

**Report of the Director of Environment and Housing**

**Report to Executive Board**

**Date: 6<sup>th</sup> November 2013**

**Subject: Affordable Warmth in Leeds**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. Leeds City Council has an excellent track record of working with partners to improve access to affordable warmth. However, despite significant improvements to the energy efficiency of housing stock, the rising cost of energy, combined with falling real term incomes means that Leeds will need to continue to address affordable warmth through multiple avenues.
2. The Council has ambitious plan to attract ECO funding, particularly for low income and vulnerable households, building on the experience gained through Wrap Up Leeds and Wrap Up Leeds + which collectively secured around £10m of external funding.
3. The Council is currently delivering Wrap Up Leeds ECO with Willmott Dixon, SSE and Keepmoat and expects to provide c5,000 major energy efficiency improvements and to draw in around £20m of ECO and Green Deal funding.
4. The Council is also leading a £60m+ procurement on behalf of the Leeds City Region, to establish a long-term partnership to deliver energy efficiency improvements which will also create major training and employment opportunities.
5. The Council has successfully provided a range of support to vulnerable people through winter warmth programmes over the past two years, helping over 11,000 people in 2012/13. Despite a national withdrawal of funding, the Council is working to establish the same level of support through local programmes.

## **Recommendations**

- 1.1 To note the content of this report and support the ongoing work to secure ECO and other funding to improve access to affordable warmth.
- 1.2 To give the Director of Environment and Housing authority to submit a proposal to DECC for a share of the £20m funding available for area based Green Deal/ECO schemes.

## **1 Purpose of this report**

- 1.1 To update Members on the significant external funding opportunities available to increase domestic energy efficiency and improve access to affordable warmth.
- 1.2 To ensure that all Members are aware of the leading role the Council has taken in developing and delivering ECO funding initiatives and the opportunities and challenges that this funding presents.

## **2 Background information**

- 2.1 In 2011 11.3% of households in West Yorkshire were in fuel poverty: that is households with low incomes and high heating costs. The combination of old inefficient homes, falling incomes and rising fuel prices (which doubled between 2004 and 2011) means many people simply cannot afford to keep warm. This creates real physical and mental suffering: approximately 21.5% of excess winter deaths can be *directly* attributed to living in the coldest quarter of homes.
- 2.2 To deal with this health crisis, the Council has successfully attracted major investment in houses in Leeds over the past few decades:
  - 2.2.1 The partnership with Warm Front installed heating and insulation improvements in 29,000 private sector households between 2000 to 2012;
  - 2.2.2 The decent homes programme has resulted in practical completion of all insulation works (loft insulation, cavity wall insulation, double glazing and efficient UPVC doors) in 31,464 council houses and Total Heat led to the installation of over 40,000 efficient gas boilers.
  - 2.2.3 Partnerships with energy companies culminated in the Wrap Up Leeds Free Insulation scheme which insulated over 10,000 lofts and cavities and drew in c£3.3m of CERT funding in 2012.
- 2.3 The Council also has a long history of working with partners to improve access to affordable warmth:
  - 2.3.1 The Warm Homes Service, run by Care & Repair Leeds and working with frontline carers, finds funds for vital heating improvements for people suffering from cold related illness.
  - 2.3.2 The Green Doctor, run by Groundwork Leeds, provides minor energy efficiency improvements and energy advice to vulnerable households in Leeds.
- 2.4 Whilst these have provided valuable support to households across the city, there are still many vulnerable people who need help, especially those living in solid walled properties which are not suitable for cavity wall insulation.
- 2.5 The Council has developed the following approach to ensure that we spread affordable warmth to everyone in the city:

- 2.5.1 Targeted interventions in areas where hard to treat properties and low incomes make affordable warmth more difficult to achieve; and
- 2.5.2 Individual referrals and assistance for vulnerable households who may be particularly susceptible to the effects of living in cold and damp properties.

