



AGENDA ITEM: 11

SUMMARY

Report for:	Housing & Community Overview & Scrutiny Committee
Date of meeting:	12 September 2012
PART:	1
If Part II, reason:	

Title of report:	Development of a Cross Tenure Housing Energy Strategy
Contact:	Councillor Margaret Griffiths, Portfolio Holder for Housing Councillor Neil Harden, Portfolio Holder for Residents and Regulatory Services (Service & Performance Improvement) Fiona Williamson, Group Manager (Property and Place) Rita McGinlay, Group Manager (Regulatory Services) Ricky Lang, Home Energy Officer Vicki Nash, Home Energy Conservation Officer (private sector housing)
Purpose of report:	<ul style="list-style-type: none"> To provide Members with an update on recent changes in Government policy in relation to energy efficiency within residential dwellings; To provide an opportunity to Members to provide comments on the draft Cabinet report on the Development of a Cross Tenure Housing Energy Strategy.
Recommendation:	That Members consider the attached draft Cabinet report relating to the development of a cross tenure housing energy strategy and provide officers with any views or comments which they wish to make.
Corporate objectives:	Affordable Housing Safe and Clean Environment Building Community Capacity
Implications:	<u>Financial</u> None relating to this report

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	<u>Value for Money</u> None relating to this report
Risk Implications	None relating to this report
Equalities Implications	None relating to this report
Health And Safety Implications	None relating to this report
Consultees:	Councillor Margaret Griffiths, Portfolio Holder for Housing Councillor Neil Harden, Portfolio Holder for Residents and Regulatory Services (Service & Performance Improvement) Mark Gaynor, Corporate Director (Housing and Regeneration) Sally Marshall, Corporate Director (Finance and Governance) James Doe, Assistant Director (Planning, Development and Regeneration)
Background papers:	Please see attached draft Cabinet report
Glossary of acronyms and any other abbreviations used in this report:	CERT – Carbon Emissions Reduction Target CESP – Community Energy Savings Programme DECC – Department of Energy and Climate Change ECO – Energy Company Obligation HECA – Home Energy Conservation Act

Background

1. The attached draft report for Cabinet aims to provide Members with an update on recent changes in Government policy in relation to energy efficiency within residential dwellings. The report proposes the development of a strategy for delivering energy efficiency measures across all housing tenures, including Council owned, private sector and registered social landlord stock.
2. In particular, the Cabinet report highlights that the Government have established the legal framework for the Green Deal in the residential sector through secondary legislation passed in June 2012 and that local authorities are expected to be key players in the delivery of the Green Deal.

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3. Paragraph 13 of the draft Cabinet report sets out the three possible delivery options for the implementation of the Green Deal in Dacorum. Officers are recommending at this stage that option 2 should be explored further. Option 2 would involve the Council signing an agreement with a Green Deal Provider or a Panel of Providers and actively marketing the Green Deal to residents, possibly financed through referral fees. From early discussions with potential Green Deal Providers, this could either be at no cost to the Council or the Council may be charged an annual membership fee of approximately £10k.
4. The draft Cabinet report will be presented in October. Members are invited to provide officers with any views or comments which they may wish to make on the draft report before it is finalised.

DRAFT AGENDA ITEM SUMMARY



Report for:	Cabinet
Date of meeting:	23rd October 2012
PART:	1
If Part II, reason:	

Title of report:	Development of a cross tenure Housing Energy Strategy
Contact:	Councillor Margaret Griffiths, Portfolio Holder for Housing Councillor Neil Harden, Portfolio Holder for Residents and Regulatory Services (Service & Performance Improvement) Fiona Williamson, Group Manager (Property and Place) Rita McGinlay, Group Manager (Regulatory Services) Ricky Lang, Home Energy Officer Vicki Nash, Home Energy Conservation Officer (private sector housing)

