

Briefings for Elected Members



BRIEFING 2:

Helping Households Save Energy –
Delivering Social and Economic Opportunities

www.claspinfo.org



Introduction

Nearly two thirds of UK homes have insufficient insulation¹. Cold and draughty homes, and inefficient heating systems and electrical appliances, waste money and are major contributors to fuel poverty, excess winter deaths, and health problems. This briefing explains some of the ways in which local authorities can help householders to reduce energy costs, your role as an Elected Member, who to involve, and questions to consider. It includes case studies and links to further information.

Why It's Important

Improving energy efficiency in homes can bring financial savings for households, help address fuel poverty and deliver social, health and local economic benefits.

Financial savings: Since 2004, household energy bills have risen by 150% and energy costs are forecast to rise by a further 30% by 2020. Energy efficiency improvements will help to protect households from these expected future price rises.

Fuel poverty: The recent rises in energy bills have contributed to increased levels of fuel poverty, defined as when a household spends more than 10% of its income on energy. Over 20% of households in the North West were fuel poor in 2010 and, with further rises in energy bills, levels of fuel poverty are expected to rise.

Reducing winter deaths: There were over 2,000 excess winter deaths in just four districts of central Lancashire alone between 2003 and 2011. Poorly heated and under-insulated homes are a driving factor in causes of winter deaths, especially for the elderly².

Health and social benefits: Cold and damp homes cause health problems, such as respiratory illnesses, asthma and cardiovascular diseases, which can contribute to winter deaths and poor mental health. Cold and damp homes have been linked to children's poor educational achievement, affecting their longer-term health and employment prospects.

Economic benefits: Savings in energy bills can mean that households have more disposable income to spend in local shops and businesses. Initiatives to install energy efficiency measures in homes generate opportunities for businesses, and employment and skills development in the local economy, as well as improving the quality of the housing stock and increasing energy security.



Carbon reduction: Three quarters of the energy we use in homes is for heating, so improving the insulation of existing properties is essential for meeting local and UK emission reduction targets.

Statutory responsibility: Under the Homes and Energy Conservation Act (HECA), local authorities have to report by 31st March 2013 on their plans for achieving significant improvements in energy efficiency in housing.

Initiatives to Help Households Save Energy

Local authorities have played an important role in helping residents to improve home energy efficiency through schemes such as Warm Front, Carbon Emissions Reduction Target (CERT) and local initiatives. New financial mechanisms have been introduced by the government, notably the Green Deal and the Energy Company Obligation (ECO), and some authorities have set up partnerships with commercial providers to promote and manage these. Outside of the Green Deal, other nationally available resources can support energy efficiency in homes:

- Warm Homes Healthy People – Department of Health funding.
- European Regional Development Fund (ERDF) funding has been used to stimulate growth and jobs through energy efficiency in housing.

The Green Deal

The government has established the Green Deal as the cornerstone of a national low carbon retrofit programme for buildings. It allows energy consumers (owner-occupier households, private landlords, social rented sectors and businesses) to pay for a package of energy efficiency improvements to their buildings through their energy bills, with no upfront costs to the consumer. A financial charge (to cover the capital and interest) is attached to the energy meter.



This funding mechanism is known as Pay As You Save (PAYS). The charges remain with the dwelling or building, not the resident, so if a person moves, the financial obligation does not move with them, but moves to the next occupant. Thus the Green Deal is not a conventional loan: the resident is not liable for the full cost of the work and the charge is only paid while the benefits are enjoyed.

Golden Rule: The package of energy efficiency measures must create annual energy savings that are more than the annual charge attached to the electricity bill, and the repayment period should not exceed the expected lifetime of the installed measures.



FACT BOX

ECO

The Energy Company Obligation (ECO) replaces current schemes such as the Carbon Emissions Reduction Target (CERT), the Community Energy Saving Programme (CESP) and the Warm Front scheme. ECO is a new version of these schemes under which energy suppliers will continue to be obliged to improve the energy efficiency of buildings. Like the previous schemes, ECO will be funded by a levy on customers' fuel bills. The total value of ECO will be approximately £1.3 billion per year. Three types of ECO assistance exist:

- **Carbon Reduction ECO** which will supplement the Green Deal where the 'Golden Rule' is not met on 'hard to treat' properties (e.g. older properties with solid walls) (£760 million pa).
- **Affordable Warmth ECO** to deliver heating and insulation measures to low income and vulnerable households, independent of the Green Deal (at least £350 million pa).
- **Carbon Saving Communities ECO** which will fund installation of all insulation measures, including loft and cavity wall insulation in deprived communities (in the lowest 15% on the Index of Multiple Deprivation) delivered on a street-by-street basis (£190 million pa).

CASE STUDY

Greater Manchester's Green Deal

The Association of Greater Manchester Authorities' (AGMA) Low Carbon Hub has assessed the energy efficiency improvements needed by homes across the city, the technical constraints and funding needed. From this they have devised a practical retrofit programme to bring Greater Manchester's housing stock up to required standards, with associated finance and delivery programmes.

They plan to establish a Green Deal and ECO Delivery Partnership bringing together Green Deal providers, energy companies and housing companies. This could assist 15,000 households over three years to make their homes warmer, with at least 2,000 of these being supported out of fuel poverty. Improving health is expected to save the NHS alone £1 million each year.

