

Report to: Overview and Scrutiny - (Regeneration and Environmental Services)

Date of Meeting: 17th March 2015

Subject: The Green Deal scheme and its impact in Sefton

Report of: Director of Built Environment **Wards Affected:** All

Is this a Key Decision? NO **Is it included in the Forward Plan?** NO

Exempt/Confidential NO

Purpose

To update the members on all aspects of the Green Deal scheme and how it relates to Sefton.

Recommendation(s):

1. That members note the contents of this report and consider the implications for Sefton.

How does the decision contribute to the Council's Corporate Objectives?

<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1 Creating a Learning Community		✓	
2 Jobs and Prosperity		✓	
3 Environmental Sustainability		✓	
4 Health and Well-Being		✓	
5 Children and Young People		✓	
6 Creating Safe Communities		✓	
7 Creating Inclusive Communities		✓	
8 Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

What will it cost and how will it be financed?

There are no financial implications from this report.

(A) Revenue Costs

None

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal: None	
Human Resources: None	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery: None

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD 3441/15) has been consulted and notes the report indicates no direct financial implications for the Council.

The Head of Corporate Legal Services has been consulted and has no comments to make (LD 2733/15)

Are there any other options available for consideration? None

Implementation Date for the Decision: No decision required from this report.

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1.0 Introduction

- 1.1 The Green Deal (GD) is a financing mechanism that lets people pay for energy-efficiency improvements through savings on their energy bills. Repayments will be no more than what a typical household should save in energy costs. Suppliers of GD works are able to recoup their investment through additional charges on energy bills. This removes any upfront costs for investment but still allows the resident to attain energy savings.
- 1.2 Before residents can proceed with a GD they are required to have a Green Deal Assessments (GDAs). GDAs have been available from October 2012. A GDA is an important part of ensuring that savings will be greater than costs and hence meet the “golden rule” of Green Deal. A GDA assessment uses the SAP (Standard Assessment Procedure) method and this data will be collected by Sefton where it is lodged with Landmark (the Government contractor for managing and holding Energy Performance Certificates data) to monitor energy improvements over time.
- 1.3 At the inception Sefton Council were looking for a Partner Role to a Green Deal registered provider. This role would involve working in partnership with a commercial Green Deal Provider to deliver or facilitate delivery of the Green Deal opportunities within the Borough. This was the proposed policy in the Sefton Council Home Energy Conservation Act report update of 2013.
- 1.4 This option would mainly involve the Council providing referrals to a chosen Provider and promoting their Green Deal offer to residents. This option maintains a level of influence allowing the Council to develop a partnership that will have the maximum benefit for residents and the community generally through potential employment and fuel poverty reduction initiatives.
- 1.5 Around 15% of the domestic sector’s remaining abatement potential lies in relatively inexpensive loft top-up insulation and easy to treat cavity wall insulation. However, the remaining potential is split between solid wall insulation (67%) and hard to treat cavity wall insulation (18%). In order to tap into the bulk of this potential in a cost effective way, our HECA Plan will focus on accessing support on these more costly measures to drive overall energy use downwards.
- 1.6 As the market developed it was clear that GD could not offer residents the best value through a Council procurement process. Many installer firms were offering Energy Company Obligation (ECO) funding without GD and this was far more attractive. Liverpool City Council sort to test the market for framework suppliers for ECO and GD

and included Sefton as a potential partner. As yet Sefton has not exercised its options as the market is not deemed to work well for such arrangements.

