
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM: 7
DATE OF MEETING:	29th November 2012	CATEGORY: DELEGATED
REPORT FROM:	Director of Operations	OPEN
MEMBERS' CONTACT POINT:	Beverly Wagstaffe (01283 228759)	DOC:
SUBJECT:	Green Deal and Home Energy Conservation Act (HECA)	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCS01

1. Recommendations

- 1.1 The Council focuses on improving residents understanding of the Green Deal and undertakes research to identify opportunities where the Council may wish to influence the activities of local Green Deal Providers.
- 1.2 Officers continue to work with the Local Energy Area Partnership (LEAP) to explore the potential of a partnership model either with other local authorities or a standalone model for the Green Deal.
- 1.3 A new Home Energy Conservation Act (HECA) Plan is prepared based on the above recommendation for Green Deal and by working with other partners to ensure there is a joined-up approach to improving energy efficiency across the district.

2. Purpose of Report

- 2.1 This report provides the Committee with an update on the latest progress of the development of the Government's Green Deal initiative and the recently revitalised Home Energy Conservation Act (HECA).

3. Content

3.1 Green Deal

- 3.1.1 The Green Deal is a new finance package launched from 1st October 2012 by the Government, which allows householders to pay for energy efficiency improvements to their properties with no upfront costs over a period of up to 25 years. The payments are designed to be less than the financial savings the householder accrues on their energy bills as a result of the work, resulting in an overall financial saving for the householder – this is referred to as “the Golden Rule”. The cost of the improvements is paid via the householder's energy bill and stays with the property as a “charge on the electricity meter/property” until the debt is paid.

- 3.1.2 How the Green Deal will work: An energy assessment is carried out on the property which would provide the resident with a Green Deal Advice Report, outlining what energy efficiency measures would be suitable for that property and the related estimated energy savings. The householder can then take this report to a Green Deal Provider who would provide a quote for the work and terms of the upfront loan including repayment period and interest rate. This is known as the "Green Deal Plan". Once the bill payer agrees this plan, a contract is signed and the work is carried out. A new Energy Performance Certificate (EPC) which sets out the types of measures installed and the new energy rating for the property is issued based upon the works completed. Repayments are then made via the electricity bill.
- 3.1.3 Latest News on Green Deal: Although the Green Deal was officially launched on 1 October 2012, Green Deal plans and finance cannot be offered until after 28 January 2013 (when the Green Deal becomes legal through an Act of Parliament). Factoring in this three month delay and the process outlined above it is likely that the first measures will not be installed through the Green Deal until late spring 2013 at the earliest.
- 3.1.4 The Council's involvement with the Green Deal: The Government expects Councils to facilitate the Green Deal. The advantages of being involved in Green Deal include:-
- Improving the energy efficiency of the district's housing stock.
 - Reduction of fuel bills for householders – fuel poverty reduction.
 - Reducing carbon emissions within the district and mitigation of climate change.
 - Opportunities for stimulating the local economy through the installation of energy measures.

However, there are some potential barriers to uptake by residents. These could include:-

- The Green Deal finance is in essence a loan. The Government has agreed to allow Providers to charge interest rates up to 7.5% and increase them annually by as much as 2%.
 - Having a charge on the property may be problematic on the sale of the home as it may put buyers off.
 - Lack of public understanding – the Council could help to influence and improve this.
 - The delay of having someone come into the resident's home to make an assessment followed by the provision of a Plan could take a number of weeks which could be a determining factor when, for instance, due to a total boiler breakdown an urgent replacement is needed. This may mean that the resident seeks alternative purchasing methods.
 - The householder may need to pay for the energy assessment/green deal plan even if they choose not to proceed.
- 3.1.5 Possible levels of involvement for the Council.
- **Provider Role:** This role would involve the direct co-ordination of the whole Green Deal process, arranging assessments, providing the funding for the loans, installation of measures. This role is highly resource intensive, requires trained assessors and finance to fund the loans. It potentially carries risk, especially if households fail to repay the electric bill and dealing with any troubleshooting following installation of measures. This role is predominantly being taken up by national energy companies such as British Gas and E-on and not many Councils are considering taking on this role.

