



Environment and Sustainability Panel

Item
8

6 December 2023

Report of	Head of Sustainability	Author	Keith Parker-Larkin
Title	Domestic Energy Efficiency Funding and Support		
Wards affected	All wards		

1. Executive Summary

- 1.1 This report provides detailed information regarding the delivery and successes of various domestic energy efficiency grants that are available to low-income households and residents with qualifying health conditions.

The Grant schemes discussed are:

- Green Homes Grant LAD3 (Local Authority Delivery, Phase 3), a grant for on-gas grid properties. This grant delivered 63 installed measures to 36 properties, resulting in £319,325.83 of grant funding being allocated.
- ECO4 Flex (Energy Company Obligation, Local Authority Flexible Route, phase 4), a grant for all fuel type properties. This grant scheme is currently open to applications, and take up is good, with 42 to date of publication having been referred for application processing and signposting to alternative grant schemes where applicable. Colchester City Council is currently the only local authority in Essex offering this scheme outside of social housing properties.
- HUG2 (Home Upgrade Grant, Phase 2) A grant for off-gas properties, with £2.16 million awarded to Colchester City council to deliver improvements to 120 properties. This scheme is currently open, with targeted marketing to increase uptake.

2. Recommended Decision

- 2.1 The Panel is asked to support the work of the Council to promote these energy efficiency grant schemes to residents and help with promotion and outreach of these schemes where they can. This role has been carried out by the Domestic Energy Efficiency Improvement Coordinator and the Panel are requested to support the work carried out by the person in this job role going forward.

3. Reason for Recommended Decision

- 3.1 This report is for information only.

4. Alternative Options

- 4.1 Not applicable

5. Background Information

- 5.1 Colchester City Council (CCC) is offering and delivering a range of energy efficiency grants to residents across the district, to enable qualifying applicants to access grant funding to have retrofit measures installed in their properties. These measures could include insulation, solar photovoltaic (PV) panels, air source heat pumps and other energy efficiency measures. These grant funds come from different sources including Government and energy companies (scheme administered by Ofgem) as part of their obligations to help low income, fuel poor and vulnerable households to heat their homes.
- 5.2 The grants are for households with an Energy Performance Certificate (EPC) D-G (A being the highest energy performance property, G the lowest rating for efficiency), that are either low-income households (income below £31,000.00) and/or on a qualifying benefit, and/or for households that have a person residing that has a qualifying health condition that is exacerbated by the cold.
- 5.3 The energy efficiency measures that are installed in the qualifying property are intended to raise the EPC of the property, thereby making the property better insulated, warmer, and potentially cheaper to heat. The measures are installed, in most properties, at no cost to the applicant and are fully funded; there may be a cost to landlords, who may receive up to two-thirds funding.
- 5.4 **Domestic Energy Efficiency Improvements Coordinator: Background**
- 5.5 In previous iterations of the energy efficiency grant schemes (explained later in this report), CCC's direct involvement with the grants was limited to signposting residents to the application websites and helplines via the Council's web pages.
- 5.6 For the current grant schemes, however, including the Home Upgrade Grant Phase 2 (HUG2), there has been a requirement of local authorities to administer and promote the schemes and check all applications. This has caused many local authorities issues with capacity and funding for staff to facilitate these additional needs and requirements.
- 5.7 Colchester has addressed this by funding the post of Domestic Energy Efficiency Improvements Coordinator (DEEIC) from September 2022 until March 2023 provisionally, through a combination of limited funding from the grant funding schemes, the majority funded through Inequalities funding provided by the Suffolk Northeast Essex Integrated Care System (SNEE ICS) and East Suffolk and North Essex NHS Foundation Trust (ESNEFT).
- 5.8 In funding this fulltime role, CCC has resolved the need for and burden on staff working on these schemes alongside their own work roles, by creating a dedicated role that can focus on administration, project management, promotion, and outreach. The role has a dedicated phone number and email for enquiries, which can assist customers with verifying cold callers offering grants, liaising with grant funders where necessary, and making referrals to grant schemes for vulnerable customers and/or those without digital access or with additional needs. Data from 1st September to 31st October shows 82 inbound calls were received, which demonstrates the need for the number and role. The role also offers customers general cost of living and energy saving advice and signposting to energy relief and external agencies as and where appropriate.

5.9 CCC is, or has been, delivering the following grants:

LAD3 (Local Authority Delivery Grant, Phase 3)

- Available to ON- gas grid properties only.
- Available to Owner- Occupiers, Private Rental Sector Tenants/Landlords
- Properties rated D-G EPC
- Households on incomes below £30,000 or receiving a qualifying benefit
- Grant scheme was open from March 2022 and closed end March 2023

5.10 CCC was awarded £689,823.23 for LAD3 from Department for Business, Energy and Industrial Strategy (now Department for Energy Security and Net Zero), and all applications and customer journey, from application to installation of measures in eligible properties, was managed by Warmworks Scotland (WW). They were procured and appointed to the project by the Greater Southeast Net Zero Hub (GSENZ).

