

Report to: **Executive**

Date: **15 September 2022**

Title: **Housing Crisis Update - Energy Efficiency in Homes**

Portfolio Area: **Homes – Cllr Judy Pearce**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **N/A**

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Recommendation

That the Executive NOTE the content of the report, along with progress to date on the schemes and to continue to support the council's energy efficiency work.

1. Executive summary

- 1.1 In September 2021, the Council declared a housing crisis. At the same time, it set out a range of activities it would undertake to tackle the crisis. The Leader of the Council has requested that an update be provided to Executive at their regular committee meetings.
- 1.2 The Council has been clear with its priorities around Housing and delivering homes for local people whilst making best use of existing stock, in accordance with the Better Lives For All strategy, and Better Homes, Better Lives (Housing Strategy 2021-2026).
- 1.3 The Council has also declared a Climate Change and Biodiversity emergency and has adopted set an aim to work with partners to reduce the District of South Hams' carbon emissions to net-zero by 2050 at the latest.

- 1.4 One of the areas the Council is able to secure improvements, in the private sector housing stock is energy efficiency. There are a number of schemes available to householders (and landlords) that the Council is able to promote, enable and administer. Improving energy efficiency improves the thermal comfort of homes and reduces the energy usage.
- 1.5 There is established evidence showing that living in cold houses can have a direct impact on people's health and can contribute to excess winter mortality and morbidity especially amongst the elderly and vulnerable.
- 1.6 As set out in reports on the Executive agenda today, one of the key factors contributing to the cost-of-living crisis is the sharp increase in gas and electricity costs. Some estimates suggest that following the predicted October 2022 increase in prices, as many as half of all households nationally will be paying more than 10% of their income on energy, which is an established indicator of fuel poverty.
- 1.7 The grants that are available are open to application from households on a lower income in owned or rented properties. Landlords are unable to apply directly but could encourage their tenants to do so on their behalf.
- 1.8 According to government statistics in the year 2020, 4400 properties were affected by fuel poverty in the South Hams.
- 1.9 The grants that are available are listed within this report, with a brief explanation of who they are available to and the benefits that they offer. The outcomes of the work carried out to date are also provided.

2. Background

- 2.1 It is estimated from the latest figures in 2020 there were 3.1 million households in fuel poverty in England, with 4400 being located in the South Hams. Since the start of the cost-of-living crisis this number will have significantly increased, see 1.5 above.
- 2.2 Residential buildings – houses, flats, apartments – contribute to at least 15% of the total carbon emissions across the District. Reducing emissions from these building by increasing their energy efficiency and/or fitting lower carbon sources of heating and electricity will contribute to the Councils' climate change aims.
- 2.3 In July 2020 the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England. The Council submitted successful bids totalling £1,025,250.

- 2.4 There are challenges in retrofitting homes in South Hams. The cost of material continues to rise, for example, the starting price for an air source heat pump is £15,000. External wall insulation is a similar price. There are added complications for listed properties and homes within the National Park and conservation areas. A larger proportion of the worst performing dwellings will not have access to mains gas and have single skin walls. It can be estimated that to significantly improve 4000 homes (average of £15000 per property), 50-60 million pounds of investment is needed.
- 2.5 The Council is currently operating and participating in a number of programmes to help residents improve their homes and reduce bills. The cost-of-living crisis will mean that the demand for these services is likely to rise.
- 2.6 Both homeowners and tenants can make an application to the schemes, however there may be a financial contribution needed from the landlord.
- 2.7 To make accessing support as simple as possible, residents can make a query via the South Ham's Reducing Fuel Bills webpage, so that the council can signpost them to the appropriate scheme.

Schemes currently offered in South Hams

- 2.8 **Green Homes Grants phase 1-3**
A Green Homes Grant is a grant that is funded by Central Government and administered by the Council. It is for low-income households to apply for to be able to claim funding to pay for various non-fossil fuel energy efficiency measures such as insulation, heat pumps and solar panels. This is being delivered in three phases, of which two are detailed below.
- 2.9 **Green Homes Grants phase 1**
The original delivery plan across West Devon and South Hams districts involved partnering with SSE Energy Solutions (now OVO) to use their expertise and supply chain to install 150 measures (external wall insulation and air source heat pumps) to lower income households living in low efficiency housing.

