

**CABINET MEMBER FOR WASTE, PROPERTY, ENVIRONMENT AND DEVELOPMENT
CONTROL SERVICES – CLLR TOBY STURGIS**

ECONOMY AND ENTERPRISE

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REFERENCE: WPED-003-12

**PROPOSED CHANGES TO THE ENERGY, CHANGE AND OPPORTUNITY (ECO)
STRATEGY ACTION PLANS AND WILTSHIRE WARM AND WELL SCHEME**

Purpose of Report

1. For Cabinet to approve:
 - (i) The ECO Board's recommendation to streamline three action plans under the ECO Strategy into an Energy Resilience Plan for Wiltshire.
 - (ii) An amendment to the Warm and Well Home Energy Efficiency Scheme so that it focuses on providing grants of up to £200 to cover the 'top up' payments currently required from vulnerable customers.
 - (iii) Delegated authority to the Service Director, Economy and Enterprise, in consultation with the Cabinet Member for Waste, Property, Environment and Development Control Services, to extend the Warm and Well Scheme as appropriate, should additional third party funding be made available (e.g. by energy suppliers).

Background

Wiltshire Council ECO Strategy

2. The Council's first ECO Strategy was approved by Cabinet in January 2011. The Strategy made the following statement:

This is a framework document which will be linked to Council strategies to ensure our objectives are embedded across the entire organisation. It will be supplemented by detailed action plans to set out more specifically how we are going to deliver our climate change ambitions. As a minimum, we will produce the following four action plans during 2011 and 2012:

- *Carbon Management Plan for the Council's emissions*
- *Climate Change Adaptation Plan for Wiltshire*
- *Low Carbon Transition Plan for Wiltshire*
- *Renewable Energy Action Plan for Wiltshire*

3. Cabinet agreed that the ECO Board should oversee the delivery of the Strategy and be responsible for approving and monitoring delivery against the action plans.

4. The Council's Carbon Management Plan was published in March 2011. The Climate Change Adaptation Plan was approved by the ECO Board at its last meeting and was approved by the Corporate Leadership Team on 5 March 2012. The final two action plans are yet to be developed.

Home Energy Efficiency Schemes – current situation

5. Cabinet approved the criteria for three home insulation schemes in May 2010, using funding from the Regional Housing Capital Grant 2010/11, following a bid submitted to the Government Office of the South West. The objective of these schemes was to improve the private housing stock in Wiltshire to help tackle fuel poverty and climate change. The three schemes focused on: vulnerable households (Warm and Well), blocks of flats, and mobile homes.
6. In June 2011, the responsibility for Home Energy Efficiency and the budget for two of the schemes moved to the ECO team from Private Sector Housing. The budget for the mobile home insulation scheme remains with Private Sector Housing.
7. The Warm and Well Scheme was launched in June 2011 and provides free or discounted loft and cavity wall infill to those in the private housing sector (owner occupier or private rented). The scheme is funded from two sources, as set out in **Appendix 1:**

- (i) **Energy supplier funding** made available through the Carbon Emissions Reduction Target (CERT) scheme which requires energy companies to fund energy efficiency measures for their customers. CERT provides discounts for insulation measures and has a particular focus on certain vulnerable groups (those over 70, those with disabilities, those on benefits). Those falling into these groups usually qualify for free insulation measures, although there are maximum areas of lofts and walls that can be treated and a maximum amount of pre-existing loft insulation. Where these thresholds are exceeded, or a higher specification of cavity wall infill is chosen, a customer contribution is required.
- (ii) The **Wiltshire Council grant** provides additional funding to widen the eligibility criteria, subsidising the cost of insulation for an expanded group of vulnerable people (those recently unemployed, those over 60 and those with young children). Again a top up is required by customers in these groups if they go over the thresholds or if the higher specification cavity wall infill is chosen.

8. Outside the groups outlined in **Appendix 1**, 'able to pay' customers need to contribute towards the cost of the insulation, although the measures are offered at a discount.
9. Table 1 below shows the value of the measures installed through Warm and Well up until 29 February 2012. The original allocation of funds awarded by GOSW was £250,000, which means approximately 60% of the funding remained as of February 2012.

Wiltshire Council contribution	CERT funding	Client contribution	Total
£95,237	£226,941	£37,906	£360,084

Table 1: Value of measures installed June 2011 to February 2012

10. The projected commitment for the Wiltshire Council contribution up to 31 March 2012 is a further £11,955. This would leave approximately £127,808 available to roll over into the 2012/13 financial year.

