

Agenda Item	17
Report No	EDI 52/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 15 August 2019

Report Title: Energy Efficient Scotland Programmes

Report By: Director of Development and Infrastructure

1. Purpose/Executive Summary

- 1.1 This report updates Members on the Scottish Government's Energy Efficient Scotland (EES) programmes and provides an introduction to Energy Efficient Scotland.
- 1.2 There is also an update on the current Home Energy Efficiency Programme and changes for the 2019/20 programme.

2. Recommendations

- 2.1 Members are asked to:
- i. approve a closer alignment between Council energy efficiency programmes with targeted measures offered to householders and businesses within the Highlands to ensure the energy programmes achieve maximum benefits; and
 - ii. note the progress and proposed plans for the current Energy Efficiency Programme.

3. Implications

- 3.1 Resource
The current energy programmes are managed by the existing Energy and Sustainability team. Changes to the monitoring and reporting requirements of the programmes require an additional 2 posts to meet specific monitoring requirements.
- 3.2 Legal
There are no legal implications of the scheme.
- 3.3 Community (Equality, Poverty and Rural)
3.3.1 The Area Based Scheme offers predominately insulation measures across the Highlands, targeting fuel poor and deprived areas as well as households with elderly

occupants and children.

3.3.2 The **ECO Flex** scheme offers support to low income householders, people living with long-term medical conditions, elderly occupants and children. To be eligible for these scheme households should contact **Home Energy Scotland** to determine eligibility.

3.4 Climate Change / Carbon Clever

The intentions of the schemes are to reduce emissions from households and businesses in the Highlands. Carbon reductions will assist towards tackling climate change and help towards

3.5 Risk

3.5.1 Requirements for the schemes are time critical and the ability to engage with homeowners will pose risks to the success of the programme.

3.5.2 A recent incident of 'rogue trading' within the Highlands and other Local Authorities poses risks to sign up and engagement with homeowners for our programmes. To mitigate this risk all engagement will be led by The Highland Council Energy and Sustainability team and all homeowners will be encouraged to engage with **Home Energy Scotland**.

3.6 Gaelic

No impact.

4. Background

4.1 The Scottish Government has allocated the Highland Council grant funding to assist homeowners install a range of energy efficiency measures to their home. The works will be mainly funded by the Scottish Government grant and will be supported by Energy Company Obligation (ECO) funding and a homeowner contribution.

4.2 The Council's role is to administer, manage, monitor and evaluate the scheme. The Council will work closely with scheme partners to develop Area Based Schemes. Access to the schemes will allow the homeowners access to measures which will make a significant improvement to the fabric and energy use in the home, bringing benefit by reducing energy costs, carbon emissions and increasing comfort levels.

4.3 There is a range of measures which can be offered under the Area Based Scheme; however with regards to ECO funding, taking a fabric first approach will offer best value to the household. The Highland scheme will predominately offer External Wall, Cavity and Loft insulation.

4.4 We are exploring a first time central heating option with our scheme delivery partner and the Scottish Government to determine an acceptable funding model.

4.5 The scheme has a number of conditions and eligibility criteria which determines the areas and properties targeted, which meet particular fuel poverty, house type and Council Tax band criteria.

4.6 The Council is coming to the end of the Home Energy Efficiency Programme: Area Based Scheme (HEEPS:ABS) which has provided External Wall Insulation for over 2,000 householders over the 6 year programme.

4.7 The Energy Efficient Scotland: Area Based Scheme (EES:ABS) takes effect in 2019/20

and will continue to offer predominately insulation measures to properties within the Highlands.

5. Scheme Partner

- 5.1 The Highland Council has secured funding from the Scottish Government of £2.7m on the condition that the amount is linked with an ECO contribution.
- 5.2 The Council have partnered with **E.ON Energy Installation Services Limited** for the next 4 years (2019/20 – 2023/24). The contract has been awarded through a Scotland Excel ‘Mini-Competition’.
- 5.3 The Highlands Energy Efficient Scotland programmes continue to be promoted in conjunction with **Home Energy Scotland** to ensure that **homeowners** are provided free and impartial advice.
- 5.3.1 Home Energy Scotland ensure any incentives and any additional support available is offered to the householder to reduce duplication. They can also discuss finance options with households.
- 5.4 Monitoring, evaluation and quality of works is a key element to the success of the schemes and the Council provides project management, technical checking and quality assessment of works.

6. Housing Investment Update

- 6.1 The programme is drawing to a close after 6 years delivery across the Highlands, the below table outlines the carbon saving, installs, funding and overall cost for years 1 – 5.

Scheme Year		Carbon Saving	No. of EWI measures	HEEPS:ABS Funding	ECO Funding	Total funding	Scheme Cost
1	2013/14	17,960	300	£1,867,837	£1,190,637	£3,058,474	£3,058,474
2	2014/15	26,874	485	£3,183,019	£2,149,920	£5,332,939	£5,332,939
3	2015/16	18,786	345	£2,779,088	£1,502,917	£4,282,005	£4,282,005
4	2016/17	17,304	344	£2,553,500	£1,387,634	£3,941,134	£3,941,134
5	2017/18	26,150	298	£2,499,288	£1,307,544	£3,806,832	£3,806,832
6	2018/19		312	£2,446,845		£2,446,845	£2,446,845
		107,074	2,084	£15,329,577	£7,538,652	£22,868,229	£22,868,229

- 6.2 The figures for year 6 are still to be finalised, however the total number of measures and HEEPS:ABS funding has been provided above. Years 1 – 5 of the programme has resulted in over 107,000 tCO₂ being saved. This is equivalent to taking around 17,800 cars off the road for a year.