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<p>Purpose of report:</p>	<ul style="list-style-type: none"> • To provide Members with an update on recent changes in Government policy in relation to energy efficiency within residential dwellings; • To provide an opportunity to Members to provide comments on the draft Cabinet report on the Development of a Cross Tenure Housing Energy Strategy.
<p>Recommendations:</p>	<p>That Cabinet -</p> <ol style="list-style-type: none"> 1. Approve a strategic approach to delivering energy efficiency measures across all housing tenures, including Council owned, private sector and registered social landlord stock. 2. Agree that officers explore opportunities to form a partnership with a Green Deal Provider, to offer Green Deal loans and Energy Company Obligation grants, as the preferred delivery model. 3. Agree that a draft cross tenure Housing Energy Strategy be drawn up by officers and presented to Members at a future meeting.
<p>Corporate objectives:</p>	<p>Affordable Housing</p> <p>To produce a robust and sustainable Housing Energy Strategy in line with current best practice and one that provides value for money and most economical use of resources.</p> <p>To promote tenant involvement in the development of the strategy.</p> <p>To consult with private sector landlords and RSLs with regard to the development of the strategy.</p> <p>To ensure new affordable homes are developed in line with current code 4 sustainability targets.</p> <p>Safe and Clean Environment</p> <p>To produce a strategy for implementing energy conservation measures into existing housing, which delivers a high quality, low carbon environment, helping to make homes warmer and healthier.</p> <p>Building Community Capacity</p> <p>To work with local communities and partnerships to reduce fuel poverty through implementing energy efficiency measures, using a cost effective, area-based approach across all tenures of housing, (particularly in wards in the lowest quartile of the indices of deprivation and in areas which are off-gas).</p> <p>To support the local economy through providing employment opportunities for installing energy conservation measures in</p>

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	the Borough.
Financial Implications:	There are no direct financial implications relating to this report.
Value For Money Implications:	<p>A strategic approach will ensure efficient use of resources by co-ordinating the work carried out by Property and Place and Regulatory Services across all housing tenures.</p> <p>The development of the strategy will provide opportunities for home energy conservation measures to be installed at lower cost for all tenures, through bulk purchasing and making the best use of external funding.</p>
Risk Implications:	The intention of this report is to comply with legislation and therefore avoid the risk of non-compliance. (A full risk assessment will accompany the draft cross tenure Housing Energy Strategy.)
Equalities Implications	None arising from this report, although an Equalities Impact Assessment will accompany the draft cross tenure Housing Energy Strategy.
Health and Safety Implications	There are no health and safety implications with this report. However, they will be given due consideration in the draft cross tenure Housing Energy Strategy.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>*****</p> <p>S.151 Officer</p> <p>*****</p>
Consultees:	<p>Councillor Margaret Griffiths, Portfolio Holder Housing Landlord</p> <p>Councillor Neil Harden, Portfolio Holder for Residents and Regulatory Services (Service & Performance Improvement)</p> <p>Mark Gaynor, Corporate Director (Housing and Regeneration)</p> <p>Sally Marshall, Corporate Director (Finance and Governance)</p> <p>James Doe, Assistant Director (Planning, Development and Regeneration)</p>
Background papers:	None

Glossary

CERT – Carbon Emissions Reduction Target
 CESP – Community Energy Savings Programme

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DECC – Department of Energy and Climate Change

ECO – Energy Company Obligation

HECA – Home Energy Conservation Act

BACKGROUND

1. The Department of Energy and Climate Change (DECC) acknowledges that local authorities are uniquely placed to assess local needs and to use their position to improve the energy efficiency of all residential accommodation, (owner occupied, privately rented and social housing) in their areas.
2. To date, the Council has pursued separate initiatives for funding energy conservation measures for private sector housing and for its own stock. Recent changes in legislation, Government policy and new funding streams, encourage a more strategic approach to the implementation of energy efficiency measures across all tenures, using an area-based roll out. This will enable improved inter-departmental working. It provides the opportunity for home energy conservation measures to be installed in all tenures at lower cost through bulk purchasing, and make the best use of external funding. Green Deal Providers will be looking to invest in areas with this joined up approach across different housing tenures in order to make economies of scale.
3. This move toward greater integration across tenures will run alongside the planned programmes of improvement, including energy efficiency, that are incorporated into the Housing Revenue Account (HRA) Business Plan. Accessing funding through the new self-financing arrangements which can only be spent on the Council Housing stock, a range of planned programmes will continue to be delivered. The Council will need to make decisions on how the Green Deal will impact on Council tenants, as landlord permission is required for works (and takes on the only liabilities of maintaining them). There will, however, be particular property/construction types (and areas where these are concentrated) which will attract additional investment for all tenures (solid wall for example) where joint working will be particularly important.
4. The existing Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) are both due to expire this year. The Warm Front scheme, funded by Government, is also due to end in December, (although this may get extended until March 2013).
5. The Climate Change Act 2008 set specific targets for reductions in carbon emissions. The Carbon Plan (December 2011) sets out how the Government aims to achieve these reductions. To support the ambitions in the Carbon Plan, there are several significant drivers for action in the residential sector,

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including the Green Deal, the new Energy Company Obligation (ECO), Renewable Heat Incentive and other initiatives. The Renewable Heat Incentive is a proposed tariff for domestic properties that produce renewable heat using technologies such as solar thermal panels. The tariff is expected to be introduced by Government in summer 2013. A Renewable Heat Premium Payment is available for domestic properties in the interim.

