

Title of meeting: Cabinet

Subject: Homes Energy Support Service

Date of meeting: 6th October 2020

Report by: James Hill, Director of Housing, Neighbourhoods and Building Services

Report author: Andrew Waggott, Energy Services Team Manager, Neighbourhoods and Building Services

Wards affected: All

- 1. Requested by** Councillor Gerald Vernon-Jackson, Leader of the Council
 - 1.1 The Leader of the Council and Cabinet Member for Environment and Climate Change asked the PCC Energy Services team to consider 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 so that Portsmouth can move towards being Carbon Neutral in 2030.
 - 1.2 The PCC Energy Services team currently predominately focus on supporting:
 - The energy management and needs of the Local Authority Housing stock and PCC corporate assets
 - Delivery of a number of fuel poverty mitigation schemes across all housing tenures
 - Delivery capital schemes related to energy efficiency and renewable generation
 - PCC's energy and carbon compliance
 - Supporting energy efficiency in Gosport Borough Council
 - Providing support to a range of other local authority and public partners
 - 1.3 The report considers how the offer could be expanded without compromising the primary role and focus on the team
- 2. Purpose**
 - 2.1 To set out the details of a service by which every household in the city will be able to access appropriate support with home energy efficiency and renewable technology. The service will encourage a greater uptake of energy efficiency

measures in Portsmouth; lowering emissions and energy bills, as well as promoting the creation of low-carbon skills and employment in the area.

3. Recommendations

- 3.1 That the Cabinet agrees 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.
- 3.2 That the Cabinet approves 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.
- 3.3 That the Cabinet instructs 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.
- 3.4 That the Cabinet instructs officers to explore a programme for developing a local, highly-skilled workforce to deliver low-carbon, energy efficiency installations within the city.
- 3.5 That the Cabinet instructs 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.
- 3.6 That a further report on progress be brought back to the Cabinet in January 2021.

4. Background

- 4.1 Portsmouth City Council (the 'Council') published its Home Energy and Water Strategy at the 10th March Cabinet 2020 (<https://democracy.portsmouth.gov.uk/documents/s26302/Energy%20and%20Water%20at%20Home%20Strategy%20report%20with%20appendices.pdf>). This stated an aim to create an offer to help to all households within the city reduce their energy and water consumption.
- 4.2 The Council declared a climate emergency in March 2019; committing to achieve net zero carbon for Portsmouth by 2030. Emissions from domestic sources contribute approximately 15% of all emissions; if the city is to achieve net zero carbon, reducing emissions here will be of significance.

- 4.3 In recent years the Council has worked successfully to create a number of offers around fuel poverty mitigation; housed under the Switched On Portsmouth scheme. These schemes help many hundreds, of often quite vulnerable, households each year. The level of help and support can be seen in the 2019-20 Impact Report for the Switched On service: https://switchedonportsmouth.co.uk/wp-content/uploads/2020/07/10.466-Switched-On-Impact-Report_WebReady.pdf
- 4.4 Work over recent years has laid a foundation on which a wider offer encompassing all households can be built. Switched On Portsmouth has a website (www.switchedonportsmouth.co.uk), telephony and social media accounts through which new offers can be promoted.

5. Homes Energy Support Services (HESS)

- 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 The following sections of the report are designed to give high-level details of the key ways in which it is proposed that the services will expand in scope and scale. The initial proposal focusses on three core elements (figure 1)



Further work will be undertaken following the approval of this paper to re-engage with those who fed into the *Home Energy and Water Strategy* consultation, as well

as other partners, to identify market demand and areas for improvement of existing offers.

6. HESS - Advice, Support and Communications

- 6.1 The www.switchedonportsmouth.co.uk will be redesigned to give a clear customer journey into pages giving owner occupiers and private landlords the ability to source unbiased advice about the applicability of energy efficiency and generation technologies for their homes; as well as financial support and a list of approved traders.
- 6.2 A telephone service will be designed, and staff training given, to provide bespoke advice for residents wishing to speak to a council officer with enquiries which cannot be dealt with through the advice pages on the website.
- 6.3 A solar tool will be developed in order to allow households to identify the potential for their homes to have solar photovoltaic (PV) panels installed. The tool will give residents a bespoke report, detailing the solar capacity of their roofs, any over-shading, the potential cost and carbon savings, and the likely capital cost. Recent research shows that there are around 22,000 homes in Portsmouth that could be cost effectively fitted with solar photovoltaic panels.
- 6.4 A full communications plan will be developed to sit along the all-encompassing offer. This will include for press, social media promotion, online marketing and other collateral.

7. HESS - Household Audits

- 7.1 An important aspect of any all-encompassing energy offer is the ability to identify the appropriate measures for a specific property. The urgency of the climate declaration means that, where possible, multiple energy efficiency measures should be installed at the same time. Experience indicates that the installer supply chain is not well equipped for identifying multiple opportunities when visiting a property; tending to identify only the intervention that they wish to install.
- 7.2 A whole house audit has been designed to capture all relevant information regarding the property fabric, heating system and ability to host renewable energy. A non-intrusive technical survey will be undertaken and recommendations made; including funded and non-funded property improvements. Auditors will be recruited from the local area, with the focus on training those who are unemployed to undertake the role. The Cabinet's ambition is to be able to offer an energy audit with no upfront cost to as many homes in the city as possible. The business case will explore a model and options to meet that ambition.

