

<b>MAYOR AND CABINET</b>		
<b>Report Title</b>	Response to the Sustainable Development Select Committee scrutiny review on home insulation	
<b>Key Decision</b>	No	Item No.16
<b>Ward</b>	All	
<b>Contributors</b>	Executive Director for Resources	
<b>Class</b>	Part 1	Date: 1 December 2010

## 1. SUMMARY

- 1.1 The findings of the Sustainable Development Select Committee's scrutiny review on home insulation in the borough were presented to Mayor and Cabinet on 4 November 2009 in a report titled 'Local Warming: increasing home insulation in Lewisham'. This response to the scrutiny review's recommendations sets out proposals in relation to home insulation within the context of delivering against Lewisham's Carbon Reduction and Climate Change Strategy and the Council's Budget Strategy.
- 1.2 The Council's work to increase home insulation in the borough has been influenced and informed by the Sustainable Development Select Committee's scrutiny review. The timing of this report has allowed the response to include consideration of the results from the Council's recent survey of private sector housing. It has also enabled the response to reflect the implication of public sector's current economic pressures and the views of residents emerging from the 'Our Lewisham Our Say' process.
- 1.3 The proposed approach to home insulation, building on the Select Committee's recommendations, is to:
- Agree a new target to cut the borough's carbon emissions by 40% by 2020 against a baseline of 1990.
  - Establish a new borough-wide insulation partnership maximising the funding available to Lewisham residents for loft and cavity wall insulation with the aim of insulating as many remaining loft and unfilled cavity walls as possible within 2 years.
  - Target resources at the most vulnerable while ensuring that all residents have access to low cost and high quality insulation services.
- 1.4 On cost grounds it is proposed that the Council does not pursue the Select Committee's recommendation for a borough-wide scheme offering free loft and cavity insulation to all residents. Using figures from the recent Lewisham private sector house condition survey, the cost of this scheme is estimated as £28.8m.

## 2. PURPOSE

- 2.1 The purpose of this report is to respond to the recommendations from the review of home insulation conducted by the Sustainable Development Select Committee, and set out the Council's strategic approach to reducing carbon emissions by promoting the delivery of insulation.

### 3. POLICY CONTEXT

#### Local

- 3.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Sustainable Community Strategy policy objectives *Clean, green and liveable*: where people live in affordable, high quality and adaptable housing, have access to green spaces and take responsibility for their impact on the environment.
- 3.2 Lewisham's Carbon Reduction and Climate Change Strategy was published in 2008. This strategy identified insulation as a key priority. Recent achievements relating to insulation and other improvements to the energy efficiency of homes across the borough include securing over £1.5m external funding and delivery of a range of area-based energy efficiency programme. Further information on current activity is provided below in section 8.

#### National and regional

- 3.3 The Climate Change Act 2008 created a legally binding, long-term framework to cut carbon emissions. It set a target of an 80 percent cut in greenhouse gas emissions by 2050, and 34% by 2020. Both targets are against a 1990 baseline. A major contribution to realising these targets is the decarbonisation of the UK's energy sources. The government's National Renewable Energy Action Plan sets out a pathway to supply 15% of the UK's energy from renewable sources by 2020, including 30% of electricity, which if achieved would decrease the 'carbon intensity' of grid electricity, contributing significantly to local authority efforts to meet targets.
- 3.4 The Committee on Climate Change, an independent expert body created by the Act, has identified a reduction of between 34-42% by 2020 as being necessary to mitigate against the predicted consequences of climate change.
- 3.5 The target set by the Mayor of London in his February 2010 draft Climate Change Mitigation and Energy Strategy is a 22% reduction on 1990 levels by 2015, 38% by 2020, 60% by 2025 and 80% by 2050.
- 3.6 The government's planned Energy Security and Green Economy Bill is likely to include a number of measures aimed at reducing carbon emissions from homes. Pay As You Save loans are intended to provide householders with the capital to make energy efficiency improvements, repayable through resulting reduction in energy bills. The Bill is expected to set out a legal framework which attaches the 'loan' to the property rather than to the individual. The Energy and Climate Change Secretary has suggested a domestic energy efficiency fund totalling £90bn and covering 14 million homes, which may become available in late 2012.
- 3.7 The government has extended the CERT scheme from March 2011 to December 2012, and reoriented it to focus still further upon fuel poverty priority groups. The changes include a greater focus on insulation and the creation of a 'super priority' group for households with the lowest incomes. The government has said the changes will mean 3.5m more homes will be insulated, building on the 2.5m treated since April 2008.
- 3.8 The government also plans to create a Green Investment Bank, but its funding, structure and role remain to be announced. The Wigley Commission, which made recommendations on how the GIB would work, has suggested "a funding arm which would allocate grants, loans and subsidies to low carbon schemes ... to help generate and spend the £50bn a year needed to fund clean energy projects."

