

<b>Title of meeting:</b>	Full Cabinet
<b>Date of meeting:</b>	5 <sup>th</sup> January 2021
<b>Subject:</b>	Homes Energy Support Service - Update to the Report of October 2020
<b>Report by:</b>	James Hill, Director of Housing, Neighbourhoods and Building Services
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes/No

---

1. **Requested by** Councillor Gerald Vernon-Jackson, Leader of the Council
  - 1.1 Following a request by the Leader of the Council and Cabinet Member for Environment and Climate Change, the PCC Energy Services team presented a report at Cabinet in October: *Home Energy Support Service* (Appendix C). This paper considered ways in which the current work of the team can be expanded to support a wider range of households in Portsmouth to have access to green energy and to reduce their energy use; in order to assist the move towards Portsmouth net zero carbon by 2030.
  - 1.2 The Cabinet approved the recommendations within the October report; and additionally requested that a further paper be brought back to Cabinet in January, in order to review the progress of the development of the services.
  - 1.3 This report provides a narrative, analysis and review of the activities undertaken over the past three months; in responding to the recommendations approved by Cabinet in October.
2. **Purpose**
  - 2.1 This report responds to the recommendations of the October Cabinet paper; specifically that the Cabinet:
    1. *Agreed that reducing domestic energy consumption, and the resultant carbon emissions, should be encouraged within Portsmouth by widening the advice and support on offer to incorporate every household in the city.*



2. *Approved the services detailed below, in sections 5 to 9 of this report, to be investigated and developed to strengthen the offer to non-fuel poor households.*
3. *Instructed officers to build a business case to create a comprehensive service offer and methodology for directing support which is appropriate and tailored to every household in the city. The business case will consider the level of resourcing available through the PCC energy services team, and consider options to increase capacity; including the exploration of strategic partnerships to provide the comprehensive service and offer.*
4. *Instructed officers to explore a programme for developing a local, highly-skilled workforce to deliver low-carbon, energy efficiency installations within the city.*
5. *Instructed officers to explore the potential of financing the capital cost of low-carbon technologies for private housing tenures, through the provision of grants and loans.*
6. *[Agreed that] a further report on progress be brought back to the Cabinet in January 2021.*

2.2 This report appraises the progress of these recommendations against four key themes of the Homes Energy Support Service (HESS):

- Advice, Support and Communications
- Household Audits and Data
- Product Installations and Creating Local Green Jobs
- Financing Energy Improvements

2.3 In addition to the updates outlines above, this report also seeks to appraise Cabinet of the recent and ongoing significant changes to the policy and funding landscape underpinning domestic energy efficiency; in order to give the context in which this work sits.

### **3. Recommendations**

- 3.1 That the Cabinet agrees that the progress made in widening energy efficiency and renewable energy support is significant, and has the potential to make a positive difference to Portsmouth's climate emergency, when implemented in the way described within this paper.
- 3.2 That the Cabinet agrees that the initial installer engagement, and confirmation of securing significant grant funding, shows early promise that a sustainable low-carbon jobs and supply chain can be established and enhanced in the Portsmouth area over time.
- 3.3 That the Cabinet agrees that officers should continue to develop the business models detailed within the report; and that those services with a cost-neutral financial appraisal, and a clear benefit to the households' energy, be launched when practicable to do so.

- 3.4 That the Cabinet recognises that the domestic energy efficiency sector and funding landscape has shifted dramatically over a short period of time; and is expected to continue to do so. The Cabinet agrees that this lends itself to a graduated and modular approach to launching the services described in sections 5 to 9 of this paper; in order to minimise the risk associated with these uncertain market conditions.
- 3.5 That the Cabinet agrees that the high-level communication strategy, combined with tools such as the solar model, is appropriate to engage all households within the city with a clear, tailored message around energy efficiency and renewable energy.
- 3.6 That the Cabinet instructs officers to continue to explore potential external funding streams, given the changing policy landscape, to secure grants relevant to domestic energy efficiency and renewable generation.
- 3.7 That the Cabinet instructs officers to continue to explore the council's ability to provide low-cost loans; for the purposes of households wishing to make energy efficiency or renewable energy upgrades to their homes.