### 3 Main issues

- 3.1 The transition from previous energy efficiency and affordable warmth grants to ECO (Energy Company Obligation) provides both challenges and opportunities. By actively engaging with Government, energy suppliers and major contractors to deliver ECO, the Council has gained critical insights and a national reputation as an area that is open for business.
- 3.2 **Challenges.** ECO funding for low income and vulnerable households is lower than the funding provided through Warm Front, the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP) combined. Also, ECO is a market based mechanism so the 'offer' to households can fluctuate, making it hard for the most vulnerable households to obtain the help they need.
- 3.3 **Opportunities.** Whilst direct funding for affordable warmth has reduced, most energy companies are struggling to find partners to spend their budgets for more expensive solid wall insulation. The Council can reduce costs to contractors and energy companies by helping to promote the benefits to householders in homes that generate the carbon savings they need. Leeds has many thousands of suitable houses and the Council is now working cross-departmentally to identify the right areas, remove planning barriers and promote within existing regeneration priorities. The Council has also taken steps to make sure that vulnerable people do not miss out by creating a £500k discretionary Fuel Poverty Fund to provide a top up where ECO may be unable to fully fund a vital measure for a vulnerable household.
- 3.4 The three main programmes of work to attract ECO funding to Leeds are:
  - 3.4.1 **Wrap Up Leeds +.** As reported to Executive Board in October 2012, Leeds successfully bid for up to £1.28m to run a Green Deal Demonstrator between January and October 2013 which aimed to insulate 302 homes. Despite many of the Green Deal systems and processes not being in place and a very severe winter, the council achieved far more than was originally planned. In addition to the £1m secured from DECC, we attracted c£5m of ECO funding and c£500k of householder investment resulting in almost 1,000 significant energy efficiency improvements to Leeds properties. The main successes were:
    - **Show homes.** There are over 5,000 long-term empty properties in Leeds and it is a major Council priority to bring these back into use. However, many of these empty homes are very inefficient Victorian homes so the Council aimed to use 2 empty homes to demonstrate how a full package of energy efficiency improvements could be integrated with work to bring empty homes up to modern living standards. The Council doubled our target when it supported both Canopy

and LATCH to refurbish 4 empty properties to exemplary efficiency standards.

- **Council estates.** Although we have insulated over 30,000 cavity wall properties approximately half of the c8,000 low rise system built properties are still uninsulated. These homes are very cold in winter so the proposal aimed to insulate 50 ALMO system built properties in isolated clusters which are often overlooked for help. The Council almost quadrupled the target by providing external wall insulation (and loft insulation where required) to 194 system built properties (approximately half privately owned) in the East, South and West of the city. The impact on tenants' lives has been dramatic, with a significant improvement to the appearance of the areas (particularly the larger collections of properties in the East and South) and a reduction in tenants' fuel bills. On a Ministerial visit to the area, one tenant unprompted told the Minister that he thought he'd left his heating on, it was now so warm inside!
- **City wide loans.** The Green Deal has introduced large-scale loan finance for domestic energy efficiency work for the first time. This is a major change from previous approaches so we aimed to test the appetite for energy efficiency loans aimed the general public. We therefore partnered with YES and Leeds Credit Union to deliver insulation and boiler improvements to over 350 properties, including 150 zero percent loans. This was by far the most complex and ambitious of all the Green Deal Demonstrator projects funded by DECC and provided an order of magnitude more loans than any other Council. The success was based on a great offer to households, many of whom received 80-100% ECO funding, and intelligent targeting of the campaign. The offer was promoted heavily in the Swarcliffe area where Council homes had benefited from a PFI funded external wall insulation programme. However, the c250 right to buy properties were missed and the estate looked scruffy, due to the inconsistent finish on many terraces. This programme provided external wall insulation (as part of a package of measures) to well over 100 private properties, lifting the appearance of the estate dramatically.

3.4.2 **Wrap Up Leeds ECO.** In March 2013, Executive Board approved a new programme that will allow the council to deliver Green Deal and ECO measures to a wide audience. The Council partnered with Willmott Dixon, SSE and Keepmoat in May 2013 and aims to deliver c5,000 significant energy efficiency improvements to Leeds properties by October 2014. This could attract over £20m of ECO and Green Deal funding to Leeds. Specifically it aims to provide:

- **Grants for boiler replacements.** The Home Heat Cost Reduction Obligation (HHCRO) ECO funding can provide free boiler upgrades for people in receipt of certain benefits. We have identified a list of 17,000 eligible private sector residents and have sent letters to approximately half this list, with the aim of helping c600 vulnerable residents. We have now been contacted by over 500 people and are receiving enquiries at the rate of around 50 per week and have already installed over £100k worth of new boilers.
- **Council homes.** Building on the success of Wrap Up Leeds +, we aim to externally insulate c500 system build council and right to buy properties. We have already agreed a deal for 96 properties in the South with SSE and are

evaluating proposals for over 400 more in all parts of the city for this financial year.

- **Victorian terraces.** Although we worked closely with planning colleagues and to externally insulate a handful of Victorian homes with brick effect render, Wrap Up Leeds + simply did not have enough time to plan and deliver street by street improvements to Victorian terraces. We aim to build on this experience to provide a combination of internal insulation to the fronts and external insulation on the rears of c200 privately owned and rented Victorian terraced properties alongside area regeneration work. Although marketing has only just started to an area of 150 homes in Harehills, over 25% of households have already registered for surveys. A significant insulation programme is also planned to take place as part of the £4m group repair work in Cross Green.
- **Area based initiatives.** Wrap Up Leeds + showed clearly that area based projects were the most effective way to deliver ECO. We therefore plan to run a number of area based marketing campaigns to improve c1,500 private properties. We will initial focus on areas close to the works to Council houses as we know that people respond better when they see a buzz of local activity. However, to hit our target we need to be more ambitious than this and plan to work with LCR partners to submit a proposal for a share of the £20m funding available for area based Green Deal/ECO schemes. This has strict eligibility criteria but should allow us to target both Victorian terraces and system built estates with a compelling offer.