The project experienced problems with 2021 Covid lock down, OVO taking over SSE, supply chain capacity problems and material shortages/increased prices. For these reasons OVO/SSE was unable to undertake any installs at all, other council projects experienced the same problems.

The Council was alerted to this difficulty in the autumn of 2021 when it became clear that OVO would not be able to fulfil the installs, so a new delivery scheme was developed.

A new approach was used that offered the existing approved applicants a voucher and the ability to then choose from a list of accredited contactors (most if not all will have engaged previously with the council through our ECO LA flex scheme, which is a way households can get grants from the energy companies, EON, British gas etc).

In addition, a wider range of measures were offered (Solar Panels, all insulations and storage heaters). Based on the contractor's assessment of what is the most appropriate measure (s) for that property, to achieve an EPC rating of C, a quote is provided. The quote and measures are then approved by the Council.

We have also partnered with the local community energy group(s) to help vulnerable applicants through the install process. The capital grant is an average of £10k. The project finishes in September 2022.

2.10 **Green Homes Grants phase 2**

The project is similar to phase 1 as it targets lower income households in low energy efficiency housing. As the Government directed the funding to South West Energy Hub, this scheme is being overseen by them and being operated in Devon by EON/Happy Energy. The Council do not have any direct involvement in the project. South West Energy Hub have done their own marketing and management of installations, including any energy efficiency measures but no carbon based heating.

2.11 **Green Homes Grants phase 3 - Home Upgrade Grant (Sustainable Warmth)**

This is a consortium of the Devon Districts running the next phase of the Government's energy efficiency initiatives, overseen by Devon County Council. The community energy groups are involved and front up the project. They assess the applicant's eligibility and are involved in the process of assessing what measures are appropriate for the property. A variety of measures are available; however the property is assessed and measures designed specifically for that property.

The Council has Officer representation on the management board for the project. The project is similar to the other phases as it targets lower income households in low energy efficiency housing and includes any energy efficiency measures and excludes carbon based heating.

2.12 **Energy Company Obligation (ECO4)**

Under the Energy Company Obligation (ECO) 'Help to Heat' scheme energy suppliers/installers are able to offer grants. One way to do this, is to use the Council's Statement of Intent The Council uses the Statement of Intent (<https://www.southhams.gov.uk/ReduceFuelBills>) which sets out the eligibility criteria for households. The key criteria being a gross household income of less than £31,000 and living in a property with an EPC (Energy Performance Certificate) rated D or below. This allows them to install fully funded or subsidised energy saving measures into homes, which have been declared eligible by the Council.

The installers do their own marketing and identify homes that may be eligible, however the Council have asked that they sign a code of practice that includes no cold calling.

2.13 **Energy Advice**

The Council is working closely with South Dartmoor Community Energy and Citizen Advice, to offer free and impartial, independent advice from local advisers on how to reduce energy bills and help with heating to struggling households. This will become increasingly more important as the energy cap rises and household bills start to go up. We will ensure that access to this service is heavily promoted as part of our response to the cost of living.

2.14 **Minimum Energy Efficiency Standards (MEES)**

The purpose of this work is to raise energy efficiency standards in the private rented sector by engaging with landlords, making them aware of the requirement to comply with the set standards for energy efficiency in the properties that they rent. The Council is working with Tamar Energy Community to contact all non-compliant properties households identified in the Governments Energy Performance Certificate (EPC) database. All rental properties must be rated E and above unless properly exempted. The landlords are given initial advice on how to become compliance with the regulations. Formal action will be taken against non-compliant landlords who are not willing to undertake the necessary work.

2.15 **Energy Efficiency Loans**

The council can offer loans for households for energy efficiency measures. Households can apply through the Council loan partner Lendology. Also, households can get a 0% loan to buy bulk fuel (Oil, LPG, solid fuel).
<https://www.lendology.org.uk/loans/energy-efficiency-loans/>

The Council established a loan pot a number of years back with a grant from Government and, when able, adds to the pot from the

Better Care Fund allocation it receives each year. The loans are repaid into the pot to enable further lending.