#### **4. Background**

- 4.1 Responding to a request from the Leader of the Council and the Cabinet Member for Environment and Climate Change, officers presented a report to Cabinet in October 2020 (Appendix C), setting out a proposal for a Home Energy Support Service.
- 4.2 Domestic energy efficiency has the ability to make a significant, positive impact to the lives of those living in the homes improved. Energy efficiency gives households more disposable income, improves physical and mental health and wellbeing, increases childhood attainment levels, and allows elderly and disabled residents to remain in their homes for longer.
- 4.3 The report built upon the Home Energy and Water Strategy, approved by the March 2020 Cabinet, which had stated an aim to create an offer to help all households within the city to reduce their energy and water consumption; and the Council's declaration of a climate emergency in March 2019, committing to achieve net zero carbon in Portsmouth by 2030.
- 4.4 The report recognised that, although the Switched On Portsmouth service and other activities and work streams in which the energy services team is engaged, give a strong foundation for an all-household energy offer; significant changes to resources would need to be made in order to support this holistic offer.

- 4.5 In order to support the Home Energy Support Service, new business models are required to be developed; and market testing is to be undertaken. The initial phase of the Homes Energy Support Service is to be funded from existing cash limits; and thus must be cost-neutral to the Council.
- 4.6 Although pre-existing Switched On Portsmouth communications channels are available to be used by the Home Energy Support Service; they require significant enhancement and adaptation in order to support an all-household offer of support and advice.
- 4.7 In recent months, central government has launched a series of domestic energy efficiency grant-funded schemes. These schemes amount to the largest shake-up of the domestic energy services sector for many years, and information regarding the schemes continues to be released on an ongoing basis.
- 4.8 The October cabinet paper was written in the absence of much of the detail surrounding the government schemes; however, officers have worked to secure an initial £3.1 million of funding for private homes, with a bid of almost twice that size in application. This has worked to change some of the priorities laid out in the initial paper; most acutely the progress on determining the viability of a low-cost loan scheme.
- 4.9 This paper is aligned to a number of work streams and strategies that are ongoing within the council, or have been published recently. This includes the City Vision, Skills and Labour Market Strategy, and work around making social value.
- 4.10 The City Vision captures a number of goals, relevant to the HESS service, for the city. These include the increased use of renewable energy, the decrease in carbon emissions and improvement in air quality, and the development of skills within the local economy.
- 4.11 The Skills and Labour Market Strategy identifies the development of green growth, education and skills as a requirement within the strategy. HESS will feed into the development of such skills through creation of a sustainable supply chain and utilising local labour to undertake energy efficiency and renewable energy installations.
- 4.12 The services within HESS will be delivered, wherever possible, using a local supply chain; and working with businesses in the aim of promoting local employment and developing green skills. The energy services team will work with the social value working group; in order to ensure the activities and aims of both are aligned.

## **5. Overview of HESS Activities**

- 5.1 In order to provide an all-encompassing offer for all household within the city; a number of new services will be required to be developed, and some of the existing services offered under the existing Switched On Portsmouth schemes, will need to be revised to increase their scope.
- 5.2 To work up the business models for the individual services, a number of activities have been undertaken including installer and supplier engagement, software development, data analysis, development of marketing tools and website redevelopment and content build.
- 5.3 To update Cabinet, on the progress to date, of the services detailed within sections 5 to 9 of the October paper. This report has been kept in a similar format so that progress can be reviewed easily against each item.

