
Report To:	Safe, Sustainable Communities Committee	Date: 25 October 2011
Report By:	Albert Henderson, Corporate Director Education & Communities	Report No: SCS/82/11/AH/DH
Contact Officer:	Drew Hall / William Rice	Contact No: 01475 714272
Subject:	Universal Home Insulation Scheme 2011/12	

1.0 PURPOSE

- 1.1 This report provides Committee with information on a recent Scottish Government funding announcement in respect of a £12.5m budget for delivery of area-based energy efficiency schemes and seeks approval to enter into a strategic agreement for continuation of the Council's local energy savings scheme, LESS Inverclyde.

2.0 SUMMARY

- 2.1 In 2010/11 Inverclyde Council were successful in securing competitive funding for delivery of area based energy efficiency measures from the Scottish Government's £10m budget for delivery of area-based energy efficiency schemes under the banner of the Universal Home Insulation Scheme (UHIS).
- 2.2 In July 2011 Inverclyde Council were invited to submit a competitive bid for a share of the Scottish Government's £12.5m budget for delivery of area-based energy efficiency schemes under the banner of UHIS.
- 2.3 The aim of UHIS is to provide universal energy efficiency measures to Scottish homes to deliver emissions savings and reduce fuel poverty.
- 2.4 Delivery of the scheme is led by Local Authorities and can offer measures free of charge irrespective of household income. In Inverclyde delivery is via the Council's energy savings scheme, LESS Inverclyde, thus ensuring joined up delivery and limiting repetition of effort.

3.0 RECOMMENDATIONS

- 3.1 That Committee:
- Note the funding award made to Inverclyde Council,
 - Note the measures that are available to Inverclyde home owners,
 - Note the delivery targets which have been set, and
 - Agree the proposed strategic agreement with Solas Scotland Ltd.

John Arthur
Head of Safer & Inclusive Communities

4.0 BACKGROUND

- 4.1 In September 2010/11 funding of £200,000 was secured for delivery of area based energy efficiency measures to homeowners in Inverclyde. Successful delivery through the Council's energy savings scheme, LESS Inverclyde, led to an additional award of £37,000 and the original target of installing 570 measures was exceeded by 46%, with 830 measures being installed.
- 4.2 On 5th August 2011 a competitive bid to the Scottish Government seeking further funding for delivery of a home energy efficiency scheme in Inverclyde was submitted.
- 4.3 On 31st August a provisional award of £470,000 was advised and subsequently a formal offer of grant for the full amount was received on 27th September 2011 and delivery of the project commenced on Monday 3rd October 2011. Monitoring and reporting systems have been put in place to satisfy grant conditions.

5.0 STRATEGIC PRIORITIES

- 5.1 The funding and measures are aimed at tackling fuel poverty, which will be an outcome based action of the forthcoming Inverclyde Housing Strategy 2011 – 2016 (IHS). Delivery through LESS Inverclyde will ensure that the issue of income maximisation is addressed through provision of free services such as benefit health checks, tariff checks, energy advice and energy advocacy.
- 5.2 The recently completed Inverclyde Private Sector House Condition Survey 2011 provides information on the energy profile of private housing stock and identifies that the IHS sub-areas of Port Glasgow and Greenock South-West contain 33% of all households in Inverclyde that could be considered to be economically vulnerable and therefore at risk of fuel poverty. In addition, these areas also have a disproportionately high number of households in fuel poverty (29% against an Inverclyde figure of 14.3%) and a concentration of households in extreme fuel poverty (20% against an Inverclyde figure of 2.1%). These areas also include 44% of all private sector dwellings in Inverclyde that have insufficient cavity wall insulation, with 60% of dwellings in these areas able to receive measures.
- 5.3 Therefore, delivery of measures will focus on private sector housing in the Port Glasgow and Greenock South-West areas, but not be limited to these areas and will be available to home owners at an Inverclyde level.