### 4 RECOMMENDATIONS

- 4.1 The Mayor is recommended to agree the response to the recommendations from the Sustainable Development Select Committee's scrutiny review of home insulation, set out below in section 6.
- 4.2 The Mayor is recommended to agree the new target, described in section 7, of a 40% reduction in the borough's carbon emissions by 2020, from a baseline of 1990.
- 4.3 The Mayor is recommended to endorse the approach described in sections 6 and 8 for a borough-wide home insulation partnership as the alternative to adopting the Sustainable Development Select Committee's recommendation of a borough-wide free insulation scheme. If approved officers will explore the detailed arrangements and seek the Mayor's agreement on a formal proposal.

## **5 THE SUSTAINABLE DEVELOPMENT SELECT COMMITTEE SCRUTINY REVIEW OF HOME INSULATION**

- 5.1 'Local Warming: increasing home insulation in Lewisham', a scrutiny review by the Sustainable Development Select Committee was presented to Mayor and Cabinet in November 2009.
- 5.2 The Select Committee developed its findings drawing on evidence gathered during 2009 from within the Council as well as experts from the Local Government Association, London Warm Zones, the Energy Saving Trust, Lewisham Homes, Phoenix Community Housing, Islington Council, Greenwich Council, Sutton Council and British Gas.
- 5.3 The Select Committee set out to understand the importance of insulation in relation to tackling climate change and fuel poverty, to identify the barriers to improving insulation across the borough's existing housing stock and identify potential solutions drawn from examples within Lewisham and elsewhere. The recommendations from the scrutiny review and the proposed response are set out below in section 6.

## **6 RESPONSE**

- 6.1 The Sustainable Development Select Committee's scrutiny review on home insulation has provided an impetus to the Council's work on energy efficiency and brought a greater focus on the opportunities and challenges that exist in improving insulation across Lewisham. In particular, the emphasis of the Select Committee linking the energy efficiency of homes with fuel poverty as well as climate change underlines the wider social as well as environmental imperative for action.
- 6.2 This response to the Select Committee's scrutiny review has drawn on evidence from a number of sources, including the private sector house condition survey carried out by the Council from June to September 2010. This survey has provided an up to date source of information, including more robust estimates of the potential costs than were previously available. Linking the response to the private sector house condition survey has, unfortunately, meant a delay but given the potential scale of financial commitment it was important to base decisions on a robust evidence base. Where possible the Council has taken action and has continued to actively promote insulation through a range of projects, described in more detail in section 8.
- 6.3 The table below provides a detailed response to each of the recommendations from the Select Committee's report 'Local Warming: increasing home insulation in Lewisham'. The responses are based on the following guiding principles:
  - Ensuring that decisions with financial implications are taken within the context of the Council's Budget Strategy
  - Maximising the level of external funding brought into the borough for work on home insulation and energy efficiency
  - Focussing resources on the most vulnerable residents