2.0 How does Green Deal and ECO work?

- 2.1 The Green Deal is a new way to pay for energy-saving home improvements, like insulation, to make your home more comfortable. This scheme lets you pay for some or all of the improvements over time on your electricity bill. Repayments are calculated so that they will be no more than a typical household should save in energy costs. This means you should not feel the cost of having the work carried out, but still feel the benefit.
- 2.2 The Green Deal starts with an impartial assessment of your property and the production of a GDA report. A Green Deal Assessor will come to your home, talk to you about your energy use and see if you could benefit from making energy efficiency improvements to your home.
- 2.3 After the Green Deal assessment - An Assessor will provide you with an understanding of the types of improvements you could make to your home. They can then offer to instigate quotes and finance via a GD plan.
- 2.4 The Green Deal scheme has been developed alongside the revamping of the Energy Suppliers' license obligations to reduce CO2 emissions. The latest requirement is known as the Energy Company Obligation (ECO). The funding comes from big energy suppliers. It's delivered to customers either directly from the supplier or by organisations working together, which have made special arrangements, such as Green Deal Providers. Many householders in older properties and those on benefits or low incomes may qualify for extra financial assistance.
- 2.5 It was hoped that in many cases where ECO funding was available it would dovetail with Green Deal arrangements. In practice this has not happened as envisaged. This is because the ECO requires suppliers to achieve targets or face penalty charges. As installers do not need GD to get payment for ECO they have pushed this as the barriers to GD are significant for customers.
- 2.6 An EPC (energy Performance Certificate) is a requirement for householders needing to access ECO.
- 2.7 There are 3 types ECO funding.
- 2.8 The Carbon Saving Communities obligation – (CSCO) targets insulation measures such as solid wall insulation, cavity wall insulation, loft insulation, district heating and glazing. The 25% most deprived Lower Super Output Areas (LSOA) now qualify for this funding. There are 190 LSOA in Sefton and 119 qualify for this funding (~62.6%). There is no need for qualifying benefits for properties in a CSCO area; funding is given regardless of tenure. In addition 20% can be in done in areas adjoining the target LSOA.
- 2.9 The Carbon Emissions Reduction Obligation was originally focused on hard to treat homes and, in particular, measures that cannot be fully funded through the Green Deal. Solid wall insulation and hard-to-treat cavity wall insulation are the primary measures that the Government intends to be promoted under this target. However as the utilities complained that this element was too costly a review of this has widened the measures to include cavity wall and loft insulation. Utilities still have targets for at least 100,000 solid wall installations to be completed.
- 2.10 Affordable Warmth Element / Home Heating Cost Reduction Obligation (HHCRO) is for Vulnerable and low-income households. Poorer households living in inefficient properties have a high propensity to under-heat their homes, which can be detrimental to their physical and mental health (particularly for the most vulnerable), as well as leading to social isolation. The financial constraints these households face means that they often

lack the means to upgrade the energy performance of their homes and often lacking basic measures such as boilers and heating systems.

2.11 In these cases, the Government's objective is actively to enable such households to have warmer homes rather than necessarily to save money on their energy bills, promoting improved health and welfare as a result. As such, the affordable warmth part of ECO will focus on providing upfront support for thermal performance measures which will help households to heat their homes more affordably.

2.12 Eligibility is for private sector households only. Under ECO Affordable Warmth, individuals can qualify for assistance whether they have householder status or not. This is assumed to mean that members of a separate benefit unit e.g. an older relative claiming Pension Credit will make the dwelling eligible for support under the grant.

2.13 In theory, any measures that improve the ability to heat a home (space or water) could be included. However, in practice it is likely to mainly provide:

- boiler replacements where the existing boiler is not working, not working to full efficiency and not economic to repair;
- boiler repairs;
- new gas heating;
- loft insulation; and
- cavity wall insulation

3.0 What has happened so far nationally? Green Deal: tables 1 and 2 below show the relative take up of GDA in Sefton and GD plans (where GD finance has been organised) in the North West (no figures exist for Sefton as numbers to date are too small). They show that some 51,658 households in the North West have been assessed for GD and only 81 GD plans have been instigated up till September 2014 (the latest results).

3.2 In terms of economic activity from GD the picture is of significant interest, in that there are 85 assessor organisations, 23 GD providers and 496 installers registered to serve the Sefton area.

Table 1: Number of Green Deal Assessments lodged by Administrative Area¹, up to 30th September 2014

Area names	Green Deal Assessments	Percentage of Assessments	Households with at least one usual resident ^{1,2}	Green Deal Assessments per 1,000 households
GREAT BRITAIN	356,514	100	26,263,269	13.6
ENGLAND	288,999	81	22,542,903	12.8
NORTH WEST	51,658	15	3,046,753	17.0
Liverpool City Region	11,081	3.1%	658,747	16.8
Halton UA	968	0.3	53,684	18.0
Merseyside (Met County)	10,113	2.8	605,063	16.7
Knowsley	766	0.2	61,823	12.4
Liverpool	4,297	1.2	207,060	20.8
Sefton	1,989	0.6	118,579	16.8
St. Helens	1,166	0.3	76,498	15.2
Wirral	1,895	0.5	141,103	13.4

¹ Source: England: Department for Communities and Local Government, Household Projections. Wales: Welsh Government, Household estimates. Scotland: General Register Office for Scotland, Estimates of Households in Scotland.

² Household figures are rounded and so do not tally to the total.

Table 2: Number of 'live' Green Deal Plans by Region, up to 30th September 2014

Area names	'Live' Green Deal Plans	Percentage of Plans	Households with at least one usual resident ¹	Green Deal Plans per 1,000,000 households
Great Britain	2,581	100	26,263,269	98.3
England	818	32	22,542,903	36.3
North East	140	5	1,145,559	122.2
North West	81	3	3,046,753	26.6
Yorkshire and The Humber	144	6	2,262,423	63.6
East Midlands	98	4	1,935,710	50.6
West Midlands	56	2	2,332,802	24.0
East	27	1	2,484,620	10.9
London	42	2	3,383,918	12.4
South East	83	3	3,638,436	22.8
South West	147	6	2,312,682	63.6
Wales	83	3	1,318,569	62.9
Scotland	1,680	65	2,401,797	699.5

¹ Source: England: Department for Communities and Local Government, Household Projections. Wales: Welsh Government, Household estimates. Scotland: General Register Office for Scotland, Estimates of Households in Scotland.

