

AGENDA ITEM NO. 7

TITLE: NEW GUIDANCE FOR LOCAL AUTHORITIES ON THE HOME ENERGY CONSERVATION ACT 1995 (HECA) AND DELIVERY OF THE GREEN DEAL

Committee: Development and Transport Committee

Date: 6th November 2012

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[M133]

1.0 ISSUE

1.1 The purpose of this report is to provide information on guidance recently published by the Secretary of State for Energy and Climate Change requiring all local authorities with housing responsibility to prepare reports by 31st March 2013. The report must set out plans to implement practical, cost effective energy conservation measures to achieve significant improvement in the energy efficiency of residential accommodation in their areas.

1.2 This report also gives details of the Government's flagship environmental initiative the 'Green Deal', outlining options for the delivery of the Green Deal in the district and recommending continued work to establish a preferred approach to maximise take up, plus a possible revenue income for the Council, whilst promoting local jobs, skills and apprenticeships.

2.0 RECOMMENDATION(S)

2.1 That further work is undertaken in partnership with Officers from other Cambridgeshire authorities, to develop an outline business case for and action plan to deliver the procurement of a joint local authority Green Deal for Cambridgeshire.

2.2 When completed the outline business case will be presented to Members for consideration including a full appraisal of the resources required to procure and deliver a Green Deal scheme for Cambridgeshire.

3.0 BACKGROUND/OPTIONS

3.1 The Home Energy Conservation Act (HECA) has been in force since 1996. It requires local authorities with housing responsibilities to periodically report improvements to the energy efficiency of the housing stock in their area.

3.2 The Energy Act 2011 amended HECA by supplementing the definition of an 'energy conservation measure' to include 'any available financial assistance'. This amendment enables local authorities to report on measures installed through the Governments forthcoming Green Deal initiative.

- 3.3 Guidance from the Department of Energy and Climate Change on HECA requires Energy Conservation Authorities (of which East Cambridgeshire is one) to publish a Further Report by the 31st March 2013, to include:
- Local energy efficiency ambitions and priorities,
 - How we will take advantage of financial assistance, such as Green Deal, the Energy Company Obligation and Renewable Heat Incentive, plus other initiatives to improve energy efficiency,
 - Measures that we have developed to implement energy efficiency improvements, and
 - A timeframe for delivery, and our national and local partners.
- 3.4 Members will be consulted on what this authority's energy efficiency ambitions and priorities should be in order to feed into the plan in early 2013. In addition to this, work has already begun on establishing how the Green Deal can best be used to improve energy efficiency in Cambridgeshire.
- 3.5 The Green Deal is a new finance framework that will provide householders with up-front loan finance for installing cost effective energy efficiency measures in their homes. The scheme was officially launched by the Government on 1st October 2012.
- 3.6 Green Deal loans will be available for a full range of measures (45 in total) including such things as loft and cavity wall insulation, boiler replacement, heating controls, double glazing, secondary glazing, solid wall insulation, flat roof insulation and micro-generation (solar thermal and PV).
- 3.7 Green Deal loans will not operate as personal loans but will be repaid through savings achieved in household energy bills. The 'Golden Rule' of the Green Deal is that loan repayments must be less than the expected savings from the measures installed.
- 3.8 There is also potential to bring in top-up grant funding from the Energy Company Obligation (ECO). Around £1.3bn per annum is to be invested by the major energy companies to cover a combination of the more expensive measures (e.g. solid wall insulation) and the delivery of affordable warmth to priority householders who may be suffering from fuel poverty.

4.0 ARGUMENTS/CONCLUSIONS

- 4.1 The Green Deal has huge potential to stimulate energy efficiency improvements in the building stock of the District. Although it has largely been devised with housing in mind, it will also be available for commercial and public buildings.
- 4.2 The Green Deal can be provided by commercial companies, social enterprises and local authorities acting alone or in partnership. To deliver the

Green Deal locally there are basically three approaches local authorities might choose to adopt:

- Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
- Partner – work in partnership with commercial Green Deal providers and community partners to deliver and facilitate delivery; or
- Promote – by acting as advocates for the Green Deal locally.

4.3 The Council is currently participating in a countywide study to assess the size of the opportunity for the take up of the Green Deal in Cambridgeshire and to provide an options appraisal of the various delivery mechanisms.

4.4 There are a number of issues local authorities need to consider in deciding what role/s they might play in delivering the Green Deal but the study has indicated that the maximum benefits for a District Council such as East Cambridgeshire (in terms of scheme viability and potential revenue returns) will come from partnering with a commercial provider or providers along with other Cambridgeshire Local authorities.

4.5 Indications from Central Government are that the Green Deal will be most efficiently delivered by local authorities on a county wide scale and that Local Authorities forming partnerships early are likely to be at an advantage when it comes to attracting investment from Green Deal providers and energy companies.