11. The budget for energy efficiency improvements to flats amounts to £70,000 and is available to 'top up' any available energy supplier contributions. The funding was ear-marked for this purpose as there are particular barriers to this type of works for flats: all need to be treated at the same time which requires the agreement of all parties. Work can therefore be impeded if one or more of the residents object to costs. No alterations to this scheme are proposed, other than to roll the money over into 2012/13.

Changes to CERT funding and the New Green Deal

12. Energy suppliers are currently obligated to fund energy efficiency measures through CERT. Ofgem has the ability to fine energy suppliers if they do not meet their CERT obligations, so energy companies are keen to ensure that they meet the target. Through discussions with energy suppliers we have learned that they will be increasing their funding for loft and cavity wall insulation for the remainder of the CERT period (up to December 2012, or possibly March 2013). This will enable most residents to be eligible for free insulation. The caveats relating to maximum square areas and pre-existing loft insulation levels will still be in force.
13. Some energy companies are also extending their CERT offer to other energy efficiency measures, such as solid wall insulation. There may be further opportunities to expand the scheme again before CERT comes to an end.
14. In 2013, CERT will be replaced by the Green Deal and the Energy Company Obligation. These new schemes will see a move away from grants to a system of low-cost loans. The Energy Company Obligation will likely offer free measures, only to those in greatest need. Under the Green Deal, loft and cavity wall works will be offered at full cost with assistance in the form of low-cost loans to be repaid through electricity bills.
15. Due to changes in Government Policy and the transition to the Green Deal the local delivery of the Energy Saving Trust advice line, which currently handles calls for the Warm and Well Scheme will end after March 2012. This will be replaced by a new national Green Deal advice service which is currently being developed by the Department of Energy and Climate Change (DECC). Severn Wye Energy Agency, who manages the Warm and Well Scheme in Gloucester and Wiltshire, has set up its own energy advice line number.

Main Considerations for the Council

Streamlining ECO Strategy action plans

16. There is an opportunity to take stock of the proposed approach due to the following reasons:
 - After the ECO Strategy was published, the lead responsibility for the affordable warmth agenda moved from Private Sector Housing to the ECO team. This crucial area of work which tackles fuel poverty in Wiltshire requires an updated plan, given that the previous affordable warmth strategy was adopted in 2002.
 - At the same time, development of the Renewable Energy Action Plan has not progressed as fast as anticipated and development of the Low Carbon Transition Plan has not yet commenced. However, some elements of the Low Carbon Transition Plan (e.g. the Council's approach to the Green Deal) require a clear direction during 2012 in order to make the most of new opportunities.
 - There is potential for overlap and duplication between the different plans for energy resilience, leading to a lack of clarity.

17. While the Council's Carbon Management Plan aims to tackle 2% of the county's carbon emissions, this document has a much narrower remit and relates to services directly within the Council's control. It is therefore proposed to keep this Plan separate from the more strategic plans to tackle Wiltshire's emissions and energy needs as a whole.
18. It is recommended that the Low Carbon Transition Plan, Renewable Energy Action Plan and Affordable Warmth Action Plan are streamlined into an **Energy Resilience Plan for Wiltshire** (see figure 1). This Plan will cover all aspects of making Wiltshire a more self-sufficient county when it comes to meeting its energy requirements.

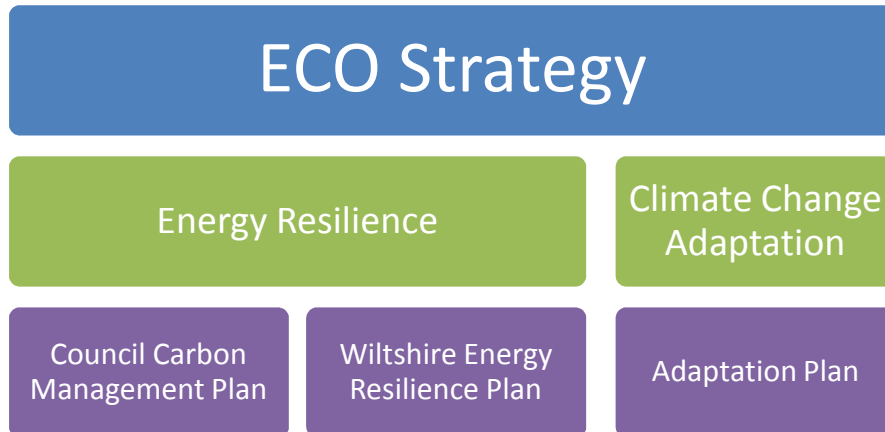


Figure 1: proposed ECO Strategy Action Plan structure

19. The Energy Resilience Plan will be published in sections as they are developed during 2012 and 2013. It is anticipated that the complete Plan will cover the following areas:
 - Health through Warmth in Wiltshire
 - Energy efficiency in Wiltshire (including our approach to the Green Deal)
 - Renewable energy in Wiltshire
 - Low carbon transport in Wiltshire
20. All sections above will outline appropriate actions for developing the green economy and supply chain in Wiltshire to take advantage of the opportunities offered by the low carbon transition.

