

CYNGOR SIR POWYS COUNTY COUNCIL

**County Council
18th October 2018**

REPORT AUTHOR: County Councillor James Evans, Portfolio Holder for Corporate Governance, Housing and Public Protection

SUBJECT: Question from County Councillor Huw Williams

In October 2017, the Council agreed to support the following motion:

RESOLVED

- 1. That Council believes that it must do as much as it can to help residents in fuel poverty to mitigate this situation;**
 - a) Residents of Powys would benefit greatly from reduced energy bills through a Powys County Council run collective energy switch scheme;**
 - b) The authority can join in with other authorities and organisations in Wales through the Cyd Cymru scheme;**
 - c) The Ceredigion run schemes provide a best practice model for the running of such fuel clubs;**
 - d) The authority can exert its power of collective bargaining for both dual fuel and oil purchasing schemes**
- 2. To ask the Anti-Poverty Champion and the Anti-Poverty Group to explore the feasibility of implementing its own or joining the Cyd Cymru scheme.**
- 3. To ask the Anti-Poverty Champion and the Anti-Poverty Group to explore the feasibility of implementing an oil purchasing scheme across Powys.**
- 4. To work with local housing associations, Powys Teaching Health Board, voluntary groups, care homes and households across Powys to increase awareness and encourage them to sign up to these schemes.**

Can we be provided with a current situation report and a progress update regarding these matters?

Response

Please find the following update relating to the work the Housing Service has undertaken to support households in fuel poverty across Powys during the last twelve months:

Welsh Government's Warm Homes Nest Scheme

Welsh Government Warm Homes, which includes the Nest schemes, provides funding for energy efficiency improvements to low income households and those

living in deprived communities across Wales. The Nest scheme provides householders living in Wales with access to free advice and support to help them reduce their energy bills. Those meeting Nest's eligibility criteria can access a free package of energy efficiency measures.

During 2017/2018, 11% of Nest enquiries came from Powys residents, this was the joint highest in Wales (joint with Flintshire). To raise awareness of the scheme amongst Powys residents, we have carried out 'drop in' sessions across Powys, provided updated information about the scheme on the website, carried out homes visits and the Income and Awards team completed a direct mail campaign.

Welsh Governments Warm Homes ARBED Scheme

A new 'ARBED Am Byth' scheme started this year. We have met the scheme managers, and are currently developing a pipeline of projects to apply for funding for areas and estates.

Welsh Housing Quality Standard

The Housing Service continue to invest heavily in the Housing Revenue Account (HRA) stock by completing improvement works. In 2017/2018 the Housing Service installed 289 energy saving measures in HRA properties, such as new heating systems, loft insulation, external wall insulation and new doors and windows. In the first 6 months of 2018/19 the Housing Service has installed 346 energy saving measures in HRA properties.

In January 2018 the Housing Service established a new contract to complete Energy Performance Certificate surveys (EPCs) on HRA properties. 195 EPCs have been completed under the new contract this year, which assists the Housing Service to:

- Improve WHQS reporting information to Welsh Government;
- Identify and target improvement works to properties which don't achieve a SAP rating of 65;
- Meet the statutory obligations in accordance with the Energy Performance in Buildings Directive; and
- Provide income from the Renewable Heat Incentive where air source heating systems are installed.

ECO Flex

ECO Flex is a UK wide grant scheme allowing energy efficiency improvements for customers in fuel poverty (defined as using 10% of disposable income on heating). The scheme is **not** means tested, nor does it require people to be on benefits. It is not a council funded scheme (or available to Council tenants), funding is provided by energy companies via the Energy Company Obligation (ECO) and sourced directly by agents.

Provision of ECO Flex funding is dependent upon:

- fuel type and energy efficiency of individual properties - assessed by a qualified energy assessor
- client being in fuel poverty
- detailed property survey - undertaken by a qualified surveyor and/or heating engineer

To date, ECO Flex support has covered the following energy efficiency improvements:

- replacement of inefficient oil, LPG and gas boilers with more efficient models - higher levels of funding provided for off gas properties
- replacement of inefficient electric storage heaters with more efficient models
- provision of insulation to improve energy efficiency including measures such as cavity wall, external wall and loft insulation (where appropriate)

Since the scheme was launched in March 2018, the Council has issued thousands of declarations allowing households in Powys access to new energy efficient heating appliances and insulation measures. This has primarily centred on the replacement of inefficient oil boilers (as funding for this measure was very highly subsidised and ceased at the end of September 2018), with the introduction of ECO 3.