6. Using powers under the Home Energy Conservation Act 1995 (HECA), the Secretary of State for Energy and Climate Change requires all English authorities to prepare a report by 31st March 2013, setting out the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area, ("The HECA report"). A further progress report will be required at two yearly intervals. These reports must be published on the Council's website.
7. Guidance issued by DECC in July this year, on preparing the reports, states that local authorities should have regard to:
 - measures that take advantage of financial assistance and other benefits offered from Government initiatives, such as the Green Deal, ECO, Renewable Heat Incentive or other initiatives, to help result in significant energy efficiency improvements of residential accommodation; and
 - measures which an authority has developed to implement energy efficiency improvements cost-effectively in residential accommodation by using area based/street by street roll out involving local communities and partnerships (e.g. social housing partners, voluntary organisations and town/parish councils).
8. It is intended that Dacorum's HECA report will form the basis of the cross tenure Housing Energy Strategy. It will draw on the expertise of different departments to deliver a cohesive corporate strategy for all tenures of housing. It will address all current and known future statutory requirements in relation to energy conservation and carbon reduction and fuel poverty.
9. The Government established the legal framework for the Green Deal and a new ECO in the residential sector through secondary legislation passed in June 2012. Local authorities are expected to be key players in the delivery of the Green Deal.
10. The Green Deal aims to remove key barriers to householders carrying out energy efficiency improvements to their properties by providing upfront capital, which householders repay through resulting savings on their energy

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bill. The Green Deal is, therefore, expected to provide an opportunity to significantly improve the energy efficiency of local homes.

11. The Golden Rule, whereby expected savings from measures repay the costs, is key to the Green Deal. There are some cases where the Golden Rule will not work, but where there are still strong policy reasons to promote energy efficiency measures. The key supporting mechanism in these cases will be a new Energy Company Obligation (ECO). ECO will be entirely focussed on:

- the needs of the lower income and most vulnerable, (where Green Deal is less likely to work); and
- those properties needing the next most cost-effective measures that do not meet the Golden Rule – for example, solid wall insulation.

12. Nationally, the Green Deal and ECO are to have a 'soft' launch from 1st October this year, with an anticipated lead in of between 3 and 5 months. The launch of the Green Deal for the commercial sector has been delayed. At present officers are focusing on how the Council might use the Green Deal and ECO to improve the residential sector. Officers will consider how the commercial sector may be incorporated when this becomes applicable.

13. There are three possible delivery options for the Green Deal, (including ECO). These can be summarised as follows:

- Option One - Green Deal Promoter

The Council provides householders with information on the Green Deal. There are no financial costs associated with this option and it would use minimal staff resources. However, less energy conservation measures would be installed in the Borough and the Council would have less power to intervene on residents' behalf.

- Option two - Green Deal Partner

The Council signs an agreement with a Green Deal Provider/ Panel of Providers and actively markets the Green Deal to residents, (possibly financed through referral fees). From early discussions with potential Green Deal Providers, this could either be at no cost to the Council or the Council may be charged an annual membership fee of approximately £10k.

This option would enable the Council to attract investment into the Borough and ensure high quality, appropriate energy conservation measures are installed in residents' homes.

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- Option three - Green Deal Provider

The Council (or a Consortium of local authorities across Hertfordshire), use their capital to invest in the Green Deal and use prudential borrowing for set up costs and financing the work to properties. In order to be financially viable, the Council would need a budget of £100m and look to deliver a 15,000 house eco-refurbishment programme, (source: “Local Authority Green Deal delivery model” Energy Saving Trust and Marksman Consulting, Available online at: <http://www.energysavingtrust.org.uk/Publications2/Local-authorities-and-housing-associations/Funding-and-finance/Local-authority-Green-Deal-delivery-model> 29/11/11).

The option of being a Green Deal Provider would be outside of the Council’s core business and therefore pose a significant financial risk. However, the risk could be reduced by forming a consortium with other local authorities in Hertfordshire. A large local authority (such as Hertfordshire County Council) could potentially act as the “Anchor” Authority, for example.

14. The Council has been approached by a range of providers that are looking to partner with local authorities to deliver energy conservation measures through the Green Deal and ECO. At this time, the ‘partnership’ option appears to be the most suitable and presents little risk to the Council. This report recommends that this option is explored further, as the most likely basis for a cross tenure Housing Energy Strategy.
15. Should the partnership option be accepted as integral to the future Housing Energy Strategy, then there is the potential in the longer term, to form a Green Deal / ECO Consortium of local authorities across Hertfordshire, through the Hertfordshire Sustainability Forum.