

# North Lanarkshire Council Report

## Communities and Housing Committee

approval  noting

Ref BL/LK

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## Home Energy Efficiency Programmes Scotland: Area Based Scheme – 2020/21

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### Executive Summary

The purpose of this report is to update members on measures in place to increase the energy efficiency of homes within North Lanarkshire including the Scottish Government's Home Energy Efficiency Programme Scotland; Area Based Scheme (HEEPS:ABS), and approve a contribution that will be required from home owners to access the funding.

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### Recommendations

That committee note progress made to date in terms of improving the energy efficiency of North Lanarkshire homes and approve the commencement of contributions by homeowners included within future HEEPS:ABS Schemes from financial year 2020/21.

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### The Plan for North Lanarkshire

Priority All priorities

Ambition statement (21) Continue to identify and access opportunities to leverage additional resources to support our ambitions

## 1. Background

- 1.1 Home Energy Efficiency Programmes for Scotland (HEEPS) is a Scottish Government initiative to assist homeowners tackle fuel poverty and increase the energy efficiency of their homes. Area Based Schemes (ABS) provide one element of this overall programme targeting measures to homeowner properties that meet particular fuel poverty and house type criterion.
- 1.2 In addition to the HEEPS:ABS funding provided by the Scottish Government, there is funding available at a UK level called the Energy Company Obligation (ECO). This is an obligation on a number of large energy companies to help households reduce their energy bills and associated carbon emissions. Under the ECO, the specific obligation used is called the Home Heating Cost Reduction Obligation (HHCRO). Under HHCRO, energy companies must promote measures to improve the ability of low income, fuel poor and vulnerable households to heat their homes.
- 1.3 There is a limit to the funding provided by HEEPS:ABS depending on the type of property. For flats the funding is limited to £6,500, for terraced properties it is £7,000 and for semi-detached/detached it is £7,500. The Scottish Government objective for the funding is to lever in as much ECO funding into Scotland as possible. This results in energy efficiency measures being funded from both HEEPS:ABS and ECO.
- 1.4 Delivery of the HEEPS:ABS programme is through Local Authorities who are considered best placed through their Local Housing Strategies to understand the nature of housing provision and to co-ordinate a local supply-chain.
- 1.5 North Lanarkshire's HEEPS:ABS programme to date has concentrated on delivering the best benefit and value to date via the installation of external wall insulation to owners' properties. To date over £14.5million of HEEPS funding and over £2.7million of ECO funding has been secured to improve the energy efficiency of over 1000 homes in areas such as Cumbernauld, Coatbridge, Motherwell, Kilsyth and Wishaw.
- 1.6 Due to changes in ECO that commenced in December 2018 a new criteria was introduced called LA-Flex (also called ECO Flex). This new aspect of ECO allows Local Authorities to define the eligibility of households living in, or at risk of fuel poverty. This eligibility criteria is set out in the councils Statement of Intent (SoI), which is published on the council's website and sets out how private sector households that would not have met the previous ECO criteria will be identified and potentially be able to benefit from energy efficiency measures.
- 1.7 The final decision on what, if any, energy efficiency measures are installed is made by the utility company or their agents/contractors as they have national ECO targets to meet, the council have no input to this process. The council can refer residents to Home Energy Scotland (HES) who run local advice centres across Scotland and are funded by the Scottish Government to assist residents in reducing fuel bills, create warmer homes and tackle climate change. They can assess whether private residents meet the criteria for ECO or other assistance available.
- 1.8 The council utilises this additional funding source to assist with its current and future HEEPS: ABS programmes throughout the Authority. Households that meet the following criteria will be eligible under this scheme:
  - Fuel Poverty: Households with low income and high heating costs.
  - Living in vulnerable conditions: households with low income who, because of health disability, age or other reason are vulnerable to the impact of living in a cold home.

- External Wall insulation: Eligibility for solid wall schemes includes households that are not necessarily in fuel poverty or vulnerable.
- 1.9 Every HEEPS:ABS project carried out to date has had a mixture of these three criteria, where an area may be in fuel poverty and also have properties that were built with solid walls. However the prioritisation of areas included in HEEPS:ABS is being reviewed to ensure the funding is being focused on the most vulnerable and on those properties that are difficult to heat.

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## 2. Report

- 2.1 The current HEEPS:ABS programme for 2019/20 covers the areas below which meet aspects of fuel poverty and house type in terms of the Scheme. Adjoining Local Authority/Housing Association tenanted properties are also being undertaken funded by their respective investment programmers and ECO funding as appropriate:-
- Bellshill Parkview area – 132 privately owned properties
  - Airdrie Central area - 100 privately owned properties
- 2.2 The level of HEEPS:ABS Scottish Government funding per property has remained consistent for a number of years but the ECO contribution by energy companies has reduced despite the introduction of LA Flex enabling additional households to potentially qualify for ECO funding. To date, the council has been able to deliver the external wall insulation measures and associated minor repair works to the building themselves via the HEEPS:ABS programme at nil costs to owners. However, from 2019/20 the Scottish Government will only fund measures to households that are eligible for ECO funding or where the household contributes to the installation.
- 2.3 The council is currently tendering for the provision of its 2020/21 HEEPS:ABS project. Based on construction costs having increased by 3% in the year since the previous HEEPS:ABS contract was awarded and the assumption current levels of ECO funding are unlikely to increase and may even reduce, it is likely a contribution will require to be requested from all homeowners participating in this programme from financial year 2020/21.
- 2.4 As part of investigative work carried out for future programmes, some properties have been identified as being potentially eligible for HEEPS:ABS funding. Unfortunately however for some such properties, it is already known remedial repair work will be required to the building structure itself which could not be funded via the HEEPS:ABS programme. Such remedial works require to be undertaken and funded by the owner(s) themselves ahead of HEEPS:ABS funding being able to be allocated for the properties.
- 2.5 Owners' contributions across projects will also differ due to the construction type of their home and the specification to carry out the insulation works required. It is proposed the level of owner contribution would be based on the type of property, similar to how HEEPS: ABS is allocated to each property type as noted in 1.3.
- 2.6 To offset costs to owners in terms of a contribution being required to any external wall insulation, the council will work with Home Energy Scotland to have the provision of interest free loans and cashback facilities available to cover any contribution cost where appropriate to ensure inclusivity for all residents within North Lanarkshire.
- 2.7 Due to the introduction of the owner contribution, or the cost of necessary remedial works, this may result in some properties in the same street not participating in the HEEPS:ABS programme.

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### **3. Equality and Diversity**

#### 3.1 Fairer Scotland Duty

The HEEPS:ABS programme helps improve housing conditions for residents thus contributing to addressing inequality.

#### 3.2 Equality Impact Assessment

There are no Equality Impact Assessment implications arising from this report.

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### **4. Implications**

#### 4.1 Financial Impact

There is no financial impact for the Council from this report.

#### 4.2 HR/Policy/Legislative Impact

There are no personnel or legislative implications.

#### 4.3 Environmental Impact

The work undertaken via the HEEPS:ABS and ECO funding sources to increase the energy efficiency of the North Lanarkshire housing stock are in line with the council's commitments within our Environmental Strategy.

#### 4.4 Risk Impact

No significant risks were identified as a result of the proposed changes.

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### **5. Measures of success**

5.1 HEEPS:ABS programme performance is reported quarterly to the Scottish Government and within the council's annual update on its Local Housing Strategy which contains actions to measure performance.

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### **6. Supporting documents**

6.1 Not applicable.



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