**3.4.3 Leeds City Region Green Deal/ECO Partnership.** In December 2012 Executive Board committed the Council to lead a Leeds City Region wide procurement worth at least £60m to secure a long term Green Deal and ECO partners from mid 2014 – 2017. This will deliver energy efficiency improvements to at least 12,000 homes across the region (c6,000 of which will be in Leeds) over a three year period and provide major training and local employment opportunities, particularly for young people. This procurement is now well underway, with 4 major companies and consortia being selected to start a competitive dialogue.

**3.5** Leeds has provided additional support to vulnerable people in winter for the past two years with a mix of funding from the Department of Health, NHS Leeds, the DECC fuel Poverty Fund and Leeds Federated Housing. In 2012/13 this amounted to £527,368 worth of additional support comprising:

- Additional emergency repairs and heating measures provided through the Warm Homes Service to 701 vulnerable households, 81 of which were large scale measures.
- 357 additional home visits provided by the Green Doctor.
- A community grants fund supporting 35 projects across Leeds assisting 11,871 residents.
- Fuel bill and income maximisation advice provided to 365 households by the CAB network.

- Additional assistance to 214 vulnerable tenants of Leeds Federated Housing.
- Additional capacity at the Leeds homeless hub for 1,160 homeless and rough sleepers.

Leeds Metropolitan University evaluated the work and found that the project had led to “significant improvements in mental, physical and social health” and recommended that the scheme should in future be “rolled out further to reach all fuel poverty households”.

- 3.6 Although the Department of Health will not provide a Warm Homes Healthy People Fund in 2013/14 the Council already has advanced plans in place. The Leeds North and Leeds South & East Clinical Commissioning Groups have agreed to provide £50k each to support work in their areas and the Council has established the £100k Fuel Poverty Fund.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Leeds Affordable Warmth Partnership includes representatives from the public, private and voluntary sector and acts as a regular sounding board for policies and ideas. It will be consulted during the refresh of the Affordable Warmth Strategy. In addition, we regularly consult stakeholders in the design and development of individual programmes.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 Fuel poverty and affordable warmth is a cause of inequality and poor health across the city. Therefore this policy is aimed at alleviating this and improving affordable warmth. There are unlikely to be any significant negative aspects. Individual projects and schemes will be screened for equality impacts where appropriate. A screening is attached.

### **4.3 Council policies and City Priorities**

- 4.3.2 The Vision for Leeds is committed to making sure that everybody lives in a decent home and can stay warm by 2030. In addition, the City Priority Plan to 2015 commits the authority to “support more people to live safely in their own homes” and “improve housing conditions and energy efficiency”. This project will help the city achieve both aims.

- 4.3.1 Affordable warmth has been included as a priority in the Joint Health and Wellbeing Strategy 2013 – 15, as a result of the scrutiny enquiry on fuel poverty.

### **4.4 Resources and value for money**

- 4.4.1 In an era of shrinking budgets, the Council is committed to drawing down external investment from sources such as ECO. The programmes highlighted in this report show that the Council has been successful in the past and has ambitious plans for the future.

- 4.4.2 The Marmot Review: Health Impacts of Cold Homes and Fuel Poverty, clearly sets out the negative impact that living in cold homes can have on the health of vulnerable people with knock on costs for health and social services. With public health now a responsibility of the local authority, the case has never been stronger for investment in affordable warmth improvements.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The report has no direct legal implications and all information is openly accessible.
- 4.5.2 The recommended decisions are all open to Call In.

#### **4.6 Risk Management**

- 4.6.1 This report is intended to set out Leeds' ambition to improve access to affordable warmth. Each programme of work will be developed and governed using standard project management practices and each will therefore have its own risk profile.

### **5 Conclusions**

- 5.1 The Council has an admirable track record of supporting some of the most vulnerable people in the city to reduce fuel bills through improved energy efficiency. Much of this has been done at very little cost to the householder, through partnership with government and private companies.
- 5.2 The context has changed dramatically with the Green Deal loans and ECO grants replacing a raft of different programmes. However, the Council has engaged successfully with government, energy companies and contractors and has run one of the most successful Green Deal Demonstrators in the country.
- 5.3 The Council has now established a new partnership for 2013/14 which could attract around £20m of ECO and Green Deal finance and is leading a major procurement on behalf of the city region that will be worth over £60m and create significant employment and training opportunities.

### **6 Recommendations**

- 6.4 To note the content of this report and support the ongoing work to secure ECO and other funding to improve access to affordable warmth.
- 6.5 To give the Director of Environment and Housing authority to submit a proposal to DECC for a share of the £20m funding available for area based Green Deal/ECO schemes.

### **7 Background documents<sup>1</sup>**

- 7.1 Warm Homes Healthy People Evaluation (to be published November 2013).

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.