

<b>Sustainable Development Select Committee</b>		
Title	Home Energy Conservation Act 2017 Update	
Contributor	Climate Resilience Manager; Sustainability Manager	Item 7
Class	Part 1 (open)	22 March 2018

## **1. Purpose**

- 1.1 This report provides an update to the Sustainable Development Select Committee on Lewisham's Home Energy Conservation Act (HECA) report.

## **2. Recommendations**

- 2.1 The Committee is asked to note the contents of this report and raise any comments or queries with officers.

## **3. Policy Context**

- 3.1 The Home Energy Conservation Act (1995), as amended by 2012 guidance, sets a statutory obligation on local authorities to publish plans to improve energy efficiency in housing in their local area. Authorities are required to produce reports every two years. Lewisham Council published HECA reports in 2013 and 2015 and 2017. This report provides the Sustainable Development Select Committee with an update on this work.
- 3.2 The Climate Change Act 2008 sets a legally binding commitment of an 80% reduction in greenhouse gases for the year 2050 from a 1990 baseline with an interim milestone of 34% by 2020.
- 3.3 In November 2016, the UK Government ratified the Paris Agreement, part of the United Nations Framework Convention on Climate Change. The Agreement commits countries to take action to prevent the global average temperature increasing 2°C above pre-industrial levels. In 2017 the Government published its Clean Growth Strategy setting out its approach to delivering on its greenhouse gas emission targets.
- 3.4 The Government's Fuel Poverty Strategy published in 2015 sets targets for minimum energy standards for fuel poor households with milestones identified for 2020, 2025 and 2030.
- 3.5 In 2017, the Mayor of London published a draft Poverty Action Plan, with the final version expected later in 2018. The Action Plan is part of the Mayor's wider Environment Strategy which includes £10m for energy efficiency over the next 4 years. In early 2018 the GLA launched a £500,000 Fuel Poverty Support Fund and a £2.5m Warmer Homes Fund.

3.6 Lewisham's Sustainable Community Strategy includes the strategic priority '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.

3.7 In 2012, Lewisham Council published an action plan setting a new borough-wide carbon reduction target of a 44% reduction in CO<sub>2</sub> emissions by 2020 from a 2005 baseline.

#### **4. Summary of activity against action areas identified in the Lewisham HECA report 2017**

4.1 This update is based on the Lewisham HECA report published in March 2017, which is included in full as an Annex. The update provides information about the Council's key priorities for domestic energy efficiency and fuel poverty:

##### **(i) Local energy efficiency ambitions and priorities**

4.2 The Council's key priorities in 2017/18 for domestic energy efficiency and fuel poverty have been to:

- Develop collaborative partnerships with organisations within the borough, south-east London and further afield.
- Create opportunities to bring funding into the borough and generate income.
- Maintain the Council's Warm Homes Healthy People fuel poverty advice and referral network.
- Progress negotiations with Veolia for a heat network from South East London Combined Heat & Power (SELCHP) facility.

4.3 In 2012, Lewisham Council set a target for a 44% reduction in carbon emissions across the borough by 2020 from a 2005 baseline. The latest Government data, shown below in Table 1, was published in June 2017 and covers the period to 2015. This data shows a reduction of carbon emissions in Lewisham of 30.7%, which equates to 70% of the overall target in 66% of the time to 2020.

Year	Lewisham carbon emissions	% change	London carbon emissions	% change
2005	1,178.70	0.00%	47,083.40	0.00%
2006	1,165.20	-1.15%	48,212.30	2.40%
2007	1,136.80	-3.55%	46,873.80	-0.45%
2008	1,087.00	-7.78%	46,843.50	-0.51%
2009	996.2	-15.48%	42,497.50	-9.74%
2010	1,037.90	-11.95%	44,726.90	-5.00%
2011	943	-20.00%	40,124.50	-14.78%
2012	983	-16.60%	43,018.30	-8.63%
2013	944.5	-19.87%	41,332.70	-12.21%
2014	831.4	-29.46%	35,773.90	-24.02%
2015	816.3	-30.75%	33,326.60	-29.22%

Table 1: Government local authority carbon emissions data

<https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-2015>

- 4.4 Latest Government data on fuel poverty estimates that 2.50m households in England are in fuel poverty, up 0.4% since 2014. In Lewisham 12,045 households (10.2%) are estimated as being in fuel poverty.
- 4.5 Energy Company Obligations (ECO) have been the Government's main way of providing funding targeted directly at fuel poor households. London has received disproportionately lower funding than it should compared to elsewhere in England, shown in Table 2. England has also received lower levels of ECO funding that Scotland and Wales where separate public funding has attracted more of the energy company spend.