A change of emphasis for the Warm and Well Scheme

21. The changes to CERT funding means that there is no longer a need to use the Warm and Well funding to extend eligibility criteria as energy suppliers will now offer this through CERT. It is proposed that from 1 April 2012 the funding for Warm and Well is used to subsidise the customer contribution for vulnerable people up to the value of £200. This would cover top up payments and the cost of upgrading to higher specification cavity wall infill.
22. Contributions by vulnerable customers over the first two quarters of the Warm and Well Scheme have ranged from £7 to £600. Out of 766 measures installed, 205 required a customer contribution. Only 17 (8%) required a contribution of over £200. The average contribution during this period was £34. It is proposed that the current grant cap of £200 is retained which would effectively mean that in all but a very few cases, insulation will be able to be offered for free.

23. The assistance will be offered to everyone in the CERT priority groups and also those benefiting under the original Warm and Well Scheme. The proposed eligibility criteria are outlined in **Appendix 2**.
24. The budget to be rolled over is estimated to be approximately £127,808. This is subject to change depending on the exact number of installations in March 2012.

Environmental Impact of the Proposal

25. The aim of the ECO team is to limit carbon emissions from the Council and from the county overall, which will have a positive impact on the environment. The development of an Energy Resilience Plan will result in the Council working both internally and externally to reduce carbon emissions and make Wiltshire a more self-sufficient county when it comes to meeting its energy requirements.
26. The net effect of the insulation schemes will be to reduce fuel consumption in the homes treated, thus reducing domestic carbon emissions, and helping Wiltshire Council to meet its carbon reduction targets and prepare Wiltshire for the consequences of unavoidable climate change.

Equalities Impact of the Proposal

27. The alteration to the Warm and Well Scheme aims to deliver quality services without prejudice and discrimination to meet the needs of a specific vulnerable group, regardless of age, cultural or ethnic background, disability, gender, marital status, religious or political persuasion or sexual orientation and will adhere to the equality and diversity policy developed by Wiltshire Council.

Risk Assessment

28. Risks if proposal is accepted:
That the Warm and Well Scheme may raise expectations that cannot be met by the limited funding available.
29. Managing risk:
Ensure criteria and any exclusions are clearly highlighted in all promotional materials.
30. Risks if proposal is turned down:
The Council will fail to meet its aims of reducing fuel poverty caused by vulnerable households living in poorly insulated and hard to treat homes.

Financial Implications

31. None, as costs of the scheme will be met from dedicated grant.

Legal Implications

32. The Council can only provide discretionary assistance in accordance with the Regulatory Reform [Housing Assistance] Order 2002, following the adoption and publication of a Private Sector Housing Renewal Strategy. This policy was adopted by Full Council on 11 November 2009 and the proposed changes to the Warm and Well Scheme meet with this policy.

Options Considered

33. To:
- (i) Terminate the Warm and Well Scheme. The Council scheme could be ended, leaving the promotion and funding of insulation measures to private companies. However, the minimum and maximum thresholds would still apply and top up payments would still be required in some cases, including for vulnerable households. There is no advantage to the Council of this course of action as the grant conditions from the Regional Housing Capital Pot require any unspent funds to be returned.
 - (ii) Subsidise all Warm and Well 'top up' payments: The Warm and Well Scheme could be used to subsidise the top up payment for both vulnerable people and 'able to pay' on a first come, first served, basis. This could be capped to the value of £200 and would effectively mean that in all but a very few cases, insulation would be offered free of charge.

Reasons for Proposals

34. Simplifying the action plan structure for the ECO Strategy will enable easier implementation and monitoring, and shift resources from producing action plans to delivery.
35. The emergence of CERT funding which is no longer targeted only at the most vulnerable offers an opportunity to alter the current Warm and Well Scheme to assist even more residents in Wiltshire. The proposal will provide assistance that will mean, in most cases, loft and cavity wall insulation will be available for free.

Proposals

36. Delegated approval for:
- (i) The ECO Board's recommendation to streamline three action plans under the ECO Strategy into an Energy Resilience Plan for Wiltshire.
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The following unpublished documents have been relied on in the preparation of this Report:

None