6.0 DELIVERY OF MEASURES

- 6.1 Fuel poverty will be tackled through the delivery of measures on the basis of the following 3-strand approach.

Traditional Insulation measures

- Loft Insulation
- Cavity Wall Insulation

Based on a typical ex-local authority 3 bedroom semi-detached house the cost of loft insulation is c.£340, with cavity wall costs being c.£400. For Priority Group (PG) and Super Priority Group (SPG) customers, who are elderly or in receipt of qualifying benefits, the full cost will be met from Carbon Emissions Reduction Target (CERT) funding from Scottish Hydro Electric as a LESS Inverclyde partner. Home owners who are not PG or SPG customers will receive a CERT contribution representing 50% of the cost of the measures.

6.1.1 UHIS funding will be used to meet the outstanding 50% balance for home owners who are not PG or SPG customers. Therefore, it is expected that average subsidies of £170 and £200 for loft and cavity wall insulation, respectively, will be provided. Additional access costs, over and above normal installation working practices, e.g. where a scaffold is required, are not eligible for CERT funding, however, UHIS funding will be used to meet these additional costs for all client groups to reduce barriers to participation.

6.2 Non-traditional Insulation measures

Not all properties in Inverclyde have a cavity which means that there are many homes in Inverclyde with poor energy ratings which cannot benefit from the installation of cavity wall insulation and therefore the home energy rating cannot be easily raised to meet modern standards.

6.2.1 There are 2 main ways to improve the energy rating of homes without cavities and those are the installation of external insulation render systems and internal wall insulation systems. External insulation render systems have been grant funded in the past in partnership with local Housing Associations and whilst economies of scale were factored in, the unit costs were in excess of £30,000 for a typical ex-local authority 3 bedroom semi-detached house. Internal wall insulation systems offer considerable costs savings compared to external systems, however, the cost of install is still expensive compared to cavity wall insulation and unfortunately internal wall insulation does not qualify for CERT funding.

6.2.2 The cost of installing internal wall insulation is c.£6,000 per property (subject to size) and over and above this cost the owners will have to redecorate the walls which have received measures.

6.2.3 Discussion with a neighbouring local authority who delivered these measures in 2010/11 under UHIS indicates that initial interest in these measures is high; however, uptake is low, although the measures do make considerable energy rating improvements. Fuel poverty will be the primary factor in considering grant applications should demand exceed availability. Improved home energy ratings will be the secondary factor considered should demand from those in fuel poverty exceed availability.

6.2.4 UHIS funding will be used to meet the full cost of installation in properties that cannot take cavity wall insulation. Due to the value of the grant and the lifetime benefit of the work the payment of the grant will be recorded against the title of the property and will include the current grant conditions relating to recovery of grant, with interest, if the property is sold during the 10 year period from grant payment.

6.3 Solar Photo-Voltaic

The UHIS bid included a proposal to fund the installation of solar photo-voltaic (solar pv) systems in private homes and communal properties. The solar pv system generates electricity, which, initially supplies the electricity consumption at the property with any surplus being fed back into the national grid. This means that the household will see a reduction in electricity bills as well as receiving an income from the surplus energy being 'bought back' from a utility company at the feed-in tariff rate.

6.3.1 The current feed-in tariff of 43.3p per kWh is available until 31st March 2012, is index linked and guaranteed for a period of 25 years. The performance of the solar pv panels is also guaranteed for 25 years (90% efficient at 10 years and 80% efficient at 25 years). It is estimated that a 2kWp system on a south facing roof would generate on average, an annual, index linked, feed-in tariff return of c.£700 per annum alongside an electricity bill reduction of c.£90 per annum.

