

Report sponsor: Rachel North, Director of
Communities and Place
Report author: Henry Cipcer, Urban Renewal
Manager

Update of home energy efficiency programmes

Purpose

- 1.1 To report on the progress of home energy improvements that the Council and Derby Homes are delivering in homes both within the private sector and Council owned stock.

Recommendation(s)

- 2.1 To note the report and consider the activities and programmes that are outlined.

Reason(s)

- 3.1 To ensure the Regeneration and Housing Scrutiny Board is briefed in relation to the progress of home energy improvements that the Council and Derby Homes are delivering in homes within the private sector and Council owned stock.

Supporting information

- 4.1 The Department of Business, Energy and Industrial Strategy (BEIS) has announced a number of fuel poverty schemes as funding opportunities for Local Authorities.

The primary purpose of the BEIS funding is to raise the energy efficiency rating of low-income and low EPC rated homes (those with D, E, F or G ratings). The funding will also support low-income households with the transition to low-carbon heating. Eligibility for owner occupiers is restricted to those where household income is below £31K per annum.

The funding is targeted to achieve the following outcomes:

- Tackle fuel poverty by increasing low-income homes' energy efficiency rating and reducing their energy bills – a key principle of the Fuel Poverty Strategy 2021.
- Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
- Support clean growth and ensure homes are thermally comfortable, efficient, and well adapted to climate change.
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19, supporting thousands of jobs.

- 4.2 Bids have been developed to target Wimpey No Fines (WNF) and other non-traditionally constructed properties within the private sector, but retain flexibility to include traditionally constructed solid-wall homes. The non-traditionally constructed properties are predominantly of concrete or cast-iron panel construction which have very poor heat retention characteristics and will be improved with the installation of External solid Wall Insulation (EWI). The funding awards include an administrative allocation, which is a percentage of the overall scheme. This administrative element of the funding has been used to create a full client-side team, where previously there was no resource to support delivery. The team has been built to prepare projects and ensure a quality and compliant finished product for the homeowners. Furthermore, a collaboration agreement to utilise the experienced staff from Derby Homes, assisting with resident engagement, has been established.
- The funding supplied has a grant cap of £0.01m per property on average, but the costs from the current procured and employed contractor are approximately £0.016m for EWI, with the council funding the shortfall from existing capital resources.
- 4.3 The bids have focused on the Mackworth Ward in the northwest of Derby. It is estimated that there are approximately 650 WNF properties in the private sector following Right to Buy sales, the majority of which can be assumed to be untreated in terms of external or internal wall insulation. Mackworth has the 4th highest level of fuel poverty within the city at 17% of households, where 26% of children are living in low-income households.

See below tables on fuel poverty and household income in Mackworth, compared to regional and national data;

BEIS, Sub-regional fuel poverty, England, 2021 (2019 data)

Area	Number of households	Number of households in fuel poverty	Percentage of households that are fuel poor
Mackworth	2804	476	17.0
Derby	109670	17089	15.6
East Midlands	2034809	282909	13.9
England	23661751	3175979	13.4

- 4.4 To help enable regional delivery, Nottingham City Council have set up two Dynamic Purchasing Systems (DPS) for Local Authorities to use, to procure installers and professional services. The Council has invited applications from suitably experienced and qualified entities, appointing a regional contractor who, where possible, appoints local labour and sources materials in and around the City, helping the economy grow.
- 4.5 In total, utilising the schemes announced by BEIS, the Council has spent over £1.8m in grant and top up funds, delivering EWI to nearly 150 private sector homes. Furthermore, the Council has secured £2.3m through the current scheme, which is expected to deliver a minimum of 150 EWI installs over the coming months.

- 4.6 Derby Homes have carried out extensive housing stock analysis to identify energy efficiency measures using existing stock condition data to achieve a band C SAP rating as a minimum.

Their findings showed that a band C SAP rating was achievable with the measure of EWI, however, to reduce our tenants' fuel bills further and ensure homes are as efficient as possible, the following additional works have been identified: to fit new UPVC E double glazed windows and improve ventilation.

Furthermore, Derby Homes have independently bid for the Social Housing Decarbonisation Fund (SHDF, wave 1 and 2), which is also administered through BEIS, with additional top up match funding from the Councils Housing Revenue Account to deliver EWI.

SHDF 1 will deliver 85 EWI measures by 31/3/23. SHDF 2 will deliver 153 EWI measures by 31/03/24.

- 4.7 Going forward, using the recently established team, the Council will actively seek further funding opportunities to deliver more energy efficiency measures, building on the existing success. A bid is currently being developed to access the Council's climate change fund and the Home Upgrade Grant, administered by BEIS. The Healthy Housing Hub make client referrals to Warmer Derby and Derbyshire, which is a partnership between the Marches Energy Agency charity and the Council. They offer impartial advice on how to stay warm at home, afford energy bills and be more energy efficient. Warmer Derby also access ECO 4, to facilitate home energy improvements for homeowners.

Under the government's Energy Company Obligation (ECO4) scheme, Councils can introduce a statement of intent to widen eligibility. This is termed ECO4 Local Authority Flexible eligibility (ECO4 Flex). Energy suppliers can achieve up to 50% of their obligation by installing energy saving measures in owner-occupied or private rented households declared eligible by themselves or local authorities. ECO4 Flex, allows local authorities to make declarations determining that certain households meet the eligibility criteria. ECO4 Flex is optional, and neither energy suppliers nor local authorities are obliged to participate. The Council will appoint a managing agent to administer ECO4 Flex on our behalf and participate in the scheme to support as many households as possible in fuel poverty. The appointed managing agent will also provide energy advice and guidance on smart meters.

Public/stakeholder engagement

- 5.1 Following completion, case studies were undertaken, and homeowners have made positive comments, examples of which are below.

"Since having the work completed, my home is now warmer and I'm glad I had it done".

"I can notice the difference now works are complete, and my thermostat is now clicking off regularly as my home is warmer".

- 5.2 BEIS will undertake further analysis on the medium and long-term impacts to inform future schemes.

Other options

- 6.1 The Council could have chosen not to submit bids under the various BEIS programmes. This would impact low-income homeowners and tenants who would not benefit from lower energy bills.

Financial and value for money issues

- 7.1 The average cost of the EWI measure is approximately £0.016m. The grant funding provides a substantial proportion of these costs demonstrating value for money. The Council's financial team evaluate all proposals before submission of a bid.

Legal implications

- 8.1 The procurement of Installation contractors complies with the Contract Procedure Rules.
- 8.2 The individual projects are subject to Article 35 UK GDPR, which manages the sharing and processing of sensitive client information, and have been approved by the information services teams within the Council and Derby Homes.

Climate implications

- 9.1 The Council's Climate Change Impact Assessment tool above demonstrates that the programmes have a positive impact through retrofit of existing buildings, reduction in energy usage and working with external construction partners.



Socio-Economic implications

- 10.1 The eligibility requirements of the schemes require that properties with poor energy performance and households with an income of less than £0.031m are targeted. This ensures that households most likely to be suffering fuel poverty are assisted.

Other significant implications

- 11.1 N/A

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance		
Head of Service	Ian Fullagar, Head of Strategic Housing	16/01/23
Other(s)	Ashleigh Warhurst, Home Energy and Adaptations Team Leader	14/01/23

Background papers: None
List of appendices: None