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**REPORT TO: COMMUNITIES COMMITTEE ON 6 JUNE 2017**

**SUBJECT: MORAY HOME ENERGY EFFICIENCY PROGRAMME**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,  
PLANNING AND INFRASTRUCTURE)**

**1. REASON FOR REPORT**

- 1.1 This report provides the Communities Committee with details of progress on the Moray Home Energy Efficiency Programme.
- 1.2 This report is submitted to Committee in terms of Section III G (2) of the Council's Scheme of Administrative relating to the exercise of all the functions of the Council as a housing authority.

**2. RECOMMENDATION**

**2.1 It is recommended that the Communities Committee:-**

- (i) considers and notes the progress made on the delivery of the Moray Home Energy Efficiency Programme; and**
- (ii) agrees that further reports on progress will be presented to this Committee.**

**3. BACKGROUND**

- 3.1 The Home Energy Efficiency Programme for Scotland (HEEPS) is a Scottish Government initiative to tackle fuel poverty by improving the energy efficiency of existing homes. The programme offers a range of free or discounted energy efficiency measures to people living in older homes who are at risk of fuel poverty. The cost of the measures is met by a combination of Scottish Government grant and funding provided by utility companies under the Energy Company Obligation (ECO) element of the Green Deal initiative. Only private sector households are eligible for HEEPS funding but ECO is available to all tenures, including council housing.
- 3.2 Since 2013/14, the Scottish Government has provided the Council with an annual funding allocation from the Home Energy Efficiency Programme Scotland: Area-Based Schemes (HEEPS:ABS) for improvements to homes in Moray. Details of the Council's historic allocations are provided below:

2013/14	£787k
2014/15	£1.102m
2015/16	£1.015m

Over the years, the Moray HEEPS programme has generally spent all or most of its budget allocation.

- 3.3 On 17 June 2016, this Committee was provided with details of outturn expenditure of £991k on the 2015/16 programme, and also confirmation of the 2016/17 funding allocation of 906k (paragraph 6 of the Minute refers).
- 3.4 The Scottish Government's guidance on the HEEPS scheme expects that programmes will focus mainly on insulation to solid wall properties with no or "hard-to-treat" cavities. Over the years, the key measure delivered by the Moray HEEPS programme has been external wall insulation to former Council houses of "systems-built", non-traditional construction such as "Crudens", "Weir Multicom" and "No Fines". As these types of properties are dispersed throughout Moray, the HEEPS programme has delivered external wall insulation to homes in Elgin, Lossiemouth, Forres, Rothes, Buckie, Findochty, Portknockie, Garmouth, Cullen and Dufftown. Since 2013/14, the Moray programme has insulated 637 solid wall properties.

#### **4. MORAY HEEPS:ABS PROGRAMME 2016/17**

- 4.1 On 14 October 2016, the Scottish Government increased the Council's 2016/17 funding allocation from £906k to £1.111m. The Council has until the end of June 2017 to claim grant from the Scottish Government for measures funded by the 2016/17 programme. At the time of writing, the programme had spent £667k of the allocation with measures on site to the value of £255k. The total projected spend for 2016/17 is £922k. This is in line with the original funding allocation. Confirmation of the final outturn spend for 2016/17 will be presented to this Committee at a future meeting.
- 4.2 As well as HEEPS funding, the Council received funding of £161k from the Scottish Government's Capital Acceleration Programme to provide external wall insulation to 23 council houses in Brodie Avenue in Buckie. This appears to have been a one-off funding allocation and the Government has not given any indication that future insulation measures to social rented housing will be eligible for public funding.
- 4.3 Details of the final 2016/17 HEEPS programme outturns, including spend and completed measures, will be presented to this Committee at a future meeting.

#### **5. MORAY HEEPS:ABS PROGRAMME 2017/18**

- 5.1 On 1 February 2017, the Scottish Government advised local authorities of their HEEPS funding allocations for 2017/18. The Moray allocation was confirmed as £1.288m. On 10 February 2017, the Scottish Government issued guidance requiring local authorities to submit proposals by 17 March

2017 setting out how they intend to use their funding allocations. The guidance confirmed that the focus of HEEPS:ABS programmes should continue to be on improving solid wall and hard-to-treat properties and that measures should continue to be targeted to fuel poor households in Council Tax bands A-C, or D where properties have a poor energy efficiency rating. One important change is that local authorities must use an element of their HEEPS funding to evaluate the impact of measures in reducing household in-use carbon emissions and fuel bills.