- 6.3.2 The cost of installing a 2kWp system will be approximately £6,500 – £7,000 and it is expected that the reduction in consumption and subsequent return from the feed-in tariff will alleviate extreme fuel poverty, make a considerable difference to the fuel poor and offer a benefit to the residents of that property for a considerable period of time. Fuel poverty will be the primary factor in considering grant applications for solar pv and should demand exceed availability priority will be given to those in extreme fuel poverty.
- 6.3.3 UHIS funding will be used to offer financial assistance to home owners for the installation of a solar pv system at a rate of 50% of the installation costs. Due to the value of the grant and the guaranteed 25 year benefit of the system the payment of the grant will be recorded against the title of the property and will include a grant condition relating to recovery of grant, with interest, if the property is sold during the 25 year period from grant payment.
- 6.3.4 Discussions have been undertaken with a local housing association with a view to installing a solar pv system on a mixed tenure property which would ensure low energy bills for resident and an investment return for the housing association and resident owners.
- 6.4 Provisional targets, based on the total funding package, have been discussed with partners and indicated to the Scottish Government. The targets for each of the measures are noted below for ease of reference;
- Virgin loft insulation – 356 measures
 - Cavity wall insulation – 300 measures
 - Loft insulation top-up – 594 measures
 - Internal wall insulation – 6 households
 - Solar photo-voltaic – 25 households

Targets have been set using the final output figures from the 2010/11 UHIS fund. However, Committee are asked to note that demand is driven by the home owner and, as such, final outputs of the traditional measures may vary individually.

- 6.5 All households receiving measures through LESS Inverclyde are expected to make full use of all available measures and will also be referred to the Energy Savings Scotland Advice Centre for a free Home Energy Report and access to an interest free loan, of up to £2,000, towards the cost of installing home renewable energy sources.
- 6.6 Grants recovered under the grant conditions will be used to establish a revolving fund for energy efficiency measures with the agreement of the Scottish Government.
- 6.7 The LESS Inverclyde model is seen as a good practice example both at Local Authority and Scottish Government levels as evidenced by a CoSLA Excellence Award in 2010 and replication in other local authority areas.
- 6.7.1 To ensure continued successful delivery it is proposed to enter into a strategic agreement with the registered charity, Solas Scotland Ltd, to continue to secure and deliver funding and services that will improve domestic energy efficiency, reduce carbon emissions and tackle fuel poverty in Inverclyde. It is of note that the LESS Inverclyde model of delivery does not require funding from Inverclyde Council, but offers significant financial benefits to Inverclyde households, the Inverclyde economy and many of the Council's strategic objectives.
- 6.7.2 It is proposed that the strategic agreement cover the period of the forthcoming Inverclyde Housing Strategy 2011 – 2016, thereby ensuring a delivery partner for the energy related targets set out over the period of the strategy. A copy of the proposed strategic agreement is set out in Appendix I.

7.0 IMPLICATIONS

Strategic

- 7.1 The delivery of measures to tackle fuel poverty will directly contribute to the aims of several key documents and strategies including the Local Housing Strategy and the Financial Inclusion Strategy as well as the Council's Carbon Management Plan.

Financial

7.2

Cost Centre	Budget Heading	Budget Year	Proposed Spend	Virement From	Other Comments
PSHG	UHS Expenditure	2011/12	£470,000	n/a	
PSHG	UHS Grant income	2011/12	-£470,000	n/a	Monthly drawdown from Nov 2011

Legal

- 6.3 There are no Legal implications arising from this report.

Personnel

- 6.4 There are no Personnel implications arising from this report.

Equalities

- 6.5 When delivering services to our customers, full cognisance is taken of equality and diversity processes and procedures.

