

Agenda Item	<b>10</b>
Report No	<b>CCC/07/22</b>

## The Highland Council

**Committee:** Climate Change Committee

**Date:** 3 November 2022

**Report Title:** Energy Efficient Scotland: Area Based Scheme update

**Report By:** Executive Chief Officer - Performance and Governance

### 1. Purpose/Executive Summary

- 1.1 This report provides a summary of the Council's Energy Efficient Scotland: Area Based Scheme (EES:ABS), formally known as HEEPs:ABS and an update on the progress being made.

### 2. Recommendations

- 2.1 Members are asked to note the contents of this report agree that the Climate Change & Energy Team should present at local committees to raise awareness of the EES:ABS programme.

### 3. Implications

- 3.1 Resource – The Scottish Government grant funding allocation includes funding to cover staff costs for those working on the programme. A dedicated team within the Climate Change & Energy Team manage the programme and there is no cost implication to the Council.

As part of the marketing strategy Council officers require input from Corporate Communications team to publicise the scheme and ensure it complies with Council policy. Marketing is key to the success of the scheme to ensure signups are achieved and raise awareness of the funding and opportunities available to Highland residents. All marketing activity is fully funded through enabling and administrative funding which forms part of the Council's grant allocation.

It would be beneficial if a member of the Climate Change and Energy Team involved in the EES:ABS programme could be invited to present at local committees or community events held by Members, to raise awareness of the programme, answer any questions and offer reassurance for residents of the opportunities available to them.

- 3.2 Legal – There are no legal implications arising from this report.
- 3.3 Community (Equality, Poverty and Rural) – The programme is designed to target fuel poor households across the Highlands to offer energy efficiency measures to improve home comfort levels, improve energy performance (EPC) rating and reduce heating costs (where possible/ dependant on household usage and behaviour).

Without the EES:ABS programme there is currently no other long-term support to households who are in fuel poverty and the vulnerable living with the effects of a cold home.

Scottish Government figures indicate 33% of households in Highland are experiencing fuel poverty compared to the national average of 24%, whilst 22% of households in Highland are facing extreme fuel poverty, nearly double the national Scottish average of 12%<sup>1</sup>.

Due to the rising costs in energy prices, it is anticipated the above figures will increase significantly. For example, 62% of properties currently signed up for the air source heat pump programme are classed as extreme fuel poor.

3.4 Climate Change/Carbon CLEVER – the area based scheme delivers significant carbon savings and enables householders to meet the challenges of climate change. The programme, on average, has annual carbon savings of 20,897 tons (figure is pre COVID) making a significant contribution to a low carbon Highlands.

3.5 Risk – a significant risk to the programme is achieving household sign ups, to mitigate this risk the team undertake various marketing and promotion throughout the year. This includes face to face events, social media posts and press releases.

Support from Councillors will be key to deliver the EES:ABS programme moving forward. People can be wary when opportunities are put to them. With Council and Councillor endorsement households should be provided with additional assurances of the legitimacy of the offer.

If grant funding cannot be fully spent it may hinder future funding awards to the Council.

3.6 Gaelic – There are no Gaelic implications arising from this report.

#### **4. Background**

4.1 The Highland Council has been awarded Scottish Government funding to deliver the area based scheme for the 10<sup>th</sup> consecutive year. Over the last 9 years the scheme has leveraged circa £34 million of external funding to the Highlands to deliver energy efficiency measures to approximately 3,100 privately owned and privately rented properties throughout the Highlands. The programme is designed to reduce fuel poverty and improve domestic energy efficiency in support of Scottish Government 2030 targets.

4.2 Funding from Scottish Government grant covers the cost of the installation, in the most part, although some works require a household contribution to meet the shortfall between installation cost and funding available. Scottish Government funding also covers Highland Council staff costs. The Scottish Government grant is available for owner occupiers and private rented properties, grant funding cannot be used to cover installation costs for social properties (either Council or Registered Landlord).

4.3 Initially the programme focused on External Wall Insulation for the first 4 years, in year 5 it included a solution for Swedish timber properties, cavity wall and loft insulation. The offering was further extended in year 7 (2019/20) beyond insulation to offer first time central heating to properties on electric storage heating.

4.4 A first time central heating system is delivered through the installation of an air source heat pump, new radiators, hot water cylinder and heating controls as part of the

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<sup>1</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2021/02/scottish-house-condition-survey-local-authority-analyses-2017-2019/documents/scottish-house-condition-survey-2017-2019-local-authority-tables/scottish-house-condition-survey-2017-2019-local-authority-tables/govscot%3Adocument/scottish-house-condition-survey-2017-2019-local-authority-tables.pdf>

EES:ABS programme. This is available to all households which meet the scheme eligibility criteria, see [appendix 1](#). The first solar panels were installed under the programme in year 9 (2021/22), this offering has been further developed for year 10 (2022/23) to install 20 properties with solar panels with battery storage.