5.11 All administration and data reporting for Colchester was conducted by the DEEIC. It should be noted that throughout the Southeast and Essex, GSENZ have managed LAD3 consortia projects in collaboration with Local Authorities: whilst CCC was not part of the consortia bid, we were nevertheless able to use their services for LAD3 in Colchester such as utilising the dynamic purchasing system for jobs to be allocated to installers and for procurement and use of the managing agent Warmworks for customer journey (from referral to install).

5.12 This has proved particularly useful in mitigating issues with under- performance by the managing agents, mainly due to capacity and lack of industry contractor capacity, which in turn has resulted in less properties receiving measures than initially forecast. For instance, installation in homes did not start till October 2022 despite the scheme running since March 2022, partly due to the previous phase of the Local Authority Delivery Scheme overrunning.

5.13 Overall delivery is detailed as below:

- Initial KPI target of 57 properties to receive installation measures.
- 36 properties received energy efficiency measures.
- Total of 63 energy efficiency measures installed across 36 properties.
- **Total value of installed energy efficiency measures, including post survey costs and fees: £319,325.83.**
- **An additional £73,441.52 was spent on administration fee for WW, DEEIC salary and GSENZ fee.**

5.14 Full breakdown of volume and types of measures installed are available on request but omitted from this report for ease of reading.

5.15 ECO4 FLEX (Energy Company Obligation, Flexible Local Authority Route, Phase 4) and Great British Insulation Scheme (GBIS)

5.16 ECO4 is the 4th iteration of the ECO grant scheme and has £1 billion in funding available nationally for each year of the scheme, which runs until March 31st, 2026. The scheme, administered by Ofgem, aims to improve the energy efficiency of the whole house, and is funded through an obligation from medium to large energy suppliers to improve the ability for residents to heat their homes for those considered to be on low incomes and in fuel poverty.

5.17 In order to potentially qualify for the scheme residents must fit the following criteria:

- Available to all fuel types: Gas, Electric, Solid Fuel, Oil, Liquefied Petroleum Gas (LPG)
- Available to Owner-Occupiers, Private Rental Sector Tenants/Landlords
- Properties rated D-G EPC, with an emphasis on properties of EPC E or below.

Residents can then qualify through various 'routes' for the scheme, fitting one or sometimes requiring a combination of the following criteria:

- Household income below £31,000.00 (pre-Tax deduction)
- Qualifying benefit
- Health Routes: Immunosuppression; Cardiovascular; Respiratory; Limited Mobility
- Health Route 2: Clinically vulnerable to cold as defined by NICE (National Institute for Clinical Excellence)

5.18 The GBIS is a new grant scheme offered which helps residents install single insulation measures to their property. The aim of this grant was so residents could quickly access funding for easier to install measures such as loft and cavity wall insulation. It is also administered by Ofgem and complements ECO4. Eligibility for this scheme is opened up with properties needing to meet the relevant EPC criteria and be living in a property with Council tax band A-D, removing the criteria on the resident's income, qualifying benefits or health conditions.

5.19 Unlike previous schemes, CCC is required to check eligibility and sign off all application submissions to Ofgem, currently being undertaken by the DEEIC role.

5.20 In order to help administrate the scheme, CCC has procured [Better Housing, Better Health](#) (BHBH), a subsidiary of the charity National Energy Foundation, to host the application helpline and referral enquiry portal, which undertakes initial eligibility checks of applicants, before assigning to contractors for surveys and return of the application to CCC for final checks and Ofgem submission. This service is fully funded, meaning the Council does not have to pay to access it.

5.21 It should be noted that CCC does not hold any funding for ECO4, and that all works installed by contractors are verified externally and funding to the contractors approved by Ofgem. Therefore, contractors operate "at risk" and there is limited reputational or associated risks involved for Colchester City Council.

5.22 To date, there has been good uptake of this scheme, with 42 applications to BHBH helpline, driven largely by continued promotion of the energy grants by the DEEIC. There have been very few ineligible applications; these have been offered alternative schemes where applicable and possible, such as BHBH's access to boiler replacement funding. Most of these applications are at the stage of arranging property surveys to further confirm eligibility and identify appropriate measures for the properties.

5.23 BHBH can also signpost residents to alternative funding support schemes. For example, several properties have also received additional support such as National Grid Grants, Fuel Poverty small measures support and 1 instance of grant funding where alternatives are not possible through traditional grant funding. Several applicants have been successfully referred to LEAP Boiler Replacement scheme, available through BHBH only.

5.24 **Home Upgrade Grant, Phase 2 (HUG2)**

- Department for Energy Security and Net Zero (DESNZ) backed grant for OFF- gas grid properties only.
- Available to Owner-Occupiers, Private Sector tenants and landlords (landlords must not have a property portfolio of more than 4 properties unless they are a charitable organisation, and can receive two-thirds funding towards measure costs)
- Applicants must have total household income less than £31,000.00 or in receipt of an eligible benefit.
- Properties must have EPC between D-G

5.25 CCC have identified properties that are automatically eligible for HUG2 due to having postcodes that indicate the property is in an area of IMD ratings 1-3 (Indices of Multiple Deprivation,): this is from guidance produced by DESNZ aiming to upgrade multiple sets of addresses close together to make installations more efficient and cost effective. Letters have been sent to these properties inviting them to apply, from both CCC and the Managing Agent for HUG2 in our region, Warmworks.