	Recommendation	Response
1	<p>That the Mayor/Council roll out an area-based free insulation scheme similar to the Kirklees model. This could be funded in partnership with an energy supplier. A three-year programme to cover approximately 25,000 properties would cost around £10m, funded in partnership with an energy supplier.</p>	<p>Adopting this recommendation would commit the Council to a scheme estimated as costing £28.8m, based on the findings of the recent private sector house condition survey (see section 7 below). While it would be expected that an energy supplier could provide a large part of this funding - potentially 50% - this still represents a significant unfunded pressure. This funding would subsidise residents identified as 'Able to Pay' under the current 'CERT' scheme which already funds the costs of loft and cavity wall insulation for the over 70s and people in receipt of specified benefits.</p> <p>While it is recognised that such a scheme would have a number of benefits, including opportunities for local training and employment, and create a powerful incentive for people to have loft insulation installed; there are alternative ways of achieving these ends at a lower cost to public finances. It is therefore suggested that the Council does not pursue this recommendation as set out in the Select Committee's report.</p> <p>Instead, it is proposed that the Council enter into a strategic partnership with a Carbon Emissions Reduction Target (CERT) funder and insulation installer. This home insulation partnership would be based on a commitment from the CERT provider to ring-fence CERT funding for the borough to be used to provide loft and cavity wall insulation for vulnerable residents. In return the Council would offer exclusivity to the CERT provider/insulation provider in promoting their service to residents. An agreement of this kind would be entered into on a competitive basis, enabling the borough to benefit from the maximum amount of CERT funding and guaranteed standards of insulation delivery. Such an agreement would also be an opportunity to link together existing area-based schemes and draw in funding from other climate change and fuel poverty initiatives such as the Community Energy Saving Programme (CESP) and other funding sources. It would also be expected to create opportunities for local employment and training for young people.</p>
2	<p>That the Mayor/Council instruct officers to look at introducing a scheme, in partnership with RSLs, Lewisham Homes and an energy supplier (using CERT funding) to fit internal solid wall insulation in void socially-rented properties, as part of redecorating works before they are re-let.</p>	<p>Lewisham Council and Lewisham Homes have initiated work to fit insulation in solid wall properties. The scheme will focus on void street properties where major works are scheduled and will aim to draw in external funding for energy efficiency improvements including insulation, heating systems and windows. Delivery of the scheme will be subject to funding secured through the Community Energy Saving Programme (CESP) and any match funding required.</p>
3	<p>That the Mayor/Council set a target date by which all homes in Lewisham will have been offered free cavity wall insulation where applicable, plus a target for the number of homes per year to receive solid wall insulation.</p>	<p>For the reasons identified above there is no proposal to establish a borough-wide free insulation scheme. Instead the proposed home insulation partnership will aim to maximise the number of insulation jobs within a 2 year period. Section 7 below sets out specific proposals for a new Lewisham target for carbon emissions. This target is based on estimates for the opportunities for cutting carbon from housing including through loft and cavity wall insulation. The delivery of loft and cavity wall insulation will be a significant priority in achieving these targets, and the scale of activity required has been quantified. It is unlikely however that converting these figures into separate targets would have any additional impact. In terms of delivering on the climate change agenda our aim is to establish the most effective and best value set of measures.</p>
4	<p>That officers continue liaising at a regional and national level to assess the potential of Lewisham becoming a pilot scheme, under the London Homes Energy Efficiency Programme (HEEP) or as part of the national Heat and Energy Saving Strategy (HESS), with a view to reducing further the cost of implementing the first two</p>	<p>Lewisham successfully ran a demonstration pilot for the London Development Agency's Home Energy Efficiency Programme (HEEP), subsequently rebranded as RE:NEW. This pilot secured £124,500 funding from the LDA and delivered over 10,000 energy efficiency measures in 1,100 homes in Catford South. Lewisham expects to run a further RE:NEW scheme in 2010/11 and has identified Perry Vale as the ward where this will take place once the grant agreement with the LDA is in place.</p>

