

**Home Energy Efficiency Programmes for Scotland: Area Based Scheme (HEEPS: ABS).**

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**1.0 Executive Summary**

- 1.1 For the past three years, the Scottish Government has provided grant funding to the Council for energy efficiency home improvements through the Home Energy Efficiency Programme for Scotland: Area Based Schemes (HEEPS: ABS), in order to meet their target to alleviate fuel poverty – as far as reasonably practicable – by 2016 and to reduce greenhouse gas emission by 42% by 2020 (based on 1990 levels) in accordance with the Scottish Climate Change Act 2009.
- 1.2 In 2015/16, the Argyll and Bute HEEPS: ABS grant was £1,986,773 to provide energy efficiency improvements to private households in Bute, Mull, Iona, Islay and Jura. The measures include internal and external wall insulation; cavity wall insulation and loft insulation. The grant conditions for 2015/16 specified that the maximum grant a householder can receive is £7500, or £9000 with a £1000 owner's contribution for island and very remote rural areas.
- 1.3 The 2016/17 grant for the Argyll and Bute HEEPS: ABS has been reduced to £1,174,967. This is due to a decrease in the overall budget for HEEPS: ABS from £60 million to £50m. The reduction in grant was more marked in Argyll and Bute in 2016/17 because levels of grant in previous years, had been inflated through successful bids to the Priority Assistance Fund, which was not an option in 2016/17.
- 1.4 This report summarises the progress of the Argyll and Bute HEEPS: ABS and seeks approval for the proposals for the 2016/17 scheme and beyond. The government issued guidance and applications for 2016/17 on 4 March and required applications to be submitted by 15 April 2016.

**1.5 RECOMMENDATION**

It is recommended that the Community Services Committee:

- a) note HEEPS: ABS proposals for 2016/17 described at 4.7.
- b) agree the proposal to target areas, in future years as funding allows, that have not previously benefitted from energy efficiency improvements, as set out in paragraph 4.9.

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**2.0 INTRODUCTION**

- 2.1 In 2013, the Scottish Government developed the Home Energy Efficiency Programmes for Scotland: Area Based Scheme (HEEPS: ABS) to assist households across Scotland to make energy efficiency improvements to their homes. The intention was to reduce levels of fuel poverty and greenhouse gas emissions to achieve the Scottish Government's targets for climate change and alleviation of fuel poverty – as far as reasonably practicable – by 2016. Argyll and Bute's estimated fuel poverty rate is 40%.

**3.0 RECOMMENDATION**

- 3.1 It is recommended that the Community Services Committee:
- a) note HEEPS: ABS proposals for 2016/17 described at 4.7
  - b) agree the proposal to target areas, in future years as funding allows, that have not previously benefitted from energy efficiency improvements, as set out in paragraph 4.9.

**4.0 DETAIL**

- 4.1 HEEPS: ABS provides energy efficiency measures such as External Wall Insulation (EWI); Internal Wall Insulation (IWI); Cavity Wall Insulation (CWI); Loft Insulation (LI); and Underfloor Insulation (UFI) to owner occupiers and private rented householders in Council Tax Bands A-C (and Council Tax Band D with an income of less than £20,000). The grant level for HEEPS: ABS 2015/16 is £7,500, with an island and remote rural grant level of up to £9,000 – with an owner contribution of £1,000.
- 4.2 The budget is split between capital expenditure and resource expenditure. Capital expenditure is funding which has been spent on the installation of the energy efficiency improvements. The resource expenditure is funding which covers the administration and management of the scheme; including scheme marketing promotion and publicity, scheme development costs, transport and complaints procedure costs.
- 4.3 Allenergy are the Council's managing agent for the scheme and BCA Insulation Limited were awarded the contract for installation of the insulation measures through a competitive tendering process undertaken by Alienergy, in 2014, supported by Argyll and Bute Council. The contract is in place until March 2017.
- 4.4 **HEEPS:ABS 2015/16.** The 2015/16 programme overlaps with the 2016/17 programme as it concludes at the end of May 2016. It is being delivered in Mull, Iona, Islay, Jura and Bute. The Argyll and Bute HEEPS: ABS budget for 2015/16 was

£1,986,773. The majority of installations have been delivered on Bute due to this being the second year of delivery in this area coupled with an intense promotional campaign. There have been high levels of IWI installs. Table1 below shows the completions to date in the various areas, as well as the insulation measures.

<b>Table 1 – Accurate as of 5th of April 2016</b>						
<b>HEEPS:ABS Installs 2015/16</b>						
	<b>Mull</b>	<b>Iona</b>	<b>Islay</b>	<b>Jura</b>	<b>Bute</b>	<b>Rollover</b>
<b>EWI</b>	0	0	0	0	1	10
<b>IWI</b>	5	0	1	0	75	4
<b>CWI</b>	3	0	1	0	4	0
<b>LI</b>	0	0	0	0	11	1
<b>UFI</b>	0	0	0	0	11	2

- 4.5 HEEPS: ABS has also provided energy efficiency funding to ACHA for EWI installations; and hard to treat CWI installations. This funding has been provided to private owner “blocker” properties in former ACHA houses across the area. This has helped ensure viability for the owners who were required to contribute to the cost of works. The funding provided to the owners contributes to ACHA’s programme to reach the Energy Efficiency Standards for Social Housing (ESSH) by 2020. Table 2 below indicates work which has either been completed or is on site.