- 7.3 The audits will seek to develop 'deep' retrofits; where multiple technologies are installed in a single intervention, in order to bring the property as close to net zero carbon as possible.
- 7.4 In addition to the whole house audits; Energy Performance Certificates (EPCs) can also be provided. EPCs are required by law at the point of rental or sale of a domestic property. This service can be offered additionally to the full audit.
- 7.5 Minimum Energy Efficiency Standards (MEES) require a privately rented property to have an EPC with a rating of 'E' or higher. In order to assist private landlords; the Council will provide an EPC+ service. This will entail a more detailed report on the energy efficiency of a property to give affordable options for improvements, three contractor quotes (from the local approved list) and submit an exemption if required.

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 As well as helping to support local businesses by directing private households their way to source installations of green technologies; the council will also explore routes in which to assist in training the next generation of installers to gain the skills required.
- 8.3 In order to achieve net zero carbon emissions within its social housing stock, the Council must greatly increase the numbers of interventions made it these dwellings; to install more insulation, solar PV and move away from gas heating. It is proposed that the work in the social housing portfolio be used as a way of launching an offer for the private domestic market.
- 8.4 It is proposed that the critical mass of projects designed to deep-retrofit social and private tenures be used to establish a long-term programme for training individuals new to the low-carbon buildings sector, by working in partnership with local education providers. It is estimated that as many as 250 new jobs could be added to the local supply chain through this programme by 2030.

8.5 The creation of low-carbon jobs into the local supply chain will better help the local installer lists, identified in 8.1 be populated; and the scope of the services included widened, with local contractors. In turn, local residents wishing to use local installers, will be directed to these lists; in order to keep the wealth generated within the local community.

9. HESS - Financing Energy Improvements

9.1 One of the key barriers to the uptake of low and zero carbon technologies within homes is the high capital cost of many of the measures. The Council has a number of ways, technology dependent, on overcoming this barrier; through the administration and promotion of grants and loans to fund retrofitting measures.

9.2 The Local Authority Delivery (LAD) scheme is a government administrated fund into which the council has bid for £1.8 million to support the delivery of solid wall insulation and heating controls. The measures will be identified in private landlord and owner-occupier properties through data analysis and targeted mail; audits will be undertaken to identify the applicability of the measures. Installations will be undertaken by the list of local approved installers. The grant will fund 100% of the measures in owner-occupier properties and 66% for private landlords.

9.3 The Green Homes Grant (GHG) scheme is a £1.5 billion grant funded budget, primarily aimed at private housing, to fund installations of insulation and low carbon heating. Although not directly responsible for its administration, the Council will promote the scheme, audit homes and encourage engagement with local approved installers. The grant will fund vouchers of up to £5,000 or £10,000, dependent on household income.

9.4 Energy Company Obligation (ECO) Flexibility is a government-mandated scheme whereby the council has the ability to provide supporting evidence to standard ECO applications for households that qualify under a range of vulnerability and income criteria. This encourage the installations of insulation and heating systems which are not covered by the GHG scheme; as it will typically enable funding to be released for 100% of the measure. ECO Flex is a service already provided by the Council, but will be expanded and further promoted under a revised launch and campaign to engage local installers to find applicable households.

9.5 Unlike the energy efficiency improvements outlined above, there is currently no government administered funding for solar or storage technologies; which is likely to make it a harder 'sell' to the public at large, despite its higher perceived value and high carbon-saving potential. Given this dearth of assistance, the Council will explore the ability to source low-cost finance for households to overcome the high capital costs of the installation. This includes the potential of offering low interest

loans, secured against the value of the home on which it is installed. Such loans could to be paid off from the lower energy bills that follow from the installation of insulation, batteries or solar panels; or the possibility of paying back the loan when the house is sold. Both of these routes would ensure that there is no up front payment from the residents.

10. Next Steps

- 10.1 Upon approval of this paper by Cabinet, officers will undertake work to market test, design services, work up business models and develop back office functionality and staff resourcing in order to be able to accommodate this all-encompassing energy support service.
- 10.2 A detailed programme of work will be developed following the approval of this report, however some indicative timescales are given below:
- October - November 2020: advice, support and communication development; solar tool development; approved trader lists development; staff recruitment; and LAD and GHG launch
 - December 2020 - January 2021: household audit and EPC+ launch; financing options investigated; and ECO Flexibility scheme relaunched
 - January - March 2021: pilot deep-retrofits launched and partnerships with local educational establishments investigated

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. City Solicitor's Comments

- 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 there accreditation with PCC thereby minimalising 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 to be 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 developing the business case related to the Homes Energy Support Service (in line with recommendations 3.2 to 3.5) will be met from existing cash limited budgets.
- 13.2 Once the business case for the Homes Energy Support Service is 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

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:

Title of document	Location
Integrated Impact Assessment	Appendix A