	recommendations.	
5	That the Mayor/Council instruct officers to investigate how skills and capacity can be built up, to enable a borough-wide insulation scheme to be rolled out which would maximise local labour and training, as far as is legally possible.	For the reasons identified above there is no proposal to establish a borough-wide free insulation scheme. However the Council will seek to promote local labour and training and is participating in the LDA's Retrofit Employer Accord Pilot (REAP) offering training and potential employment in 'green' building skills. The creation of a borough-wide home insulation partnership would be expected to create the opportunity for local employment and training. The Council will also seek opportunities to link the existing Lewisham Services Provider Forum to home retrofit activity in the borough, establishing connections between the creation of training and employment opportunities with those agencies able to refer residents who can benefit from them.
6	That as part of this officers investigate the potential for working with an RSL to train up unemployed people in insulation work or to work in partnership with Lewisham College to train up people to carry out the work.	Installation of loft insulation does not require specialist skills, with home insulation kits for example available at DIY shops. Cavity wall insulation does require specialist equipment and knowledge, although the training required is not highly technical and would not be extensive. It is unlikely therefore to be suitable for a college course. There are however a number of initiatives that will link local unemployed people to training and employment in insulation work and related activity. This includes the LDA's Retrofit Employer Accord Pilot (REAP), which offers training and potential employment in 'green' building skills. Bidders for Lewisham Homes Major Works Programme will be under an obligation to employ apprentices for each £5m per annum turnover, this could include but not be limited to insulation works. The RE:NEW scheme planned for Perry Vale later this year is expected to include at least one vacancy to be filled by a local unemployed person.
7	That officers look at developing a sustainable builders scheme and establishing a register of skilled local insulation installers, to make it easier for home owners looking to get work done.	Setting up and running a new accreditation scheme for sustainable builders or insulation installers would have administrative costs estimated at £50,000 a year. There is no scope within existing budgets to meet this additional cost. The proposed Lewisham Climate Compact (see section 8 below) is a potential opportunity for local businesses to set out their environmental credentials and for residents to identify local suppliers supporting the borough's approach to carbon emissions.  Lewisham's existing Local Labour and Business Scheme supports local small and medium enterprises in responding to procurement opportunities. We will seek to ensure that new activity in the borough on insulation and carbon reduction across the domestic sector are where feasible included within the scope of the Local Labour and Business Scheme.
8	That the Mayor/Council add a new target within the Carbon Reduction and Climate Change Strategy, specifically to reduce carbon emissions from housing across the borough.	The new carbon reduction target described below in section 7 is intended to include housing as well as emissions from transport and the commercial sector. This target is based on data showing the impact of various measures including home insulation with housing expected to contribute the same reduction in carbon emissions as the overall target. Achieving the same reduction from the domestic sector as the overall carbon target bucks the recent trend for emissions from housing to reduce at a slower rate. A less ambitious target for housing could therefore be argued as a more realistic proposition, however this could potentially confuse an overall message of the importance of reducing carbon emissions from housing.
9	That the Mayor/Council consider whether there is a need for a further 'demonstration eco home' within the borough that could be open to the public and used to raise awareness of home energy efficiency issues and insulation.	There are a range of examples across London of demonstration homes and a number of properties in Lewisham where innovative work has happened. While there are merits in establishing a dedicated demonstration home the cost is not justified at this present time. Instead officers will work up plans for delivering on recommendation 10 below and recommendation 2 on solid wall insulation that will allow the public to see practical examples of how homes can be improved to increase energy efficiency and reduce carbon emissions.
10	That the Mayor/Council provides support for an 'Eco-renovation Open Homes' event (perhaps as part of the Open House weekend) in Lewisham in 2010.	The Council will develop a new initiative to promote homes in the borough featuring low carbon technology, solid wall insulation and other relevant environmental-related improvements for the 2011 Open House weekend.
11	That the Mayor/Council instruct	The British Gas insulation offer does not apply to all social housing tenants.