- 5.2 The Council's 2017/18 HEEPS proposals, submitted to the Government on 17 March 2017, set out details for the continuation of the rolling programme of external wall insulation to solid wall properties across Moray. The programme proposes to insulate 175 properties, including 33 Council houses and 13 Park Homes in Findhorn.
- 5.3 The funding proposals for the 2017/18 programme are based on the assumption that the average cost of external wall insulation will be around £8,000 and will be funded by Scottish Government grant of between £6,500 and £7,500 per unit, depending on property type, and ECO contributions of around £350 per unit. In previous years, the level of available funding had been sufficient to cover the overall cost of the programme and this meant that measures could be delivered to private sector homes at no cost to owners. However, with increasing installation costs, diminishing ECO funding and changes to the Scottish Grant structure, this will not be possible under the 2017/18 programme. The funding proposals are based on the assumption that participating owners will contribute £1,000 towards the cost of the measures. Owners seeking to raise funding for their contributions will be directed to the Scottish Government's HEEPS Loan Scheme, which is managed by the Energy Savings Trust. To assist with the cost of HEEPS eligible measures, the scheme offers owners interest-free loans for up to 10 years with a 25% cashback on the total borrowed.
- 5.4 The Committee should note that the delivery of the 2017/18 programme will be more challenging than in previous years. As well as the reducing availability of funding, the HEEPS programme has already delivered insulation to the vast majority of non-traditional, solid wall properties in Moray and there is now only a residual number that have not yet been treated. With fewer opportunities to deliver measures, the scale of the programme will depend on the willingness of owners of the remaining homes to participate in the scheme. During 2017/18, officers will be closely monitoring the take-up of measures to assess capacity of the programme to utilise the level of available funding.
- 5.5 A formal offer of grant funding for the programme is awaited from the Scottish Government. It is expected that level of funding will be based on the Moray funding allocation of £1.288m but the Government has advised that the grant offer will not be issued until after the General Election on 8 June 2017.

## **6. HOME ENERGY SCOTLAND HOME CARER PILOT**

- 6.1 In October 2016, the Scottish Rural Poverty Task Force recommended to the Scottish Government that an “energy carer” pilot scheme should be undertaken to assess ‘the effectiveness of high quality, in-home, locally delivered, holistic support in bringing verifiable affordable warmth improvements to cold, vulnerable, fuel poor households living in any part of remote rural Scotland’. The pilot will run in Moray and Dumfries and Galloway and will aim to offer holistic support to 115 mostly rural households in each area to help them cut their energy bills.
- 6.2 The scheme will provide friendly, empathic, professional advice, practical intervention and close mentoring support to ensure that households vulnerable to cold achieve the warmth, humidity and comfort levels they need to achieve a positive health outcome. It is intended that energy advisors from Home Energy Scotland (HES) Homecare will obtain referrals from partner agencies in health, social care and housing that are in regular contact with vulnerable households and can help identify those who would benefit most from the support offered. As well as intensive energy advice, it is possible that some households may qualify for energy efficiency improvements to their homes, such as draught proofing, secondary glazing, insulation, anti-condensation solutions and potentially new and improved heating systems.
- 6.3 The pilot will run during 2017/18 and will help inform the development of the Scottish Government’s fuel poverty strategy and associated programmes. Progress on the delivery of the pilot in Moray will be reported to a future meeting of this Committee.

## **7. SCOTLANDS ENERGY EFFICIENCY PROGRAMME (SEEPS)**

- 7.1 The Scottish Government is currently consulting on Scotland’s Energy Efficiency Programme (SEEPS). This will be a large-scale 15 to 20 year programme of investment that will aim to transform the energy efficiency of homes, shops, offices, schools and hospitals, making them easier to heat and less reliant on carbonised energy supplies. The consultation will help shape the design of the programme which will be supported by substantial levels of public investment. As well as decarbonising the heat supply and helping to achieve national climate change targets, SEEPS will be the main policy and funding programme for tackling fuel poverty across Scotland.
- 7.2 SEEPS will be a coordinated approach to improving the energy efficiency of both domestic and non-domestic buildings and it is likely that HEEPS programmes will be incorporated into SEEPS in future years with roll-out planned to commence in 2018. The implications of SEEPS for improving the energy efficiency of Moray’s homes will be reported to this Committee when the details and design of the programme become clearer. It is expected that SEEPS will be a key driver of the Council’s approach to addressing fuel poverty as set out in its next Local Housing Strategy 2018-23, a consultative

draft of which will be presented to this Committee for consideration early in the 2018.

## 8. **SUMMARY OF IMPLICATIONS**

### **(a) Moray 2026 A Plan for the Future/Service Plan**

The HEEPS programme contributes to Moray 2026 priorities in relation to reducing fuel poverty in Moray. The programme also contributes towards carbon reduction targets by helping reduce energy consumption from domestic buildings.

### **(b) Policy and Legal**

Energy efficiency improvements to housing stock are carried out in order to meet statutory requirements on local authorities to address fuel poverty and contribute to the achievement of climate change targets. Part 4 of the Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change.

### **(c) Financial implications**

The report provides details of progress in delivering energy efficiency measures to housing stock in Moray, including Council houses, funded from external sources, mainly the Scottish Government's Home Energy Efficiency Programme for Scotland (HEEPS). The funding secured for Council properties will help reduce expenditure on energy efficiency measures from Housing Revenue Account.

### **(d) Risk Implications**

There are no risk implications arising from this report.

### **(e) Staffing Implications**

There are no staffing implications arising from this report.

### **(f) Property**

There are no property implications arising from this report.

### **(g) Equalities**

The energy efficiency proposals set out in this report will be targeted to the homes of fuel poor and older person households.

### **(h) Consultations**

Consultation on this report has been carried out with the Head of Housing and Property, the Asset Manager, Deborah O'Shea, Principal Accountant, the Home Improvement Services Manager, the Legal Services Manager and Lissa Rowan (Committee Services Officer). Comments received from consultees have been reflected in the report.

**9. CONCLUSION**

**9.1 This report provides details of progress on the delivery of the Moray Home Energy Efficiency Programme.**

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Background Papers: Held by author

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