	Rank by h/h in fuel poverty	rank by % ECO measures delivered in England	h/h in fp	% ECO measures in England
North West	1	1	362,486	22.63%
South East	2	4	346,392	10.41%
London	3	6	335,205	8.23%
West Midlands	4	2	315,987	14.40%
Yorkshire and The Humber	5	3	278,953	14.14%
South West	6	9	269,887	7.13%
East Midlands	7	5	246,838	8.24%
East	8	7	194,527	7.45%
North East	9	8	151,942	7.38%

Table 2: Numbers of households in fuel poverty and % ECO measures delivered in England split by region.

Data: 2017 Sub regional fuel poverty data; 2017 Household Energy Efficiency National Statistics

## **(ii) Current activity**

### Energy Company Obligation and Flexible Eligibility

- 4.6 The ECO is the main funding in England targeted at households vulnerable to the cold. ECO funding is provided through the energy suppliers for heating and insulation measures and has an estimated value of £640m for 3 years. Eligibility for ECO is regulated through Ofgem, with the criteria for households based primarily on means-tested benefits.
- 4.7 The current model of ECO introduced the opportunity for local authorities to declare households as eligible under a new Flexible Eligibility arrangement. In order to make a declaration a local authority must publish a Statement of Intent setting out its approach to identifying eligible households. The authority can then make declarations that individual households are eligible for ECO funding. This satisfies Ofgem's eligibility requirements allowing vulnerable households that may otherwise not qualify to receive heating and insulation improvements.
- 4.8 Lewisham published its Statement of Intent in June 2017, with an updated version in October 2017. As of March 2018, eighteen London boroughs have published a Statement of Intent.
- 4.9 Four other London boroughs: Bexley; Croydon; Merton; and the Royal Borough of Greenwich; have published Statement of Intents delegating responsibility for declarations to Lewisham Council.
- 4.10 Lewisham Council has issued 31 declarations covering 82 properties, including 68 from Lewisham, 4 from Greenwich and 10 from Bexley.
- 4.11 Lewisham Council is currently working on a pilot with South East London Community Energy (SELCE) to target and engage with households who could benefit from the current energy company obligation. The pilot tests the viability of a self-sustaining local resource which identifies local households that are likely to be eligible for ECO funding thereby making it easier for this funding to reach Lewisham residents. Officers are currently reviewing the first 6 months of the pilot with a view to extending delivery into 2018.

### Warm Homes Healthy People and the South East London Fuel Poverty partnership

- 4.12 Warm Homes Healthy People has run in Lewisham since 2011/12 assisting over 2,000 homes in that time.
- 4.13 The Warm Homes Healthy People project delivers home visits to households at risk of fuel poverty or living in a cold home. The visits offer:
- practical advice on how to stay warm in the home
  - access to the £140 warm homes discount
  - assistance with debt on energy bills
  - advice on switching tariff
  - draught-proofing and other energy saving measures

- a free winter warming pack (blanket, gloves, mug, thermometer card)
- referrals on to other sources of help

4.14 In January 2018, Lewisham was awarded £80,000 from the Greater London Authority (GLA) London Fuel Poverty Support Fund to extend the existing Warm Homes Healthy People programme to Greenwich, Bexley, Bromley and Southwark. A collaborative partnership has been established to develop the approach to delivery across the five borough area. Working on a sub-regional basis is expected to offer benefits of scale including a better alignment with partners such as the NHS that already operate on a wider geographical basis.

#### GLA Warmer Homes Funding

4.15 In January 2018, the GLA launched a new £2.5m Warmer Homes Fund. The funding provides vulnerable owner occupiers in London with heating, insulation, double glazing and other improvements to help heat homes in a more efficient and affordable way. The funding of up to £4,000 from the GLA combined with ECO funding and any other sources allows a whole house approach to retrofit that can make a significant difference even to properties that are expensive to improve. The Funding is available to qualifying households on a first come first served basis.

4.16 The Council's partnership with SELCE, our approach to ECO Flexible Eligibility and our new fuel poverty partnership for south east London have put Lewisham in a strong position to benefit from this funding and we have been able to refer our pipeline of households for this opportunity.

#### Energy efficiency supply chain

4.17 In March 2016, the Council established a revolving loan fund with the aim of supporting small and medium sized enterprises to benefit from new opportunities to be part of the supply chain for energy efficiency improvements. The fund was managed by the London Small Business Centre. However it proved difficult to deliver the revolving fund in the way envisaged, and in November 2017 Mayor and Cabinet agreed to redeploy £105,000 of remaining funds to start a new Community Energy Fund.