- 4.5 As part of the current (year 10, 2022/23) programme the Highland Council can offer an air source heat pump to properties with the following heating types
- Electric
  - Oil
  - LPG
  - Solid fuel

The Council, along with 2 other Scottish Local Authorities have partnered with SSE and E.ON on the Re-Heat project. Eligible Households could get an air source heat pump and battery system installed free, subject to eligibility.

It is our aim to continue to build and expand the scheme.

## 5. Progress to date

- 5.1 The below tables summaries 2022/23 completed installs to date

Measure	Number of installs	% Complete against target
<b>Air Source Heat Pumps</b>	13	17%
<b>Cavity Wall Insulation</b>	4	11%
<b>Loft Insulation</b>	6	11%
<b>External Wall Insulation</b>	3	100%
<b>Total</b>	<b>26</b>	<b>12%</b>

There are a further 108 properties which have been instructed for install/ surveyed and a further 106 expressions of interest which are awaiting pre-qualification, full breakdown available in [appendix 2](#).

- 5.2 Further marketing is required for cavity and loft insulation to achieve required install number. The team intends to send letters to Highland residents outlining the programme and the offer will be supported by a social media campaign. This is a low risk to the 2022/23 programme, the Council has scope to amend the proposed install numbers per measure based on engagement and sign up. The number of measures delivered are continually reviewed allowing changes to be made based on demand.
- 5.3 Due to rising installation costs, lack of local contractors and cost increases to install External Wall Insulation (EWI) to the new PAS:2035 standard the Council has been unable to offer this measure as part of the 2022/23 programme. Three properties have been installed as these were committed and carried over from the 2021/22 programme.
- 5.4 The main challenges can be summarised as follows:
- Obtaining signups for the programme
  - Funding – Highland Council faces higher installation costs due to the geographical location which can lead to funding gaps where the grant funding available is not sufficient to cover the install cost. To mitigate this risk the team

continue to look for alternative funding sources to support the programme and Highland residents.

## 6. Key Next Steps

- 6.1
- Continue marketing to increase interest and signups to the programme and Seek new ways to promote
  - Continue to source and work with local contractors
  - Look at other energy efficiency measures which could provide support and increase comfort levels for Highland residents
  - Align EES:ABS programme with Housing capital plans to deliver a collaborated area based programme which can support privately owned and rented and Council properties to achieve best value. While the Scottish Government grant cannot be used to fund installations to Council properties, by working together the Council can achieve better economies of scale and attempt to reduce contractor rates.

## 7. Benefits

7.1 The EES:ABS programme provides significant grant funding to Highland residents to undertake energy efficiency works (insulation measures and/or first time central heating) to the homes. The programme aims to:

- Target fuel-poor areas
  - Provide support to those in fuel and extreme fuel poverty
  - Support households who are vulnerable to the effects of living in a cold home
- Potential to lower fuel costs or minimise the effects of the price
- Reduce carbon
- Improve energy efficiency (EPC) rating

This has resulted in several benefits to the household including:

- lower fuel bills (pre price increases)
- increased comfort levels
- All measures come with manufacturer's warranties (the length of warranty varies depending on measure)

7.2 The EES:ABS programme can offer support to households by offering energy efficiency measures which can lower the fuel costs and improve living conditions for the household.

**Designation:** ECO Performance and Governance

**Date:** 20<sup>th</sup> October 2022

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## Appendix 1 - Eligibility

### Energy Efficient Scotland:

#### Area Based Scheme

#### Eligibility Criteria

The below table outlines current measures available as part of The Highland Council's Energy Efficient Scotland: Area Based Scheme (EES:ABS) and the eligibility criteria.

Eligibility Criteria	Measure	External Wall Insulation	Cavity Wall Insulation	Loft Insulation	First Time Central Heating
Your property is Council Tax Band A, B or C (Band D is eligible where the EPC rating is E, F or G)		✓	✓	✓	✓
Your home is either owned by you or privately rented – must be your main residence and cannot be a second home or B&B		✓	✓	✓	✓
Your property is of solid wall construction		✓			
Your property must not be in a conservation area		✓			
Your property must not be a listed building		✓			✓
Your property has electric storage heating <sup>2</sup>					✓
Alternatively, you could qualify if you meet ECO Flex requirements			✓	✓	

<sup>2</sup> Other fuel types may be eligible, please contact for more information.

## Appendix 2 – summary of EES:ABS 2022/23

Measure	Target no of installs	Expressions of Interest	Cancelled	On Hold	Surveyed	Instructed	Installed	Total	% Installs complete against target
Air Source Heat Pumps	76	41	64	2	10	29	13	<b>159</b>	17%
Cavity Wall Insulation	36	10	7	-	1	10	4	<b>32</b>	11%
Loft Insulation	54	17	14	2	5	25	6	<b>69</b>	11%
Solar PV & battery	20	11	3	-	2	5	-	<b>21</b>	0%
External Wall Insulation	3						3	<b>3</b>	100%
ASHP - Re-heat	24	27	81	24	20	1	-	<b>153</b>	0%
<b>Total</b>	<b>213</b>	<b>106</b>	<b>169</b>	<b>28</b>	<b>38</b>	<b>70</b>	<b>26</b>	<b>437</b>	<b>12%</b>