3.3 In terms of ECO the numbers are much more favourable as demonstrated in tables 3 and 4. Over 8,000 household in Sefton have received some ECO support and figures show that Sefton is receiving double the national average, and outperforming most local comparators.

Table 3: Provisional number of ECO measures by ECO obligation by administrative area^{1,2}, up to 30th September 2014

	Obligation			Total number of ECO measures delivered ⁴	Valid percentage of ECO measures delivered ⁵	ECO measures per 1,000 households
	Carbon Saving Target (CSO)	Carbon Savings Community (CSCO)	Affordable Warmth (HHCRO)			
GREAT BRITAIN⁴	379,377	205,582	379,442	964,401	100	36.7
ENGLAND	311,600	175,591	309,600	796,791	82.6	35.3
NORTH WEST	61,212	51,676	77,312	190,200	19.7	62.4
Liverpool City Region	14,235	13,371	21,268	48,874	5.1	74.2
Halton UA	1,086	1,022	1,161	3,269	0.3	60.9
Merseyside (Met County)	13,149	12,349	20,107	45,605	4.7	75.4
Knowsley	1,092	1,858	2,546	5,496	0.6	88.9
Liverpool	2,317	5,473	7,438	15,228	1.6	73.5
Sefton	4,695	1,195	3,935	9,825	1.0	82.9
St. Helens	2,082	855	1,770	4,707	0.5	61.5
Wirral	2,963	2,968	4,418	10,349	1.1	73.3

¹ Source: England: Department for Communities and Local Government, Household Projections. Wales: Welsh Government, Household estimates. Scotland: General Register Office for Scotland, Estimates of Households in Scotland.

² Household figures are rounded and so do not tally to the total.

⁴ Great Britain totals also include unknowns, but percentages are only based on known location totals.

⁵ Percentage of ECO measures delivered is calculated only for those ECO measures where the location is known.

Table 4: Provisional number of households in receipt of ECO measures by administrative area^{1,2}, up to 30th September 2014

Area names	Total number of households in receipt of ECO measures ⁴	Valid percentage of households in receipt of ECO measures ⁵	Households with at least one usual resident ^{1,2}	Households in receipt of ECO measures per 1,000 households
GREAT BRITAIN³	785,394	100	26,263,269	29.9
ENGLAND	646,150	82.3	22,542,903	28.7
NORTH WEST	154,399	19.7	3,046,753	50.7
Liverpool City Region	40,356	5.1	658,747	61.3
Halton UA	2,688	0.3	53,684	50.1
Merseyside (Met County)	37,668	4.8	605,063	62.3
Knowsley	4,622	0.6	61,823	74.8
Liverpool	13,044	1.7	207,060	63.0
Sefton	8,151	1.0	118,579	68.7
St. Helens	3,849	0.5	76,498	50.3
Wirral	8,002	1.0	141,103	56.7

¹ Source: England: Department for Communities and Local Government, Household Projections. Wales: Welsh Government, Household estimates. Scotland: General Register Office for Scotland, Estimates of Households in Scotland.

² Household figures are rounded and so do not tally to the total.

⁴ Great Britain totals also include unknowns, but percentages are only based on known location totals

⁵ Percentage of ECO measures delivered is calculated only for those ECO measures where the location is known.

4.0 Other related Green deal activityGreen Deal Go Early pilot

Regeneration and Tourism colleagues won funding to explore GD opportunities in the SME sector across North Liverpool and South Sefton. In a small pilot they identified 15 SME that might benefit from improvements and installed measures in 5 SMEs. They found there is a clear appetite within the SME business community to engage with the low carbon agenda the principle drivers being financial savings and improvements in business performance. The desire for interventions on the grounds of carbon reduction and climate change was for those participating a secondary consideration to the financial benefits. This pilot has now evolved into the ERDF funded 'REECH into business' initiative.

4.2 Home Energy Conservation Act Plan (HECA) - In response to Department of Energy and Climate Change guidance, Sefton's new HECA Plan (2013-2027) provides the Council with a bold strategy to address the energy challenges and opportunities we face. This plan replaces the existing 1996 Home Energy Strategy which achieved over 30% reduction in home energy consumption with its success based on active cross sector partnerships and funding structures. The Plan is a reference point with key information and context for Sefton and will be updated bi-annually. At the heart of Sefton's new HECA Plan priorities is reduction in Fuel Poverty which is regarded to be the most immediate threat and one that will be our priority for action and measurable improvements. The next update is due for March 2015 although at present there is some doubt due to a lack of data being provided by the Department of Communities and Local Government.