## **6. HESS - Advice, Support and Communications**

- 6.1 The Switched On Portsmouth website ([www.switchedonportsmouth.co.uk](http://www.switchedonportsmouth.co.uk)) has undergone significant redesign and enhancement. These changes have already been made:
- The website was previously designed to take fuel poverty customers through to specific help. The underlying wire-frame of the website has been redesigned in order to take all customers through an appropriate journey to receive the help they require; whilst still keeping provision of fuel poverty services easily accessible.
  - New pages of content have been produced to give unbiased advice on energy efficiency and renewable energy technologies.
  - New pages have been designed to house the approved trader lists and Switched On Solar tool
  - Customer Relationship Management (CRM) software has been designed in order to track enquiries and installations
- 6.2 A Freephone advice service for use by any Portsmouth resident was launched in October in partnership with the Environment Centre, an environmental charity based in Southampton. This telephone service gives unbiased, tailored advice and support on matters of energy efficiency and renewable energy; and can direct residents to further support available through Switched On Portsmouth, where appropriate.
- 6.3 Switched On Solar (SOS) is a tool through which households in Portsmouth can assess the ability of their own home to support solar PV. Housed on the Switched

On Portsmouth website, SOS has been developed to commercial readiness in a partnership between the energy services team and a private sector supplier, AB Solar. SOS gives key functions:

- A household solar capacity estimate using Lidar and other data, informing the customer of capacity, capital cost, system performance, electricity and carbon savings, and other key information
- Allows households to use the tool in a passive manner, in their own time; but also allows for targeted communication to be made with the most solar-suitable homes (estimated to be approximately 32,000 homes in Portsmouth)
- A customer journey through the SOS tool through to household audits and a list of approved installers

6.4 A high-level communications strategy and plan is included within Appendix B. The strategy includes aligning digital and traditional marketing alongside the launch of the individual services. Work has been done in engagement with suppliers to understand how they can help to promote the service. Key communications methods include:

- Videos to be included in website and social media content advising customers as to key technologies and informing them of call to action
- Banners and billboards to be designed and carried by the approved installers to be displayed during, and immediately after, installations being undertaken; in order to encourage local, word of mouth engagement with the service
- Harnessing existing digital and traditional media channels over which the Council has control
- Targeted letter campaigns to encourage take-up of measures such as solar using SOS and EPC data

## 7. HESS - Household Audits

7.1 An important change in the funding landscape since the October Cabinet paper is the requirement under Green Homes Grant (GHG) Local Authority Delivery (LAD) Round 1B, that every home have a PAS 20:35 Retrofit Assessment; the industry best practice domestic energy survey. This means that should the Council be successful in the bid for Round 1B (see section 9.4); then over 500 homes would have funded whole-house energy assessments made to the end of September 2021.

7.2 The energy services team has trained two officers since the October Cabinet report to have the capability to undertake PAS 20:35 retrofit assessments. Work is ongoing to determine the business case for a wider offer of whole-house energy audits. This includes engagement with private sector partners who can more easily scale their resources according to need.



- 7.3 PAS 20:35 assessments, whilst industry best practice, will not be required in every situation; and it is envisaged that a much 'lighter-touch' audit will suffice in most instances. Work and training has been undertaken to train the Council's delivery partners to identify all energy efficiency measures at the time of conducting an audit or visiting a home for energy-related purposes.
- 7.4 A phone service, separate to the general Freephone number, has been set up to talk customers through the indicative results from the Switched On Solar model. This will give confidence to the customers prior to a survey being undertaken by a solar installer from the approved list.
- 7.5 Training will be undertaken in the new calendar year to bolster the number of officers within the energy services team that can carry out Energy Performance Certificates (EPCs). This will allow a more robust offer to be made to undertake EPCs for private clients.
- 7.6 Data analysis of private tenure properties is being undertaken by the energy services team and their partners, in order to understand the potential demand for energy efficiency and renewable energy retrofits within Portsmouth. This analysis will allow the Council to better understand the potential market and more precisely target homes which are the worst energy-performing dwellings in the city; as well as those applicable to particular grant funding schemes.