	<p>officers to investigate what more can be done to ensure that all our social housing tenants who are British Gas customers are aware that they can get free insulation, and are supported in and encouraged to apply for it.</p>	<p>For example it would not apply in buildings such as flats with more than one home. It is also only available for residents classified as priority group based on age and receipt of certain benefits. As with most funding of this sort individual circumstances determine whether the offer is available. Because of this Lewisham Council's Energy Action Zone team have actively promoted the best insulation deals for residents in all tenures of housing. As the nature of insulation deals can vary over time the Council has promoted specific offers through one-to-one advice on the phone, on the doorstep or at events and is working closely with Lewisham Homes to develop and deliver their Affordable Warmth and Sustainability Strategies.</p>
12	<p>That the Mayor/Council adds a policy to the Local Development Framework (or as a supplementary planning policy), requiring applicants for home extensions to demonstrate that as part of the works the energy efficiency of the whole property will be improved, and, where reasonable, that the entire dwelling is brought up to or beyond current building regulations for insulation and air tightness or the whole house. Further that any applications for conversions of single dwellings into flats also have to meet or exceed current building regulation standards on thermal efficiency.</p>	<p>The Planning Service will look to take this approach forward in the Development Management DPD part of the Local Development Framework (LDF), which will set out the main policies and the reasoned justification that will be used to consider planning applications for development or change of use. Any policy will need to be justified in planning terms with relevant evidence. However, it is not normal planning practice to require improvements to the whole existing dwelling when considering applications for alterations including extensions and we will need to carefully consider the legal issues arising from such an approach.</p> <p>More generally Lewisham's new core strategy will promote low carbon and energy efficient development using the following hierarchy to assess applications:</p> <ul style="list-style-type: none"> <li>• using less energy, in particular by adopting sustainable design and construction measures</li> <li>• supplying energy efficiently, in particular by prioritising decentralised energy generation, and;</li> <li>• using renewable energy.</li> </ul> <p>In addition the Council is seeking to introduce a new 'offset fund', for developments that for technical or practical reasons are unable to meet carbon reduction targets. The offset fund will be used to install and retrofit carbon reduction improvements to homes in the borough, including potentially the home insulation partnership. Payments into the fund will be based on externally benchmarked data sources including the Energy Saving Trust.</p>
13	<p>That the Mayor/Council instruct officers responsible for parking to engage with recognised insulation installers carrying out works in the Borough, to identify and overcome obstacles to their work. This should include parking difficulties and the cumulative effect of charges on their programme. Further that officers promote to energy suppliers and installers the fact that Lewisham although largely inner London, does not have the congestion charge and are relatively few parking restrictions - previously given as deterrent to more work being carried out in inner London.</p>	<p>The Council already works with a number of insulation suppliers, who have benefited from the comparative ease of operating in the borough.</p> <p>It is not recommended that an exemption on parking restrictions is sought for insulation suppliers as this would create a precedent that other types of contractors would seek to benefit from.</p>
14	<p>That the Mayor/Council instruct officers to investigate whether Lewisham's environmental health team could be making greater use of its discretionary power under the Housing Act 2004 to require works to deal with Excess Cold Hazards where it is not a duty.</p>	<p>The Health and Safety Rating System (HHSRS) enables the Council to take action against Category 1 or Category 2 hazards. (Category 1 being the most serious) Current policy is to enforce against Category 1 hazards and any Category 2 hazards that are a threat to health.</p> <p>It is possible to enforce against issues relating to excess cold but this would involve serious resourcing issues. Current savings proposals involve reducing the size of the Environmental Health Residential Team. It is unlikely that any action could be taken without an increase in resources</p>

		which is unlikely given the Council's financial position.
15	That the private sector housing team, in partnership with SELHP explore new ways to work with and incentivise private landlords, who are often not aware of funding available, such as Warm Front grants for vulnerable tenants. Furthermore to look at what could be done to tackle the problems of those living in private rental property and facing fuel poverty.	The Private Sector Housing team will continue to develop their contacts with private sector landlords and provide information on all available funding sources. It is likely that South East London Housing Partnership (SELHP) funding will be drastically reduced over the next 2/3 years meaning such opportunities are limited. However, the Private Rented Sector will be a priority for the group as an area in which we will seek to drive up standards.
16	That a more robust and targeted approach to Lewisham's promotion of home insulation grants to landlords and other home occupiers is adopted, for example to the large number of landlords letting properties to students in the New Cross area.	There has been a rapid take up in the demand for such grant resources as were available this year in the private sector. These were mainly targeted at vulnerable owners and tenants. The problem in the short term is liable to be availability of funding rather than identifying potential clients. The Private Sector Housing Group will make every effort to maximise funding and direct it to those in the greatest need.