7.0 CONSULTATIONS

- 7.1 This report has been prepared in consultation with;

- Chief Financial Officer
- Energy Savings Scotland advice centre (Strathclyde & Central)
- Solas Scotland

8.0 LIST OF BACKGROUND PAPERS

- 8.1
- Local Housing Strategy 2004-2009 – Monitoring and Update Report 2009
 - Scheme of Assistance 2010/11 Outturn and 2011/12 Budget - SCS/62/11/AH/DH

LESS (Local Energy Saving Scheme) Inverclyde

Strategic Agreement

Overview

1. LESS is the Council's primary delivery arm for all domestic energy efficiency, carbon reduction and fuel poverty activity for all residents within its boundary
2. LESS is a long-term partnership which does not require annual funding and planning constraints. A 5 year partnership will apply from 1st November 2011 thereby formalising the partnership working that has been delivered under the auspices of LESS Inverclyde since November 2008, with annual review and option to extend beyond the initial five years – this reflects the long-term nature of carbon targets and the Inverclyde Housing Strategy.
3. Whilst the LESS model and logo are the property of Solas Scotland, Inverclyde Council is the lead partner and as such has primary control over LESS activity within its boundary

Solas' role and responsibilities

The role Solas plays and the services delivered are not subject to any form of Management Fee

1. Solas will operationally lead, co-ordinate and deliver LESS activity on a day to day basis in line with the agreed plans of the key local partners, including:
 - Agreeing annual targets and KPIs with Inverclyde Council
 - Advertising and Marketing
 - Initial door to door engagement with householders
 - Delivery of energy advice, advocacy and relevant information services to householders
 - Insulation surveying
 - Issuing of quotations and accessing relevant grants for householders
 - Identification of Energy Assistance Package (EAP) qualifying households and sign-posting to the Energy Savings Scotland Advice Centre
 - Handholding and customer journey support to householders during their LESS engagement (including through the EAP process if required)
 - Post-LESS customer services
 - Collation, analysis of records and reporting in line with Council needs and instructions and the relevant Data Protection Laws and standards
2. Solas will ensure that adequate and optimised grant funding is available to LESS and local householders
3. Solas will administer, deliver and report on Eco Fun for Kids (where for every insulation measure installed through LESS, £3 is donated to the Council for use in local Primary Schools)

4. Solas will work with Inverclyde Council and other key stakeholders to ensure that the LESS product delivers Best Value in terms of price and quality of service in the eyes of Council at all times
5. Solas will act as an independent advisor to Inverclyde Council and other key stakeholders as required, with the primary objective of ensuring that LESS and the local partners continue to deliver the most effective, efficient and highest quality offering to local householders. Such advice includes:
 - emerging relevant Scottish, UK and EU policy
 - funding available to enhance LESS Inverclyde (e.g. emerging Green Deal)
 - new to market products (e.g. internal insulation and photovoltaics), and
 - service development (e.g. accessing social tariffs and delivering enhanced energy advocacy)

Council Roles and Responsibilities

1. The Council will facilitate LESS and ensure that the right local stakeholders are involved effectively and have an ownership in planning and ongoing delivery
2. The Council, as lead partner, will stipulate and agree targets and KPIs for and with Solas and other key stakeholders to deliver
3. The Council will decide which areas will be targeted at any given time
4. The Council will endorse all agreed marketing activity carried out under auspices of LESS and ensure that its Corporate Communication team have active ownership and participation in the marketing of LESS
5. The Council will seek to establish LESS Inverclyde as a trusted brand for delivery of home energy support for all householders and landlords within the area.

Energy Savings Scotland Advice Centre (ESSAC) role and responsibility

1. ESSAC will work closely with Solas to achieve the targets set by Council and ensure that LESS Inverclyde remains the recognised best choice for local householders seeking to undertake domestic energy efficiency improvements.
2. ESSAC will share market intelligence with Council and Solas to ensure:
 - LESS remains the best offering in terms of products, services and price
 - that other organisations are not acting unethically in order to exploit the market conditions LESS creates and/or householders within the area as a result
3. On the basis that LESS remains Best Value offering for householders, all domestic energy efficiency/Fuel Poverty enquiries to the Home Energy Scotland Helpline, who do not qualify for EAP, will be referred to LESS.
4. Where Home Energy Checks (HECs) are generated within the LESS area all subsequent reports and correspondence with the householder will refer and signpost to LESS as well as the Home Energy Scotland Helpline – see 3 above.