The scheme has resulted in;

- approval of over 3,700 grant applications for boilers and insulation (install rate of roughly 50%)
- investment of approximately £9 million into the economy in energy efficiency improvements to the homes of Powys residents, saving on purchase cost of new installations
- reduced average annual household fuel bills of successful applicants by approximately £200, enabling greater expenditure in the local economy
- achieved over £200,000 of income for the authority in fees

ECO 3

The ECOFLEX scheme ended at the end of September 2018, with the end of ECO2 funding. The utility companies have launched the successor scheme (ECO3). Powys County Council intends to issue a revised 'Statement of Intent' to embrace and encourage installation of new 'greener' heating measures set to receive funding. A draft statement of intent is currently in the process of development and will be subject to consultation prior to adoption by the Cabinet.

In an attempt to boost work given to local contractors it is also proposed the revised 'Statement of Intent' will limit the number of agents operating within Powys. It will insist agents make use of local contractors (where possible) when providing installations, whilst ensuring the delivery rate is maintained.

ECO 3 will provide:

- funding for ground source heat pumps
- funding for air source heat pumps
- more attractive funding rates for gas properties
- more attractive funding rates for insulation measures

To compliment this funding stream, we are working in partnership with the **Robert Owen Community Banking Fund** on an offer to provide supplementary measures such as solar PV and battery systems associated with air source heat pumps, to drastically reduce client's energy bills. This will involve use of local solar installers who would otherwise not receive any subsidy under ECO 3. We are also looking to deliver greater levels of External Wall Insulation (EWI) in conjunction with interest free loans, making this potentially costly measure more affordable for Powys residents.

Switching

The energy market has changed drastically over the last few years with vastly increased numbers of energy suppliers. We understand that the following issues should be considered for switching to deliver the maximum benefits to the consumer:

- An impartial Ofgem Approved full market comparison should be undertaken;
- The Risk Profile of the consumer/ Energy Companies track record of customer service should be considered (e.g. has the Ofgem Customer complaints per 100,000 customers been considered);
- Is the consumer eligible for Warm Homes Discount (£140 off their electricity bill), and which energy companies offer it, based on the householders individual circumstances. £140 can significantly impact on which companies offer the greatest savings for the consumer;
- Are there other income maximisation opportunities or savings which can be identified? (e.g. benefit entitlement checks, warm homes discount, cheaper water tariffs etc)
- Would the householder benefit from a third party referral? (e.g. Priority Services Register, Care and Repair, Debt Advice, Money Advice, Fire Service)

Our discussions with other Authorities, third sector organisations and stakeholders in the Industry indicate that that full market comparison is generally the preferred option for switching to ensure that the householder is presented with the best options. We understand that there are several routes for getting switching advice, such as Ofgem Approved websites, Citizens Advice Consumer Helpline, local Citizens Advice offices (when funding becomes available) and Care and Repair. We also recommend that other opportunities for maximising income and saving money are considered, as the issue of fuel poverty can be partly attributed to the limited income of the household. Our feedback from the experiences of other Local Authorities Energy Officers have

found that whilst switching schemes (e.g. Cyd Cymru) can save money, Ofgem Accredited websites (e.g. U-switch) can sometimes yield greater savings, which is why we recommend exploring a range of options.

Oil buying syndicates

The Housing Service have had no involvement with the Ceredigion oil purchasing scheme, but we have heard very positive feedback about both of the schemes in Ceredigion and Carmarthenshire. We consider that if Powys County Council were to invest in this scheme, it has potential to yield significant savings for some rural households in Powys. Officers are currently meeting with colleagues in Regeneration to explore whether there is an opportunity to access ARWAIN to fund a post to promote and support the establishment of syndicates.