## 7 SETTING A NEW TARGET FOR CARBON EMISSIONS

### Latest CO<sub>2</sub> emissions data for Lewisham

- 7.1 In September 2010 the Department of Energy and Climate Change published its latest figures for CO<sub>2</sub> emissions for all UK local authorities. The figures cover 2005-8 and are based on domestic, commercial, industrial, agricultural fuel and electricity consumption, emissions from transport (excluding aviation and shipping) and land use changes. The figures are calculated from actual consumption data and statistics from the Department for Transport on road traffic.
- 7.2 The data includes total emissions per area, and a per capita figure used as the basis for national indicator 186 'per capital emissions in the local authority area'. The DECC data shows a UK decrease in total carbon emissions of 4%. In London the average per capita emissions has fallen 3.2% from 6.2 tonnes per person to 6.0 tonnes.
- 7.3 Lewisham's per capita carbon emissions decreased by 10.9% from 2005 to 2008, making the borough one of 20 local authority areas out of the 434 in the dataset with a decrease of 10% or more. This reduction of 10.9% exceeds the target of 8.5% established in Lewisham's Local Area Agreement. At 4.1 tonnes per person Lewisham has the lowest per capita carbon emissions in inner London and the second lowest, behind Redbridge, in London as a whole. This also puts Lewisham forth lowest in the UK for per capita emissions.
- 7.4 Overall emissions in the borough fell by 7.2% in the period. The share of emissions from the domestic sector has increased to 51%, transport accounts for 25% and industry and commerce 24%.

### Setting new carbon emission targets for Lewisham

- 7.5 Lewisham's Carbon Reduction and Climate Change Strategy established the target of an 8.5% reduction in carbon emissions, which was included as one of Lewisham's 35 Local Area Agreement targets. It is proposed that we now set a longer term target based on the total carbon emissions in the borough as opposed to a population-based target.
- 7.6 It is recommended that Lewisham adopts a target of a 40% reduction in carbon emissions by 2020. This target is based on a baseline established in 1990 as part of the Kyoto Agreement. Local authority level data is not available prior to 2005. However it is common practice to extrapolate from the national dataset which does exist back to 1990 and assume that changes at the national level equate to Lewisham. A Lewisham target of a 40% reduction in carbon emissions by 2020 would therefore be as follows:

Year	CO2 tonnes	% reduction	Notes
1990	1,382,000		Extrapolated from 2005 data to give a 15.4% reduction 1990-2005
2005	1,169,000	15.4%	DECC data
2008	1,084,000	21.6%	DECC data
2020	829,000	40.0%	CO2 level to achieve 40% target

Source: DECC Carbon Emissions for local authority areas (2010)

- 7.7 Factors with a potential impact on the borough's carbon footprint include:
- Increased population
  - The number and quality of new homes and the rate at which older less energy efficient homes are demolished
  - Impact of local, regional and national planning policies
  - The national and local economy
  - Decarbonisation of the national electricity supply
  - Large-scale decentralised energy networks within the borough
  - Innovation and the implementation of low carbon technologies in transport, consumer goods, the public sector, construction and other aspects of life
- 7.8 In relation to the borough's housing stock there are a range of improvements to reduce carbon emissions, including:
- Loft and cavity wall insulation
  - Installation of 'easy' energy efficiency measures such as radiator panels, hand-held energy monitors, lightbulbs, hot water tank jackets and draught-proofing
  - Double glazing
  - Heating upgrades and controls
  - Solar photo-voltaic, solar thermal and other sources of renewable energy
  - Resident led "behaviour change"
- 7.9 The interaction between these factors is complex, but officers have attempted to quantify the scale of change needed to achieve a 40% reduction in carbon emissions from housing. This analysis has drawn on studies carried out elsewhere in London and used data from the Energy Saving Trust to calculate the potential number of homes that could benefit from each measure, the expected reduction in carbon from each measure and the costs that might be associated with it.
- 7.10 As indicated above, DECC's latest figures indicate a reduction in Lewisham's carbon emissions of 21.6% since 1990. This figure is based on emissions from the domestic sector, industry and transport. A further reduction of around 20% from housing is considered a realistic, albeit challenging, aim.
- 7.11 Officers are working up the details of a new Climate Change Compact for the borough. The Compact would be based on securing a commitment from the Council's strategic partners, residents, local businesses and others to the proposed new target of a 40% reduction in carbon emissions by 2020. The Compact could also provide a forum for exchanging information and potentially for joint-funding bids for new carbon reduction schemes.

#### Lewisham survey of private sector housing

- 7.12 Lewisham Council commissioned a private sector house condition survey, the detailed results of which were due to be reported to the Housing Select Committee on 1 November 2010. The survey analysed a representative sample of 1,502 properties covering all private sector tenures, registered social landlord and housing association dwellings.
- 7.13 Included within the survey was an assessment of the potential opportunities for improving energy efficiency in the existing housing stock and the potential cost of this work. The table below identifies the number of homes that could benefit from energy efficiency measures.



<b>Measure</b>	<b>Dwellings</b>	<b>Percent of stock</b>
Loft insulation to 270mm	34,800	42.6%
Cavity wall insulation	18,700	22.9%
Double glazing	24,900	30.5%
Hot water tank insulation	56,200	68.9%
New boiler	9,500	11.6%
New central heating	1,200	1.5%
<b>Any measures</b>	<b>72,100</b>	<b>88.4%</b>

Source: 2010 Lewisham House Condition Survey

- 7.14 The total cost of these works was calculated as £269.7m, with £28.8m of this the cost estimated for loft and cavity wall insulation. Economies of scale could be expected to reduce this figure, and Carbon Emissions Reduction Target (CERT) and other external funding would be expected to cover a large part of the figure. Nevertheless the estimate of £10m funding included in the Select Committee's recommendation would appear to be an underestimate of the total liability to the Council of a borough-wide free loft and cavity wall insulation scheme.

## **8 CURRENT AND FUTURE ACTIVITY ON HOME INSULATION**

- 8.1 The Council provides an advice service on energy efficiency which also refers eligible residents to grants for loft and cavity wall insulation. In addition the Council has been successful in securing over £1.5m funding for energy efficiency projects over the last 2 years and there are a number of projects running in the borough aimed at delivering direct benefits for residents through energy efficiency.
- 8.2 Recent and current projects include:
- Lewisham's Energy Action Zone, which has engaged with 8,400 households since 2007, and secured funding for 750 energy efficiency improvements, primarily loft and cavity wall insulation for vulnerable residents.
  - Catford Energy Savers scheme, delivering over 10,000 energy efficiency measures to 1,100 homes in the Catford South ward, saving residents an average of £100 from their annual fuel bills and over 450 tonnes of carbon a year.
  - Lewisham's Low Carbon Zone, a three year programme in Lewisham Central working with residents and a range of public and private sector bodies to deliver significant carbon savings and improve energy efficiency.
  - A partnership with Lewisham Homes which has now completed three phases of the Social Housing Energy Saving Programme (SHESP) delivering cavity wall insulation in 32 housing blocks benefiting over 1,000 households and achieving a carbon saving of 373 tonnes a year. Three further phases of SHESP in Lewisham are planned.
- 8.3 In addition to these projects other planned activity that will directly improve insulation levels includes work on social housing and in particular Lewisham Homes' Major Works Programme and decent homes activity in registered social landlords such as Phoenix Community Homes.
- 8.4 The success in accessing external funding has created variations in the offers that residents in different parts of the borough can access. To improve the effectiveness and consistency of our delivery across the borough it is proposed that the Council enter into a strategic partnership with a Carbon Reduction Emissions Target (CERT) funder and insulation provider.
- 8.5 This new home insulation partnership would be intended to significantly increase delivery of insulation in the borough and maximise the external funding available allowing a free offer of loft and cavity wall insulation for vulnerable residents and the lowest possible costs for everyone else. Further work is needed in terms of the detail of the partnership, the level of funding it would attract and how such a partnership would work in relation to existing local, regional and national

schemes. If approved in principle officers will seek agreement from the Mayor to more detailed proposals.