<b>Table 2</b>	
<b>ACHA</b>	<b>Installations</b>
<b>EWI</b>	48
<b>CWI</b>	18

- 4.6 The HEEPS: ABS programme has brought additional indirect benefits to the local economy through various factors, such as the employment of local tradesmen and sourcing materials for the works locally. Table3 below quantifies the economic benefits by BCA expenditure through the contract.

<b>Table 3</b>	
<b>Item</b>	<b>Cost (£)</b>
Ferries	50,000
Accommodation	36,000
Subsistence	18,000
Materials	250,000
Builder Merchant	12,000
Local Plumbers and Electricians	50,000
<b>Total</b>	<b>416,000</b>

- 4.7 **HEEPS: ABS 2016/17.** The government issued information on allocations, guidance and applications for 2016/17 on 4 March and required applications to be submitted by 15 April 2016. The budget for this year has been reduced to **£1,174,967**. This is

due to the reduction in the overall Scottish Government HEEPS: ABS funding from £60 million to £50 million. £10 million has been set aside for the Scottish Energy Efficiency Programmes (SEEPS) pilot projects. The application to the government, which at the time of writing has just been submitted to the government, proposes delivery in the following areas:

- Continuation of Mull and Iona; Islay and Jura
- Tiree and Coll
- Specific SIMD datazones in Oban; Dunbeg and Taynuilt
- Specific SIMD datazones in Helensburgh and Lomond
  - Kilcreggan to Garelochhead (excluding Rosneath)
  - Lomond
  - Arrochar and Tarbet

4.8 These areas have been selected because they are areas which have not benefitted from previous energy efficiency improvement schemes. The 2016/17 scheme guidance has set different grant levels, from previous years, which are dependent on the property type – which are outlined in Table 4 below.

<b>Property Type</b>	<b>Grant Level</b>
<b>Detached/Semi Detached</b>	£7,500
<b>Terraced</b>	£7,000
<b>Flats</b>	£6,500

The very remote rural and island areas will still benefit from the £7,500 grant or £9,000 grant – with a £1,000 owners contribution – regardless of house type.

## 4.9 HEEPS: ABS Future Years

It is proposed that HEEPS: ABS will target the areas shown in Table 5 in the next 5 years as they have not previously been included in energy efficiency programmes. These are broad proposals dependent on funding allocations which also will be affected by the Scottish Governments longer term intentions regarding non domestic properties and district heating schemes which are currently part of the SEEPS pilots.

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#### **4.10 Future Changes to Energy Efficiency**

As of 2018, there will be two notable changes to the energy efficiency sector funding. The HEEPS: ABS scheme will change to the SEEPS scheme - which will target both domestic and non-domestic properties. The 2016/17 funding for HEEPS: ABS includes an element for pilot projects to determine how this can be achieved. The Energy Company Obligation (ECO) funding – which consists of the green levies paid on householder's energy bills - will also change. This is set to be devolved to Scotland – one of the outcomes of the Smith Commission – and is set to be renamed the Suppliers Obligation (SO). There are still discussions taking place over how best to utilise this funding stream – with the fund to be approximately £20 million across Scotland.

#### **5.0 Energy Efficiency Forum**

5.1 The Argyll and Bute Energy Efficiency Forum which has representation from a wide range of stakeholder partners meets quarterly and the most recent meeting took place on the 15<sup>th</sup> of March. It was well attended by local agencies and Housing Associations. The topics which were discussed at the Forum included:

- The introduction of a Joint Working Agreement between the partners
- Partner updates providing networking and information sharing opportunities
- Energy Efficiency “best practice” measures.
- A presentation from WarmWorks about the National Energy Efficiency Scheme: Warmer Homes Scotland.

#### **6.0 CONCLUSION**

The Scottish Government has reinforced their commitment to energy efficiency by making it a National Infrastructure Priority. The scheme has a lasting benefit for households in Argyll and Bute alleviating fuel poverty and reducing carbon emissions. However, there is uncertainty over how future energy efficiency programmes will operate and a particular challenge for local authorities going forward is the proposals to include non-domestic properties in future schemes.

#### **7.0 IMPLICATIONS**

- 7.1 Legal: contract conditions and compliance is monitored by the Council to ensure that funding is correctly spent
- 7.2 Financial: The grant levels are identified in the HEEPS: ABS guidance provided by the Scottish Government
- 7.3 HR: None
- 7.4 Policy: The proposals contribute towards the Scottish Governments target of alleviating fuel poverty – as far as reasonably practicable – by 2016; and reducing greenhouse gas emission by 42% by 2020. It assists in achieving the Local Housing Strategy's aim to improve the quality and condition of housing.
- 7.5 Equal Opportunities: The scheme is consistent with the aims and objectives set out in the Local Housing Strategy.

- 7.6 Risk: Risk assessments are produced for energy efficiency improvements and all health and safety requirements are considered and actioned by the Contractor.
- 7.7 Customer Service: Increased opportunities for householders to access funding for energy efficiency improvements.

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