5.26 CCC have also identified properties that *may* qualify, and these have also been sent letters; it should be noted that there are thousands of properties that are off gas-grid in the district. Therefore, it has been necessary to target specific areas that are more likely to have “clusters” of off grid properties that may qualify: we have chosen to target Highwoods, Tiptree, Boxted, Mersea, and parts of Greenstead, Newtown, Castle wards. This is also necessary from a contractor- capacity and delivery perspective, as it is more cost-effective to deliver measures to multiple properties in specific areas than individual properties. Residents outside of these areas are also welcome to apply if they think they meet the eligibility criteria.

5.27 CCC have been awarded funding totalling £2.16 million across the 2 years of the project. This equates to a target of 120 properties, based on an average spend of £18,000.00 per property. Spends on each property can vary depending on the housing type and its current fuel type with property caps applied by DESNZ. This may result in more or less properties being completed.

5.28 Key to uptake of this scheme is promotion and publicity: In addition to the letters that were sent, the DEEIC is promoting HUG2 through a series of “pop-up” explanatory events across the district, followed up with targeted doorstep calls to residents who received letters and direct marketing.

5.29 CCC has been chosen by GSEnz as a pilot area for partnership working to engage and generate applications for HUG 2. As part of this CCC will be delivering an Asset Based Community Development approach, working with Community Energy Colchester (CEC) to deliver outreach sessions and cascade advertising for the scheme.

5.30 Take up and delivery data are as below:

- As of 22nd November, over 700 letters have been sent out (this includes Colchester City Council letters, targeted households and letters from the managing agents, Warmworks)
- Referrals to telephone application line: 11
- Referrals via website application: 2
- There have been 14 “pop-up” events in November to promote HUG2 and ECO4 events, with more planned for December and January.

- Plans are developed for a social media targeted advertising approach, as well as further pop-ups in January, including Colchester Market, Langham Community Centre and potentially West Mersea, as well as online drop-in sessions.
- Our community engagement partner, Community Energy Colchester (CEC), funded by Greater South East Net Zero Hub and Community Energy South, is undertaking a pilot scheme, whereby they will be targeting a selected number of properties on Colchester's list; these will receive direct mail-outs, followed up by in-person visits by CEC to explain the scheme and assist with applications. Community Energy South and Greater Southeast Net Zero Hub will evaluate the effectiveness of this approach and pilot.

6.0 Equality, Diversity and Human Rights implications

6.1 Not applicable

7.1 Strategic Plan References

- 7.1 All of the Energy Grants available to residents are compatible with and tie in with the Strategic Plan's themes of 'Respond to the Climate Emergency' and 'Improve health, wellbeing and happiness'.
- 7.2 By retrofitting domestic properties and installing energy efficiency measures, CCC are helping to reduce the property's carbon footprint and emissions as well as improving the energy performance of the property, attempting to lower energy costs for the resident.

8.0 Consultation

8.1 Not Applicable

9.0 Publicity Considerations

9.1 Not Applicable

10.0 Financial implications

10.1 The financial information associated with delivery of the grant schemes are discussed in Section 5.

11. Health, Wellbeing and Community Safety Implications

- 11.1 All of the Energy Grant schemes listed above have eligibility criteria limiting the grants to properties with an EPC D-G (A the highest, G the lowest rating for efficiency). These properties are likely to be the most affected by the cost-of-living crisis and cost of energy bills.
- 11.2 There is also a correlation between, and evidence supporting, energy inefficiency and poor health, which can be exacerbated by the effects of a cold home. By offering energy grants to these and low-income households, it is envisaged that both health, mental wellbeing, and finances can be improved through the installation of energy efficiency measures. A well-insulated home means a warmer home, and one that is cheaper to heat. As the grants have stated minimum EPC uplift targets (for example, a G rated property must end at a minimum of E rating), a reduction in energy bills can be stated with a strong degree of certainty.

Case Study

- One recipient of the LAD3 grant who had loft insulation and solar PV installed stated “The house feels warmer and that has a positive impact on my and my family’s health. Especially for me, with a chronic condition, it makes a big difference to my health. I can put electric heater on during cold sunny days because of the solar panels without worrying about electricity bills”.

12. Health and Safety Implications

12.1 Not Applicable

13. Risk Management Implications

13.1 Not Applicable

14. Environmental and Sustainability Implications

14.1 By delivering this grant funding, we are enabling residents to have the energy efficiency of their properties improved. Under many of these schemes residents can also access the funding to replace their heating systems with more efficient and/or low carbon heating systems. By improving energy efficiency of the property, the home’s energy demand should decrease, and, in most cases, this corresponds with a reduction in greenhouse gas emissions produced.