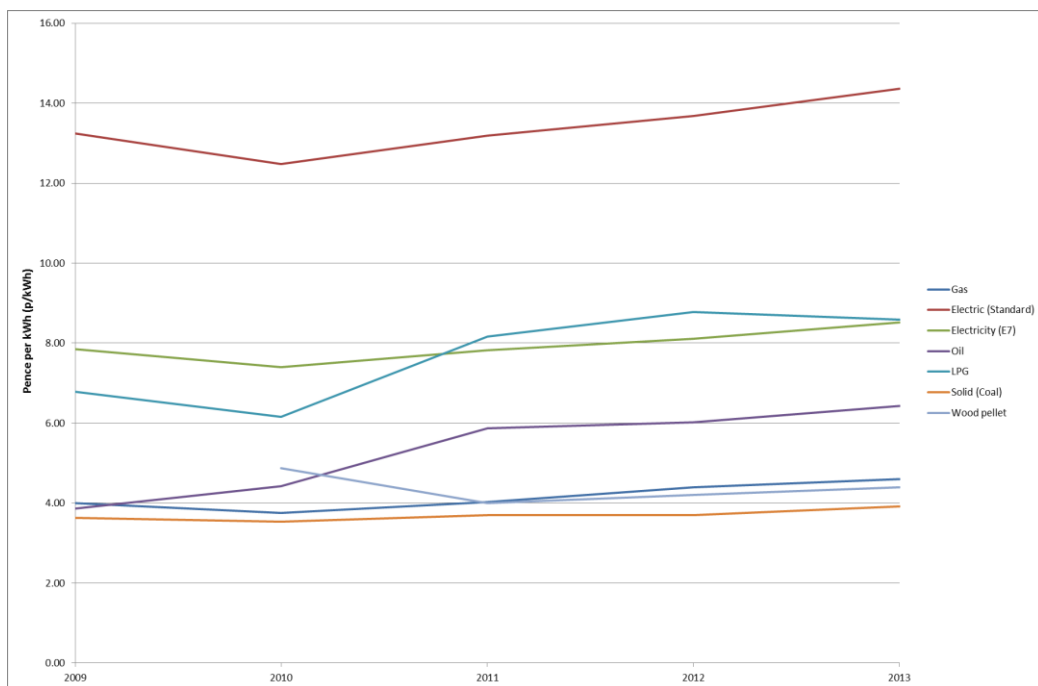
2. Changes in the Context Impacting on the Strategy

- 2.1 The Scottish Government define a person as living in fuel poverty if, in order to maintain a satisfactory heating regime, they require to spend more than 10 per cent of their household income on all household fuel use. The most recent Scottish House Condition Survey has reported that in Highland Council approximately 50% of households are in fuel poverty which is the third highest of all local authorities in Scotland. A map showing fuel poverty in Highland is at Appendix 2 and statistics for data zones in Caithness & Sutherland is at Appendix 1.
- 2.2 A number of specific issues have ensured that Highland remains an area of high fuel poverty:
 - The limited availability of fuel choices in Highland and the continued

rises in energy costs

- Seasonal fuel poverty is a factor in areas with dependency on tourism jobs
- The cost of new heating systems and fabric upgrading works due to the location and limited availability of firms and funding.

2.3 Since the Local Housing Strategy was developed fuel prices have continued to rise at a higher rate than inflation (see Energy Saving Trust graph below). This emphasises the continued need to prioritise activities, such as improving energy efficiency, which can help minimise the impact of increasing fuel prices on fuel poverty.



2.4 The UK Energy Act was passed in October 2011. This Act has enabled the creation of 'the Green Deal'. A major feature of Green Deal is the Energy Company Obligation which requires the 6 major utility companies to finance energy efficiency works in domestic properties. Energy Company Obligation funding is not ring-fenced and hence there is no separate allocation for Scotland. Through its Home Energy Efficiency Programme Scotland (HEEPS), the Scottish Government has aimed to maximise the amount of utility funding in Scotland and has tasked local authorities with administering area-based schemes. It should be noted that the main focus of these schemes is to improve the energy efficiency of domestic properties which does not always tackle households in the most fuel poverty.

3. Actions and progress against the Affordable Warmth Action Plan

3.1 Action 1 – Maximise the coverage and uptake of energy efficiency works in privately owned and privately rented housing

3.1.1 In recent years Highland has been successful in maximising grant funding

for energy works and in delivering these schemes. The Scottish Government's Universal Home Insulation Scheme ran from 2010 to 2013. In Highland each Council ward was covered by the scheme and 5,624 insulation measures took place.

- 3.1.2 The Universal Home Insulation Scheme was replaced by the HEEPS: Area Based Scheme in 2013. This is administered in Highland for the Scottish Government by the Council's Energy & Sustainability Team and is contracted to E.ON. Home owners within four Highland Council wards have been offered free energy saving measures, primarily external wall insulation. Areas have been selected based on the feasibility of carrying out external insulation works on particular house types, in off-gas areas, and within the Scottish Government prescribed timescales. The scheme is mainly aimed at insulating hard-to-treat properties with primary measures being cavity wall insulation or external wall insulation. The three-year programme will help to reduce the carbon footprint and improve the energy efficiency of Highland homes. Indicative estimates indicate the three-year Scottish Government funding to be in the region of £7m, with E.ON contributing an additional estimated £6m to the scheme as part of their Energy Company Obligation.
- 3.1.3 The scheme is funded by Energy Company Obligation (ECO) and the Scottish Government Home Energy Efficiency Programme – Area Based Scheme (HEEP-ABS). The council has been given the role of managing and administering the scheme and allows householders to access measures that will make a significant improvement in the fabric and energy use in the home bringing benefit in energy costs, affordable warmth and carbon emissions. A tender was issued to energy company obligated organisations for the provision of ECO funding to the council and a partnering arrangement for a period of 3 years to allow development of a rolling Highland wide plan. E.on Energy Solutions won the tender and now have an office base in Inverness and have been working with the Highland Council to carry out the programme and works.
- 3.1.4 The funding is limited and the criteria for acceptance is as follows:
- The property must be of solid wall construction
 - Heated by either Oil, Solid Fuel or Electricity
 - Be privately owned or rented (Holiday Homes are excluded)
 - Be within council tax band A, B or C.
 - Subject to survey
- 3.1.5 In the first year (2013/14) the bulk of works was carried out within Inverness & Fort William in order to be able to spend the required budget within a very short timeline.
- 3.1.6 In year two (14/15) we were able to expand the project and the following measures have or are scheduled to be carried out in Caithness & Sutherland area by September 2015:
- 8 properties have had External Wall Insulation (EWI) completed
 - 16 properties have had Cavity Wall Insulation (CWI) installed

- 119 properties are on the list to have EWI completed by Sept 15
- 4 properties are on an expression of interest/reserve list and we are hopeful that if they are unable to be slotted into year 2 they will be incorporated into year 3 (15/16)

Estimated total cost of measures in Caithness/Sutherland

- EWI = £1,262,024.40
- CWI = £16,391.36

Estimated amount of CO2 to be saved in Caithness/Sutherland

- EWI --- approximate CO2 to be saved 6982.46 TCO2
- CWI --- approximate CO2 to be saved 409 TCO2

Year 3 (15/16) – We have received a high level of interest from home owners within Caithness/Sutherland and have therefore committed to do a further 50 EWI to properties under the year 3 programme.

Although HEEPS is being delivered successfully in Highland, it should be acknowledged that the scheme has limitations. Funding is linked to the Energy Company Obligation and this means that not all properties will qualify for insulation works. Further to this, Scottish Government funding is restricted to £6,000 per property which is insufficient for some house types in rural locations.

3.2 Action 2 – Maximise energy efficiency works in Council and Housing Association stock

- 3.2.2 In 2007 just 16.1% of Council houses met the energy efficiency element of the Scottish Housing Quality Standard (SHQS). Many of those which failed were hard to heat / hard to treat and required multiple energy efficient measures to bring them up to standard. The current figure for energy compliance is 81.5% and the remaining stock will be brought up to standard during 2015.
- 3.2.3 Options to use renewable technology are a key feature of HRA Capital Programme planning and are particularly required in rural off-gas areas. There are a number of current HRA Capital projects in Caithness and Sutherland which involve air source heat pumps and biomass systems.
- 3.2.4 The Scottish Government has announced a new Energy Efficiency Standard for Social Housing to be reached by 2020. Assessment of Council stock is taking place and will be reported to Community Services Committee. Initial assessments have indicated that multiple works may be required as well as works to replace heating systems which are reaching the end of their life-cycle. A full report on future works required in C&S will be brought to this committee in future when we report on proposals for the Area's 2016-2020 HRA Capital Programme.
- 3.2.5 It should be noted that there has been considerable uncertainty in funding from the Energy Company Obligation in relation to social rented houses, largely as a result of changes to this made by the UK Treasury in December

2013. The Scottish Government have noted that the lack of certainty makes funding the new Standard potentially unaffordable for landlords and they are committed to reviewing it in 2017. In the meantime Highland will maximise alternative funding such as the new Domestic Renewable Heat Incentive. This scheme will enable the Council to register renewable heating systems and receive a fixed income over 7 years based on the property type, level of insulation and energy use in each house.

- 3.2.6 As part of our delivery of the new Energy Standard it is intended to pilot several innovative energy projects, in particular small district heating and/or micro-generation schemes within Highland Council stock by 2017. These should be treated as pilots ahead of commissioning further works if they prove successful in improving the energy efficiency of our stock and in reducing energy use for the householders involved.

3.3 Action 3 – Advice, assistance and income maximisation

- 3.3.1 The Home Energy Scotland advice centre for the Highlands and Islands works closely with community groups across Highland. Their activities include:

- ensuring appropriate staff and volunteers are knowledgeable about each other's services and activities;
- working together on joint community campaigns;
- sharing information on financial assistance available to support carbon reduction;
- Sign-posting and where appropriate, referring householders and/or businesses to each other's services.