- 6.3 Estimated lifetime energy bill savings for customers who have had a measure installed is in the region of £32,782,000¹.
- 6.4 Energy Saving Trust estimates energy bills can be lowered by up to £260 every year, based on insulating a semi-detached gas-heated² homes.
- 6.5 As part of the 2018/19 programme the Council in conjunction with the scheme delivery partner was able to offer external wall insulation to timber framed properties as well as properties on mains gas. A higher homeowner contribution is required from properties on mains gas.
- 6.6 Delivery of the 2018/19 programme has been challenging in particular, weather conditions and availability of worker accommodation on the Isle of Skye has caused significant delays to the programme of work.

7. Scheme Roll Out

- 7.1 The programmes from 2019/20 onwards will focus on specific Council Wards which meet the requirements of the Scottish Government.
- 7.2 Proposed Wards for 2019/20 are:
- Ward 7 – Tain and Easter Ross
 - Ward 20 – Badenoch and Strathspey
- 7.3 These wards have been assessed for the critical aspects of fuel poverty and house type which meet the requirements of the scheme.
- 7.4 In order to maximise the benefits and values of the scheme within the Highlands, households will be required to make a contribution towards the cost of the work. This change could pose an issue when trying to obtain householder sign-up as to date the scheme has predominately been offered for free.
- 7.5 The Scottish Government grant funding remains consistent, however the ECO contribution has diminished and the cost of the work rises each year. In 2018/19 it became apparent that we would no longer be able to deliver the scheme without a homeowner contribution.
- 7.6 The Council continues to work with Home Energy Scotland and the Energy Savings Trust (EST) who provide an interest free loan for households to cover the cost of the contribution and allow them to carry out any other improvements to their home.

8. Energy Company Obligation (ECO)

- 8.1 ECO3 is in place and will be running from 2018-2022. Within ECO3 there is the inclusion of ECO Flex.
- 8.2 The Council has issued a revised ECO Flex Statement of Intent (SOI) on the Council website. The Council decided to issue an SOI for each installer as a control mechanism

¹ Figure has been estimated using the average lifetime bill saving (LBS) , taken from the Ofgem deemed scores, for the different property archetypes and applying this to the Highland properties included in years 1–5

² Figures are based on fuel prices as of March 2016. Source: www.energysavingtrust.org.uk/home-insulation/solid-wall

to limit the number of installers which may directly approach households. At present the Council has only issued an SOI for one installer, E.ON, which covers works under the ABS scheme.

- 8.3 Several suppliers have approached the Council to obtain an SOI, however no approached to date have been progressed. When determining the eligibility for ECO Flex households are directed to Home Energy Scotland to discuss the offer and confirm eligibility.

9. **Rogue Trading/ Fraudulent Activity**

- 9.1 It has recently been brought to the Council's attention that there is an installer offering free room and roof insulation to households within the Highlands and Islands claiming to be working with the Highland Council and other councils.

- 9.2 Trading Standards are currently investigating these issues and are in discussion with affected Councils and Police Scotland.

- 9.3 Highland Council has no involvement in this activity, our only role is to assist Trading Standards with the investigation and work with the relevant bodies to identify a process that hopefully provides a satisfactory resolution for the affected homeowners.

10. **Energy Efficient Scotland**

- 10.1 In order to achieve the Scottish Government's plans and vision that "By 2040 our homes and buildings are warmer, greener and more efficient" the Council must:

- adopt a strategic approach and set out a plan on how this can be achieved, along with identifying other measures which can lead to a decarbonised energy efficient Highlands through targeting local communities; and
- explore opportunities for combining investments, funding schemes and work packages that are identified and correctly coordinated to ensure best outcomes. It is crucial that the Council captures the synergy between Scottish Government funded schemes, Council Housing upgrade plans and new build developments so that combined delivery models are linked with available funding where possible.

- 10.2 The Council has two paths within Energy Efficient Scotland:

- I. **Willing to Act** – to assist and enable homeowners to move forward with energy efficiency improvements with a support network in place which can check on progress, results and standards. Development and delivery of a 'hand-holding' service that will provide support, create ambassadors and place particular focus on behaviour change.
- II. **Area Based Scheme** – providing Scottish Government grant funding to eligible properties (**appendix 1**), focusing on solid wall and timber framed properties across the Highlands to deliver predominantly insulation measures.

- 10.3 Where possible, it will be beneficial to coordinate area selection and delivery with other Council services, in particular Housing, to ensure that both best value and community benefits are achieved.

Designation: Director of Development and Infrastructure

Date: 5 August 2019

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Appendix 1 – Eligibility Criteria

The Scottish Government has provided the below eligibility criteria for private homeowners for the Area Based Schemes funding;

- Your property is Council Tax Band A, B or C (Band D is eligible where the EPC rating is E, F or G)
- Your property is of solid wall, timber framed or Swedish Timber construction
- Your property is either owned by you or privately rented
- Your property is for domestic use and is your main residence – cannot be a second home or B&B
- Your property must not be in a conservation area or be a listed building