2.16 It is worth noting that all measures being funded by Government grants now have to meet minimum design and installation requirements. Therefore, any proposals/designs need to be signed off by an appropriately qualified person in energy efficiency retrofit.

2.17 Links to additional information on all these grants may be found here; <https://www.southhams.gov.uk/ReduceFuelBills>

3. Outcomes/outputs

3.1 Green Home Grants phase 1

So far 74 Grants approved totalling £ 789,502 of the £1,025,250 originally awarded.

- 14 Air Source Heat Pumps
- 50 Solar Panels
- 7 Insulation
- 3 Storage heater upgrades

3.2 Green Home Grants Phase 2

So far £658,182 has been spent on 108 installations within the South Hams area.

- 69 Solar Panels
- 10 Insulation
- 2 Internal wall insulation
- 1 Heat Pump
- 10 Extra ventilation
- 16 Storage heater upgrades

3.3 Green Homes Grant Phase 3 - Home Upgrade grant (Sustainable Warmth)

This project is at the initial stages and marketing has been undertaken through the Cosy Devon website. Applicants are getting initial assessments from the community energy groups who have been engaged. <https://www.cosydevon.com/>. An update on spend will be provided at a later date.

3.4 MEES (Minimum energy efficiency standard)

All landlords of G rated properties have been contacted and we are currently looking at the responses received regarding their intentions. An assessment of what further action by the Council is

necessary, if any, will follow. A final report will be submitted at the end of the project.

4. Options available and consideration of risk

- 4.1 The schemes listed in the report are not mandatory. To not engage in the schemes would mean that our residents would not benefit from the help that has been made available.
- 4.2 The Council can continue with its existing resource to explore and administer help to households.
- 4.3 The Council will also need to be realistic in its ambition around energy efficiency help as we have found through the projects that measures are expensive and retrofitting existing homes is a challenge in both the design requirements and the types of housing for example solid wall and small rooms are a particular challenge.

5. Proposed Way Forward

- 5.1 There is a new round of funding for Home Upgrade Grant opening in Autumn, the Council will consider an application into this fund.
- 5.2 To continue to work closely and in partnership with the community energy groups and explore ways to reach even more households.
- 5.3 To work closely with ECO4 installers so that residents can access funding.
- 5.4 To complete the MEES (Minimum energy efficiency standard) Project.
- 5.5 To explore further funding partnerships/funds and opportunities to take action to tackle the cost of living for our residents through upgrading the energy performance of their homes.
- 5.6 To measure the impact of the installations/measures against the Council's wider climate change aims.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Home Energy Conservation Act 1995 (HECA) requires all local authorities (LAs) in England to submit reports to the Secretary of State demonstrating what energy conservation measures they have adopted to improve the energy efficiency of residential accommodation within that LA's area
Financial implications to include reference to value for money	Y	The schemes identified within this report are delivered through external grant awards. There are no further financial implications arising.
Risk	Y	The risk of submitting poor returns to the Secretary of State is that the Council may be criticised for its lack of action in dealing with poor energy efficiency.
Supporting Corporate Strategy	Y	Housing and Climate Change and Biodiversity.
Climate Change - Carbon / Biodiversity Impact	Y	Contributes to the Climate Change plan through action 1.2 of the action plan by; a. Raise awareness for grant schemes and the Solar Together scheme as part of a Climate Change communication strategy involving newsletters, web and social media. b. Continue to administer funding as and when it arises.
Consultation and engagement		Consultation has not been undertaken with residents however there has been engagement with delivery partners – such as community energy groups – to help target support and maximise uptake.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N/A	The qualifying criteria for the grants is set by Central Government policy to benefit those on a lower income and living in low efficiency homes.
Safeguarding	N/A	There are no safeguarding implications from this report
Community Safety, Crime and Disorder	N/A	There are no implications from this report
Health, Safety and Wellbeing	N/A	The improvement in housing stock facilitated by the grants mentioned within this report will have a positive impact on the health, safety and wellbeing of the occupants

Other implications	N/A	
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Appendices: None