- 3.3.2 It is intended to further develop proactive campaigns to ensure that all households in Highland receive the appropriate advice and assistance required. It is recommended that further efforts are made to target households who may benefit from fuel-buying clubs. It is also recommended that Highland Council, Home Energy Scotland and the main utility companies work closer together to target households in low income and ensure they are aware of their energy use and that they are maximising their household income.

3.4 Action 4 – Continue lobbying/campaigning to support Highland households

- 3.4.1 The Council does not have a direct influence on many of the factors impacting on fuel poverty, for example energy prices and household income. However there is an on-going need to promote solutions that are deliverable by others. The need for the Council to lobby UK and Scottish Government, as well as utility companies, is essential to ensure that the specific problems of Highland are addressed. Proposed lobbying issues were approved at Community Services Committee on 6 November 2014 and at Council on 12 March 2015.

4. Conclusions

- 4.1 Much work has been done in Highland and in this Area over the last three years which has limited the impact of fuel poverty despite the increased heating fuel price rises in particular.

5. Implications

- 5.1 **Resources** - the Council has committed resources targeted at addressing fuel poverty and the strategic approach aims to maximise complementary investment and external funding.
- 5.2 **Legal** - the report and action plan reflect the legal duties placed on the Council in relation to climate change.
- 5.3 **Equalities** - addressing fuel poverty contributes to tackling inequality.
- 5.4 **Climate Change/Carbon Clever** - the Affordable Warmth Action Plan will help the Council achieve its climate change commitments.
- 5.5 **Gaelic** – there are no implications arising from this report.
- 5.6 **Rural** – fuel poverty is more acute in rural rather than in urban areas of Highland.

6. Recommendations

- 6.1 Members are invited to:
- (i) Note the progress with ‘affordable warmth’ actions being undertaken to improve energy efficiency and tackle fuel poverty,
 - (ii) Note the priority actions set out in section 3 of the report, namely:

Designation: Director of Community Services

Date: 14 May 2015

Author: Brian Cameron – Housing Policy Officer

Data Zone	Location	Total Number of Properties	Total number of fuel poor households	Percent of houses in FP
S01003949	Sutherland South	263	106	40%
S01003950	Sutherland South	279	122	44%
S01003951	Sutherland South	306	146	48%
S01003952	Sutherland South	222	85	38%
S01003954	Sutherland South	305	122	40%
S01003957	Sutherland South	316	146	46%
S01003958	Sutherland East	359	164	46%
S01003959	Sutherland South	365	155	43%
S01003960	Sutherland East	385	154	40%
S01003961	Sutherland East	284	138	49%
S01003962	Sutherland East	347	159	46%
S01003964	Sutherland East	217	86	39%
S01003965	Sutherland South	289	113	39%
S01003966	Sutherland South	471	206	44%
S01003967	Sutherland North and West	249	110	44%
S01003968	Sutherland East	445	215	48%
S01003969	Caithness South	376	151	40%
S01003970	Sutherland North and West	307	128	42%
S01003971	Caithness South	325	139	43%
S01003972	Caithness South	336	121	36%
S01003973	Sutherland North and West	208	89	43%
S01003974	Sutherland North and West	414	182	44%
S01003975	Caithness North West	341	112	33%
S01003976	Wick South	355	149	42%
S01003977	Wick South	239	96	40%
S01003978	Wick South	270	118	44%
S01003979	Wick South	261	89	34%
S01003980	Caithness South	266	81	30%
S01003981	Wick South	266	98	37%
S01003982	Wick South	350	108	31%
S01003983	Wick North	301	89	30%
S01003984	Wick North	293	113	39%
S01003985	Wick North	345	147	43%
S01003986	Wick North	275	109	40%
S01003987	Wick North	255	67	26%
S01003988	Sutherland North and West	249	119	48%
S01003989	Caithness North East	384	134	35%
S01003990	Sutherland North and West	238	110	46%
S01003991	Caithness North East	274	97	35%
S01003992	Caithness North West	445	174	39%
S01003993	Caithness North West	293	102	35%
S01003994	Caithness North East	292	105	36%
S01003995	Caithness North West	563	187	33%
S01003996	Caithness North West	275	94	34%
S01003997	Thurso West	458	158	35%
S01003998	Thurso East	263	78	30%
S01003999	Thurso West	377	97	26%
S01004000	Thurso East	354	120	34%
S01004001	Caithness North West	287	115	40%
S01004002	Thurso East	530	188	35%
S01004003	Thurso West	244	68	28%
S01004004	Thurso East	360	105	29%
S01004005	Thurso West	283	81	29%
S01004006	Thurso West	230	54	24%
S01004007	Thurso West	280	92	33%
S01004008	Caithness North East	282	107	38%
S01004009	Thurso West	328	74	23%
S01004010	Caithness North East	369	134	36%

Estimated Households (%) in Fuel Poverty by Data Zone in Highland Council