## **8. HESS - Product Installations & Creating Local Green Jobs**

- 8.1 The advice, support, model and audits detailed above will give the opportunity to direct residents to approved and qualified contractors based, and employing a workforce, in the local area. Grant funding and products under loan agreements will also be directed through this list of approved contractors. The contractors are to be arranged in three lots:
- Solar PV and storage
  - Insulation
  - Low carbon heating systems
- 8.2 Solar PV is the first of the services envisaged to be launched, through the Switched On Solar offer and brand, the engagement and work with these contractors is most advanced (although some work has been undertaken with insulation and heating installers as well).
- 8.3 Interviews have been held with solar PV installers working or based in the domestic sector within the South Hampshire area in order to establish a list of approved contractors. This work has helped to establish:



- Regulatory compliance requirements and insurance levels held as minimum requirements to be on boarded to the list
  - Capacity of the contractors to deliver PV and battery installations given projected demands
  - Labour force employed from local area and ability to scale up operations if required level of demand achieved
- 8.4 All of the installers engaged have indicated that they would seek to employ additional local labour forces, should demand be sufficient to do so. They also helped to firm up some of the assumptions within the business model.
- 8.5 The energy services team has drawn up a series of documents, including an information pack for installers, an installer charter to which they must sign and quarterly returns to identify numbers of jobs completed.
- 8.6 Although this work with the approved trader list has initially focussed on solar PV; other engagements have been made with local heating and insulation installers. This is to assist in the both the delivery of the funded schemes under GHG LAD, and to sit on the approved lists for households who wish to undertake the work themselves. The work in creating charters, templates and other documents, is easily repeatable for other technologies.
- 8.7 At the time of writing, the low-carbon heating and solid wall insulation supply chain are saturated due to the sudden and high demand brought about by the release of £3 billion of public money for energy efficiency measures.
- 8.8 It remains an ambition of the Council to create a sustainable supply chain and labour force within Portsmouth for the delivery of domestic energy efficiency measures. This will be further explored and a proposition developed in 2021; by working with private sector partners and educational establishments.

## **9. HESS - Financing Energy Improvements**

- 9.1 Financing through grants is an area which has evolved dramatically in even the short period since the October Cabinet paper. The release of the first round of GHG LAD funding, was quickly followed by the initially unplanned 'Round 1B' which broadened the criteria for qualifying homes and technologies. LAD, combined with the main GHG voucher scheme, has meant that the market has been awash with funding for energy efficiency measures.
- 9.2 The Council successfully bid for £1.8 million in October 2020, through GHG LAD Round 1A to support the delivery of solid wall insulation, air source heat pumps and

heating controls; to be installed in private tenure properties. The grant will fund 100% of the measures in owner-occupier properties and 66% for private landlords. This programme of works will treat over 200 homes in Portsmouth, and was launched in December 2020.

- 9.3 The initial phase of GHG LAD was undersubscribed, and so the Department of Business Energy and Industrial Strategy (BEIS) opened up an unplanned phase under 'Round 1B'. This widened the qualifying household energy efficiency standard to incorporate D-rated EPCs and explicitly allowed solar PV as a qualifying measure for the first time.
- 9.4 The council have bid for around £4 million in additional funding under Round 1B of GHG LAD. A large proportion of this funding, if successful, will go to treat homes with solar PV; complimenting the funding won for other measures under Round 1A. If successful, this funding has the potential to install measures in more than 600 Portsmouth homes.
- 9.5 Since the October Cabinet paper, another addition to the available funding has been the launch of the GHG Voucher scheme. Although this scheme is run from central government; the energy services team have found a role in answering customer enquiries and helping residents apply for the scheme. The approved installer lists, when completed, will give a simple route through for customers to receive quality-assured installations.
- 9.6 The October Cabinet paper made reference to the funding gap for solar PV, which has potentially since been partially filled by LAD 1B funding. Due to the time-limited availability of the LAD 1B funding, a decision was made to commit resources within the energy services team to applying for this grant scheme. However, this funding is not yet secured; and even if it is, a number of households will not qualify for the grants because of income or property characteristics.
- 9.7 It is the intention of the Council to continue to explore other sources of finance, including low cost loans, secured against the home; with which to fund energy efficiency and renewable energy interventions.