GMCA
GREATER MANCHESTER
COMBINED AUTHORITY

Councillor Nigel Murphy, Manchester City Council's executive member for the environment, said: "The authorities across Greater Manchester are working together to make sure as many residents as possible save money on their fuel bills by taking advantage of the housing retrofit schemes that are available. As well as helping save money and reducing carbon emissions, these schemes will safeguard at least 1,000 jobs and provide those employees with new skills, while new jobs and training opportunities will also be created. We are developing a huge amount of expertise in the low carbon sector across the region, and this will help local people and local businesses see the benefits of these schemes."



Insulating Solid Wall Homes in Cumbria

With ERDF funding and European Social Fund (ESF) support, the Cumbria Cohesion partnership has been able to insulate 850 hard to treat homes with external wall insulation. The skills needed to deliver ECO and Green Deal measures on the county's hard to treat solid wall houses are being developed with the first accredited scheme for external wall insulation at Lakes College in West Cumbria, which is being used to train people at different stages, from skilled construction workers to unemployed social housing residents.

As part of the wider Greenways to Work Programme, Impact Housing has trained over 1,300 people, including neighbourhood teams and staff in daily contact with low income households, to provide advice on energy efficiency.

The GreenWays to Work project won the ESF Sustainable Development Mainstreaming Leader Award in 2012.

www.impacthousing.org.uk/greenways-work-0

How Can Elected Members Make a Difference?

- **Communicating:** Explaining why it's important, what the options and opportunities are and how people, businesses and the council can make the best use of the national programmes.
- **Networking:** Bringing together people and organisations with the right range of skills to deliver energy efficiency improvements in homes. Working across area boundaries and organisations.
- **Mobilising:** Being able to enthuse, motivate, and build the confidence of others. Making the case for actions and for establishing clear effective plans.
- **Signposting:** Knowing what support can be drawn on from the council and other agencies, including community groups, while acting as a bridge between key people/organisations and local businesses.
- **Supporting delivery:** Helping to make sure your authority has plans in place and resources to deliver them.

Plus, you could always find out more about how the Green Deal works by having a Green Deal assessment done on your own property.



Who to Involve

- Residents, colleges, small–medium enterprises (SMEs), procurement teams, registered social landlords (RSLs), private landlords, residents, energy companies.
- Community groups and social enterprises are important potential partners for piloting and delivering energy efficiency and can get residents involved in retrofitting their homes.

Community-based Action

Lancaster - based Community Interest Company LESS has been helping households to save energy for the last 2 years. With funding from a range of sources including the Primary Care Trust (PCT) and Scottish Power, they have trained 55 volunteers who offer energy advice visits, looking at how people use energy in their homes and could make savings, backed by a full report from a qualified energy assessor. Working in partnership with agencies such as Age UK, Help Direct, Citizen's Advice Bureau (CAB), Children's Services and the PCT, they have set up a referral system to ensure the service is used by those in fuel poverty.

Kathy New, LESS Manager, said: "We put lots of time and energy into talking to everyone – community groups, schools, support agencies – to make sure the word got out and now the referral system and word of mouth is working. Getting into people's homes is the key. There's a real need for the service and so many people value it. We're now doing energy bills clinics and starting to work with landlords as well."

The LESS Home Energy Service won the North West Community Footprint Award in 2012 for best practice in reducing fuel poverty and carbon emissions. www.lessuk.org

Greater Manchester-based Carbon Co-op members are improving their homes to 2050 standards through eco-refits. Members work together to access household surveys, reduced cost materials through collective purchasing and funding for efficiency measures repayable through energy savings. They are also helping Community Champions to improve the efficiency of their own homes and then recruit friends and neighbours to do the same. www.carbon.coop/



Key Questions

Understanding the Benefits and Having a Plan

- How is the council going to drive local awareness and demand for energy efficiency and ensure that local businesses benefit?
- Can the Green Deal and ECO help to deliver and support our local strategic objectives? (e.g. reducing fuel poverty and energy bills of residents, improving health and boosting local businesses, jobs and skills)
- Have we decided what role the council should play in the Green Deal?
- Do we have a plan for accessing and making use of ECO? How much funding have we been able to secure for energy efficiency improvements in housing?
- What are the council's plans for HECA reporting?

Local Needs and Opportunities

- Do we have a good understanding of the condition of local housing stock and which energy efficiency measures are most suitable?
- Do our social housing providers have planned maintenance, refurbishment or regeneration works in the coming years that could link to programmes such as the Green Deal and ECO?
- Are there opportunities to work with other councils, social housing providers and community groups to deliver energy efficiency improvements? (See also Briefing 3: Local and Low Carbon Energy Opportunities.)

Business and Employment Opportunities

- What are the council, the local enterprise partnership and colleges doing to help local businesses capitalise on opportunities associated with Green Deal and ECO?

Planning

- Do we have and use planning policies to promote energy efficiency in new homes and require housing refurbishment work to incorporate energy efficiency measures?



“Getting involved with Green Deal and ECO will help your residents and can support your local businesses.”

Resources

CLASP resources

www.claspinfo.org/resourcemap

DECC guide: “Local Authorities and the Green Deal” (November 2011)

www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/3491-local-authorities-and-the-green-deal-information-.pdf

DECC guide “Improving Energy Efficiency in Buildings: Resources Guide for Local Authorities” (October 2012)

www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/6746-improving-energy-efficiency-in-buildings-resource.pdf

Energy Savings Trust research and toolkits, including support on financial models for delivery and procurement of the Green Deal

www.energysavingtrust.org.uk/Organisations/Local-delivery

¹ Great Britain's Housing Energy Fact File 2011

² Winter Excess Deaths Briefing – Central Lancashire Health Intelligence 2012