#### Community Energy Fund

4.18 Following the decision by Mayor and Cabinet in November 2017 officers are currently developing proposals for a new Community Energy Fund. The fund, which is planned to start in autumn 2018, will support the community in overcoming challenges associated with implementing energy related projects in the borough. Individual grants between £1,000 and £15,000 will be awarded to organisations to:

- Empower and enable the community to improve their quality of life through improved energy efficiency and generation.
- Reduce borough-wide carbon emissions of households, community facilities and businesses through reduced energy use and increased uptake of cleaner renewable sources of energy.

- Find new ways to support delivery of help to residents in fuel poverty.
- 4.19 Following an initial phase the Community Energy Fund could be linked to a new Carbon Offset Fund for the borough to deliver wider benefits on carbon reduction, energy efficiency and fuel poverty.

#### Heat Networks

- 4.20 The South East London Combined Heat and Power (SELCHP) plant run by Veolia in Lewisham has potential for up to 18MW of heat that could be supplied to local homes and businesses through a heat network. Two feasibility studies have been completed and identified a commercially viable network in the north of the borough. Lewisham is working with Veolia to establish a Memorandum of Understanding, and is being supported by the Greater London Authority in progressing plans for a heat network. Officers are looking to bid from the next round of central government Heat Networks Investment Project Funding expected to be released in late 2018.

#### Strategic housing

- 4.21 The Energy Efficiency Regulations 2015 establish a minimum level of energy efficiency for privately rented property. From April 2018, landlords of privately rented domestic and non-domestic property must ensure that their properties reach at least an Energy Performance Certificate (EPC) rating of E before granting a new tenancy to new or existing tenants. There is no legal enforcement available at this time, however the Council attempts to enforce through the courts as part of a suite of landlord breaches as appropriate.
- 4.22 The Council will look to integrate energy efficiency and environmental considerations into the delivery of our local target for new Council homes. It will endeavour to embed energy efficiency and environmental considerations into the delivery of the Council's programme of specialised housing for older people.
- 4.23 The Council will also look to integrate energy costs and efficiency into the long term asset management strategy for the borough's housing stock, seeking to take a whole estate approach and develop a strategic focus to improving energy efficiency across all of its homes.

#### Priorities for 2018/19

- 4.24 Key priorities for 2018/19 are:
- Develop the business case for the Council's role on a heat network and bid for central government funding to kick start delivery of the infrastructure.
  - Embed and extend a sub-regional approach to fuel poverty advice and referral networks.
  - Launch a new Community Energy Fund.
  - Enable Lewisham's Carbon Offset Funds to support delivery of wider fuel poverty and carbon reduction priorities.

- Create opportunities to bring funding into the borough and generate income.

## **5. Financial implications**

5.1 There are no direct financial implications arising as a result of this report.

## **6. Legal implications**

6.1 The Home Energy Conservation Act (1995) was updated by Government in July 2012 to require all English local authorities with responsibility for housing to publish a report that outlines measures the local authority 'considered practical, cost-effective, and likely to significantly improve the energy efficiency of residential accommodation in its area'.

6.2 On the 14 November 2012 Mayor and Cabinet agreed that the Executive Director for Resources and Regeneration would sign off reports relating to the Home Energy Conservation Act.

## **7. Crime and disorder implications**

7.1 There are no specific crime and disorder implications arising from this report.

## **8. Equalities implications**

8.1 There are no direct equalities implications arising from this report however fuel poverty work helps vulnerable households and is likely to have positive equalities implications.

## **9. Environmental implications**

9.1 There are no specific environmental implications arising from this report however national, regional and local targets for carbon reduction depend in part on the delivery of domestic energy efficiency measures which these proposals seek to facilitate and support.

If there are any queries on this report please contact **Martin O'Brien, Climate Resilience Manager**, 020 8314 6605.

## **Background Documents**

Lewisham Home Energy Conservation Act report (2017)

<https://www.lewisham.gov.uk/getinvolved/environment/energyefficiency/taking-the-lead/Documents/LewishamHECARReport2017.pdf>

Government Home Energy Conservation Act guidance (January 2017)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/581598/HECA\\_Guidance\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/581598/HECA_Guidance_2017.pdf)

Lewisham Council Statement of Intent (Version 2 October 2017)

<https://www.lewisham.gov.uk/getinvolved/environment/energyefficiency/taking-the-lead/Documents/LewishamStatementOfIntentV.2.pdf>

Report to the Sustainable Development Select Committee (March 2016)

<http://councilmeetings.lewisham.gov.uk/documents/s41764/05SustainabilityConsultancyProposalSDSC080316.pdf>

Report to Mayor and Cabinet on Climate Local and the Home Energy Conservation Act (14 November 2012)

<http://councilmeetings.lewisham.gov.uk/documents/s18666/Climate%20Local%20-%20Carbon%20Reduction%20and%20Climate%20change%20Strategy.pdf>