## **10. Conclusions and Next Steps**

- 10.1 Upon approval of recommendations within this report; the energy services team will continue with the development of the services detailed in sections 5 to 9, above.

- 10.2 Those elements of the service which can be mobilised without an impact on existing budgets, and where confidence exists in the delivery mechanisms underpinning the work, will take priority.
- 10.3 A high level, non-exhaustive, timetable to the major steps is outlined below:
- October 2020: Freephone advice line launched
  - November 2020: New staff recruitment and training undertaken
  - December 2020: Launch of website amended for new customer base
  - January 2021: Launch of LAD GHG 1A funded measures
  - January 2021: Launch of Switched On Solar
  - January 2021: Launch of solar approved traders
  - January 2021: (potential if funding secured) Launch of GHG LAD 1B
  - February 2021: Launch of insulation and heating approved traders
  - March 2021: Launch of audit offer (if supported by business model)
- 10.4 It is proposed that the services be launched in the modular fashion in order to minimise the risk of the energy services team being overwhelmed by enquiries which they may not be able to resource in a timely and professional manner.
- 10.5 This graduated approach also mitigates the risk of expanding staff resources too quickly before the actual performance and uptake of a service is known.
- 10.6 A full plan will be detailed for each service prior to its launch to detail budget, marketing strategy, communications, impact and KPIs.

## **11. Integrated Impact Assessment (IIA)**

- 11.1 An IIA has been completed for this report and is appended in Appendix A. The IIA revealed no negative implications from the development of this scheme; but did identify positive implications in carbon emissions reductions, air quality improvement and through the provision of additional jobs in the economy of Portsmouth.

## **12. Legal implications**

- 12.1 The suggested options within the paper cause little difficulty save that PCC should be aware that in acting as a provider or introducer to independent third party suppliers that it should be made clear that: PCC are not an agent, receive no commission to introduce and that any contract is with the supplier and installers direct irrespective of an PCC or Central Grant or contribution.



- 12.2 It should be considered that if PCC are introducing customers to financial service providers that there are regulations applicable to that process - there may be Financial Service Authority issues to comply with (9.5).
- 12.3 In addition if PCC are to maintain (8.1) contractor lists those contractors will need to agree to the basis upon which they are retained by the customer and obtain their accreditation with PCC thereby minimising the risk that in the event of contract default PCC are held liable either per contract or upon the basis that the supplier/installer was negligent. It is recommended that there is clarity to the extent that PCC are a conduit for the process but not a direct contracting party.
- 12.4 It would be appropriate to model the basis upon which owner occupiers and tenanted property owners gain access to funds, what the contribution by way of grant is, and what is the contractual nexus for those people in terms of a supplier coupled with the suppliers having a clear basis of warranty and complaint redress process. The concern here is that schemes of this type tend to attract companies of dubious credibility - (cavity wall, wood worm treatment, insulation, solar panels etc etc).

**13. Director of Finance's comments**

- 13.1 The costs of continuing to develop the business case related to the Homes Energy Support Service (in line with recommendations 3.3 to 3.7) will be met from existing cash limited budgets.
- 13.2 Once the business case for the Homes Energy Support Service is fully developed additional funding may be required as a consequence to deliver the service. This will be delivered within existing approved resources or a request for more funding will be made.

.....  
Signed by: James Hill, Director of Housing, Neighbourhoods and Building Services,  
Portsmouth City Council

**Appendices:**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Integrated Impact Assessment	Appendix A



Marketing and Communication Strategy	Appendix B
Home Energy Support Service - Cabinet Report - October 2020	Appendix C

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: