

HOME ENERGY EFFICIENCY PROGRAMME FOR SCOTLAND: AREA BASED SCHEME (HEEPS: ABS)

1.0 EXECUTIVE SUMMARY

- 1.1 For the past four 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). The funding assists with alleviating fuel poverty for private sector households and contributes to the reduction of carbon emissions, in line with the Scottish Governments climate change aspirations.
- 1.2 In 2016/17, the Argyll and Bute HEEPS: ABS grant was £1,174,967.00 to provide energy efficiency improvements to private households and the following areas were targeted:
- Mull and Iona;
 - Islay and Jura;
 - Tiree and Coll;
 - Areas of Oban, Dunbeg, Taynuilt
 - Areas of Helensburgh
 - Lomond
- 1.3 Argyll and Bute Council were notified on 6th February that HEEPS: ABS grant for 2017/18 will be £1,666,978.00. This report advises members of the revised methodology for the distribution of this grant funding for 2017/18 scheme agreed with the Scottish Government. The government has yet to issue guidance and application format for HEEPS: ABS 2017/18.

1.4 RECOMMENDATION

Members are asked to note that the Council has been allocated £1,666,978.00 for HEEPS:ABS programme delivery in 2017/18 and that the Scottish Government has agreed, in principle, to the distribution of HEEPS:ABS funding across the Argyll and Bute area. Increased weighting will be given to those areas with the highest levels of deprivation and fuel poverty.

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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 Governments 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 Members are asked to note that the Council has been allocated £1,666,978.00 for HEEPS programme delivery in 2017/18 and that the Scottish Government has agreed, in principle, to the distribution of HEEPS funding across the Argyll and Bute area. Increased weighting will be given to those areas with the highest levels of deprivation and fuel poverty.

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 levels for HEEPS: ABS 2016/17 are shown below in table 4.1:

Table 4.1	
Property Type	HEEPS: ABS Cap
Flat	£6,500
Terraced	£7,000
Semi Detached/Detached	£7,500
Islands	£7,500 regardless of property type or £9,000 with a £1,000 client contribution

- 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 HEEPS: ABS 2016/17

The 2016/17 programme is being delivered in the following areas:

- Mull and Iona
- Islay and Jura
- Tiree and Coll
- Areas of Oban, Dunbeg, Taynuilt
- Areas of Helensburgh
- Lomond

The HEEPS: ABS budget for Argyll and Bute was £1,174,967.00, with this being split into £176,245.00 of resource funding and £998,722.00 of capital funding for installations. The majority of referrals to the scheme have been from Helensburgh and Lomond due to the large concentration of properties in these areas. Argyll and Bute Council have also secured an additional £140,000.00 HEEPS: ABS funding for Argyll Community Housing Association (ACHA) to assist with their capital programme for energy efficiency in order that their housing stock meets the Energy Efficiency Standard for Social Housing (EESH).

4.4 HEEPS: ABS 2017/18

The Scottish Government issued information on allocations for 2017/18 on the 1st of February 2017; however scheme guidance and applications for the scheme have not been issued. The HEEPS: ABS budget for 2017/18 is £1,669,978 - which is an increase from the 2016/17 budget. The budget is split between Resource and Capital of £250,496.70 and £1,419,481.30 respectively.

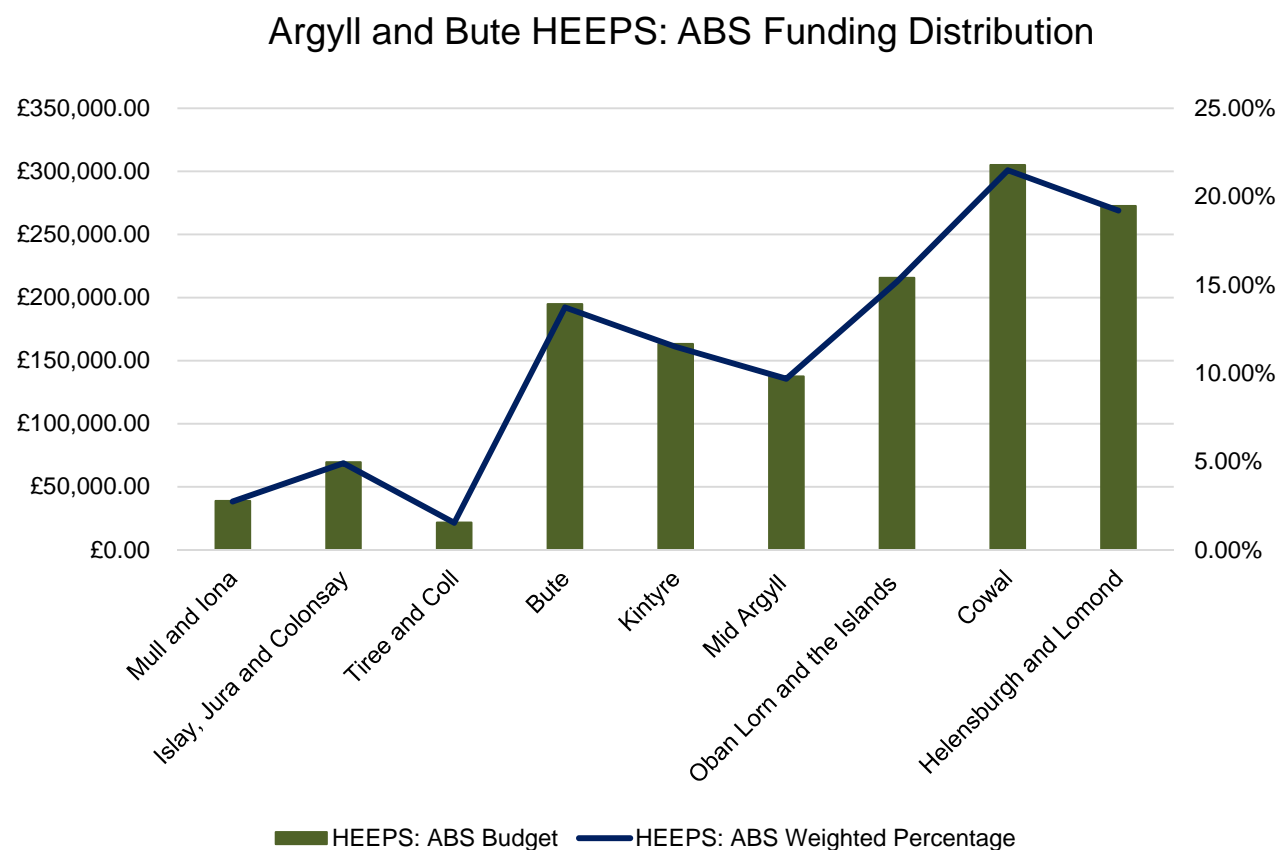
4.5 Prior to 2017/18 the programme has been delivered in small geographic areas. The proposal to the Scottish Government, which at the time of writing has been developed by Housing Services and is awaiting the HEEPS: ABS application form and guidance, proposes that instead of targeting different areas, the whole of Argyll and Bute will be eligible, with a focus on the lowest SIMD data zones. This process will allow HEEPS: ABS to align with other Scottish Government Energy Efficiency schemes such as the Warmer Homes Scotland Scheme, the HEEPS: Equity Loan Scheme and the HEEPS: Loan scheme. It also means that the scheme can easily work alongside other grant assistance schemes such as the Private Sector Housing Grants (PSHG) and potentially the Empty Homes grant scheme.

4.6 This approach ensures that each area will benefit, with budgets being allocated across all nine Housing Market Areas (HMA), which are:

- Mull and Iona
- Islay, Jura and Colonsay
- Tiree and Coll
- Bute
- Kintyre
- Mid Argyll
- Oban and Lorn
- Cowal
- Helensburgh and Lomond

The budgets will be distributed pro rata basis, based on the number of Council Tax Band A-C properties in each of the HMAs and weighted according to levels of deprivation. If uptake is low in areas it would be the intention to review expenditure on a monthly basis and if necessary allocate money across the areas to achieve full expenditure by March 2018. Figure 4.1 demonstrates the distribution of the grant by HMA.

Figure 4.1



Argyll and Bute Council are participating in the Scotland Excel Framework to procure energy assessors and a contractor for the scheme.

4.7 FUTURE CHANGES TO ENERGY EFFICIENCY FUNDING

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. This will require the Council as a whole to coordinate a joined up approach to capital investment programmes and the development of SEEP projects. 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).

5.0 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.

6.0 IMPLICATIONS

- 6.1 Legal: contract conditions and compliance is monitored by the Council to ensure that funding is correctly spent
- 6.2 Financial: The grant levels are identified in the HEEPS: ABS guidance provided by the Scottish Government
- 6.3 HR: None
- 6.4 Policy: The proposals contribute towards the Scottish Governments target of alleviating fuel poverty; reducing greenhouse gas emission by 42% by 2020; and reducing greenhouse gas emissions by 80% by 2050. It assists in achieving the Local Housing Strategy's aim to improve the quality and condition of housing.
- 6.5 Equal Opportunities: The scheme is consistent with the aims and objectives set out in the Local Housing Strategy.
- 6.6 Risk: Risk assessments are produced for energy efficiency improvements and all health and safety requirements are considered and actioned by the Contractor.
- 6.7 Customer Service: Increased opportunities for householders to access funding for energy efficiency improvements.

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