- 8.6 The recommendations in this report are based on existing funding commitments, but it will be necessary to secure additional resources to achieve the scale of change needed across the borough's housing stock. This investment should come from a range of sources include the public and private sectors as well as from improvements to properties paid for by home owners. Existing schemes in the borough such as RE:NEW, the Low Carbon Zone and the Social Housing Energy Efficiency Programme have shown that it is possible to bring in additional funding. Any new activity requiring funding will be subject to the Council's existing budgetary decision-making.

## **9 FINANCIAL IMPLICATIONS**

- 9.1 There are no specific financial implications arising from this report. Any expenditure in relation to achieving the 40% reduction in the boroughs carbon emissions by 2020 or achieving a borough wide partnership for insulation will need to be contained within existing budgets. The Sustainable Resources innovations fund for 10/11 currently stands at £187k though savings of £100k are proposed on this over the next three years as part of the Council's budget strategy. In addition there is currently one-off funding of £95k from the RE:NEW grant, £95k from the Low Carbon Zone grant and £12k for a heat mapping study.

## **10 LEGAL IMPLICATIONS**

- 10.1 The Constitution provides for the Select Committees to report to the Mayor and Cabinet and for the Executive to consider the Report and respond to the same.
- 10.2 The body of the Report sets out the statutory framework within which national and local government seek to reduce carbon emissions, in particular, the Climate Change Act 2008, of which one of the key provisions is a legally binding target of at least 80% cut in greenhouse gas emissions by 2050, to be achieved through action in the UK and abroad.
- 10.3 Section 2 of the Local Government Act 2000 enables the Council to do anything, which it considers, is likely to promote or improve the economic , social environmental well-being of its area.

## **11 CRIME AND DISORDER IMPLICATIONS**

- 11.1 There are no crime and disorder implications arising from this report.

## **12 EQUALITIES IMPLICATIONS**

- 12.1 The Sustainable Resources Group is undertaking an Equalities Impact Assessment (EIA) of the Council's work on fuel poverty. Subject to agreement of the recommendations above this EIA will be used to inform the development and implementation of the home insulation partnership and Climate Change Compact.
- 12.2 The Select Committee's recommendation for a borough-wide free insulation scheme would potentially raise equalities issues in relation to funding those residents currently classified as 'able to pay' under the Carbon Emissions Reduction Target (CERT) framework.

## **13 ENVIRONMENTAL IMPLICATIONS**

- 13.1 The contents of this report supports the achievements of the Sustainable Community Strategy policy objectives *Clean, green and liveable*: where people live in affordable, high quality and adaptable housing, have access to green spaces and take responsibility for their impact on the environment. Delivering on the recommendations proposed in this report would be expected to further reduce Lewisham's carbon emissions and improve energy efficiency.

## **14 CONCLUSION**

- 14.1 It is recommended that the Mayor agrees the response to the Sustainable Development Select Committee's scrutiny review of home insulation; adopts the new target of a 40% reduction in the borough's carbon emissions by 2020; and endorses the proposal to establish a borough-wide partnership for insulation

If there are any queries on this report, please contact Martin O'Brien, Sustainable Resources Group Manager, on 020 8314 6605

### **Background Papers**

Sustainable Development Select Committee Review on Home Insulation (2009)

<http://www.lewisham.gov.uk/NR/rdonlyres/AC858213-E6FE-4D4C-BAF8-B74A2E7FBF0C/0/64ba06bae98d4b48a0d82434bb8c0088Item12Appendix4November2009.PDF>

Lewisham's Carbon Reduction and Climate Change Strategy (2008)

<http://www.lewisham.gov.uk/Environment/CleanerGreenerLewisham/SustainableEnergy/TacklingClimateChange/CarbonReductionAndClimateChangeStrategy.htm>