- Partner Role: This role would involve working in partnership with a commercial Green Deal Provider (e.g. Energy Company) to deliver or facilitate delivery of the Green Deal in the District. This option would mainly involve the Council providing referrals to a chosen Provider(s) and promoting their Green Deal offer to residents. This option maintains a level of influence allowing the Council to develop a partnership which will have the maximum benefit for residents and the community generally through potential employment and fuel poverty reduction initiatives. This set-up could mirror a similar partnership arrangement for the delivery of the current Carbon Emissions Reduction Target (CERT) scheme currently being delivered in partnership between local authorities across Derbyshire and Nottinghamshire. Alternatively, the Council could consider going alone with a partnership.
- Promoter Role: This role would mean that the Council has no direct influence on Green Deal Providers and would simply involve the promotion of the government's Green Deal scheme in the district to help increase its uptake by providing advice etc. but not promoting of a particular Provider, allowing the resident to make their own decision on the scheme. This role would not allow the Council to influence local employment opportunities and links to other objectives such as fuel poverty reduction.

3.1.6 Suggested Next Steps for the Council: Some much larger local authorities (e.g. Birmingham City), are currently exploring both provider and partnering models. However, in the main, the procurement of these will not be complete until later in 2013/14. There is still some uncertainty as to the take-up of the Green Deal and no track record of a successful partnering model because by definition it is new.

3.2 Other Energy Efficiency Schemes

3.2.1 As part of the Green Deal there is also the Energy Company Obligation (ECO). This will take over from the existing obligation the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP). These existing obligations are due to end in December 2012 (may be extended to March 2013) and ECO will take over in addressing energy efficiency in the domestic sector for vulnerable and fuel poverty households. The ECO is effectively a requirement on the country's largest energy suppliers to alleviate fuel poverty. These targets are split into three categories with different objectives:

1. The Carbon Reduction Target – an estimated £760 million will be invested nationally by March 2015 installing insulation in properties that require more expensive or difficult solutions such as solid wall insulation which do not meet the Golden Rule. Access to this funding is on an individual property basis via the Green Deal Provider
2. The Affordable Warmth Target – an estimated £350 million will be invested nationally by March 2015 in helping those receiving multiple benefits (i.e. those on low incomes) to reduce their household energy bills (similar to the current Warm Front Scheme). Access to this funding is via a local authority giving direction to the Green Deal provider.
3. The Carbon Saving Communities Target – an estimated £190 million nationally will be invested by March 2015 in social housing and street-by-street projects in wards with a rating on the Indices of Multiple Deprivation (IMD) that places them in the lowest 15 percent in the country. There are currently no wards in South Derbyshire which meet this criterion.

3.3 Home Energy Conservation Act (HECA)

3.3.1 The Home Energy Conservation Act (HECA) was enacted in 1995. Its purpose being to make provision for the collation of local energy conservation reports in

relation to residential homes. Primarily the reporting of statistical evidence to demonstrate that Councils were working towards targets to improve local domestic energy efficiency by at least 30 percent by 2011.

3.3.2 HECA was due to be repealed as part of the introduction of the new Energy Bill 2011. However, during consultation of the Energy Bill this decision was changed for England.

3.3.3 The Department of Energy and Climate Change (DECC) have recently (July 2012) published statutory guidance on HECA. This requires all English Local Authorities to prepare a Plan by 31 March 2013 (and then every 2 years) setting out “the local energy conservation measures that the authority consider practical, cost-effective, and likely to significantly improve energy efficiency of residential accommodation in its area”. The emphasis is now on delivery of this Plan rather than the collation of data.

3.3.4 DECC states that Councils will meet their statutory requirements for HECA by setting out in their Plan how they intend to be involved in the Green Deal. On this basis it is proposed that the 2013 HECA plan is based upon the recommendations of this report for Green Deal.

4. Financial Implications

4.1 None at this stage

5. Corporate Implications

5.1 The Green Deal potentially has the opportunity to support deliver of the Councils objectives to “helping communities to reduce its ‘environmental footprint’ and reduce fuel poverty to low income households.