4.6 The joint procurement of a Green Deal offering for Cambridgeshire is likely to take up to 6 months. An option under the procurement is that participating local authorities will seek referral fees from the Green Deal provider for every household benefiting from the installation of Green Deal measures under the scheme to provide an ongoing revenue benefit for the Council.

4.7 Alternatively the District Council could seek to procure its own Green Deal offering, however there is evidence that a smaller scheme such as this may be less attractive to commercial partners, will be more difficult to promote effectively and could have a reduced take up as a result.

4.8 Further work is necessary to develop a business case and support the development of an action plan to deliver the procurement and implementation of a joint Green Deal offering for Cambridgeshire.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1 The main costs associated with the development of a local authority Green Deal scheme either for East Cambridgeshire or Countywide are the costs of the procurement process necessary to secure a Green Deal provider partner and the officer time to promote the scheme once it is up and running to ensure that take up is maximised and therefore revenue potential is realised.

- 5.2 Running a single joint procurement exercise Countywide is likely to be more cost effective for the public purse than operating five almost identical processes district by district.
- 5.3 Revenue potential is likely to be higher under a Cambridgeshire wide Green Deal scheme as there is evidence that take up will be greater because of increased brand awareness and market penetration.
- 5.4 Once any procurement exercise is complete the management of the scheme will largely be undertaken by the Green Deal provider and local authority investment will be limited to start up costs for marketing and officer time spent promoting the scheme for lead generation. As such there will be no long term balance sheet exposure from this partnership approach.
- 6.0 **APPENDICES**
- 6.1 Guidance to English Conservation Authorities Issued Pursuant to the Home Energy Conservation Act (HECA) 1995.

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Local Authorities and The Green Deal – Information Note Nov 2011	Room SF204 Annex The Grange, Ely	Rachel Doyle Energy Efficiency Officer (01353) 616474 E-mail: Rachel.Doyle@ eastcambs.gov.uk

**GUIDANCE TO ENGLISH ENERGY CONSERVATION
AUTHORITIES ISSUED PURSUANT TO THE HOME
ENERGY CONSERVATION ACT 1995**

July 2012

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SUMMARY

Local authorities are uniquely placed to assess the needs of their areas and local residents and to act as catalysts for change. The Act recognises local authorities' ability to use their position to improve the energy efficiency of all residential accommodation (such as owner-occupied, privately rented and social housing) in their areas.

This document gives guidance to authorities in England¹ in preparing reports for 31 March 2013 and for subsequent progress reports.

PART 1. CONTEXT

The Carbon Plan

1.1 Under section 4(2) of the Act the Secretary of State may give guidance to authorities on what energy efficiency improvements are to be regarded as significant. The Government is committed to local authorities setting their own priorities, ambitions and any related targets as they are best placed to assess their local needs and judge what will achieve significant improvements based on their particular local circumstances.

1.2 The starting point for action by central and local government to significantly improve the energy efficiency of residential accommodation across the country is the legal requirements in the Climate Change Act 2008. This sets specific targets for reductions in carbon emissions. The Carbon Plan, published by the Department of Energy and Climate Change in December 2011, sets out how the Government aims to achieve these reductions.

1.3 Part 2 of the Carbon Plan sets out the Government's strategy for meeting the UK carbon budgets which includes the following emissions reductions and targets:

- to reduce greenhouse gas CO₂ emissions by 29% by 2017, 35% by 2022, and 50% by 2027 – for buildings this means a reduction between 24% and 39% lower than 2009 levels by 2027;
- to insulate all cavities and lofts, where practical, by 2020;
- by 2030, between 1 – 3.7m additional solid wall installations and between 1.9 - 7.2m other energy efficiency installations;
- by 2030, 1.6 - 8.6m building level low carbon heat installations such as heat pumps (Government modelling suggests that 21 - 45% of heat supplies to buildings will need to be low carbon); and
- by 2050 emissions from UK buildings to be “close to zero”.

¹ Therefore, where appropriate, references throughout the remainder of this guidance to authorities should be interpreted to be only authorities in England.

Fuel Poverty Targets

1.4 The Warm Homes and Energy Conservation Act 2000 defines a fuel poor household as one that is living on a lower income in a home which cannot be kept warm at a reasonable cost. It requires the Government to publish a strategy, setting out how it will eradicate fuel poverty in England, as far as reasonably practicable.

1.5 The UK Fuel Poverty Strategy was published in 2001. It defined the reasonable cost component of the definition of fuel poverty as being a household which needs to spend more than 10 percent of its income on home energy (including heating the home to 21 degrees for the main living area, and 18 degrees for other occupied rooms). It also set the target for the Government to eradicate fuel poverty in England, as far as reasonably practicable, by 2016.

1.6 In March 2011, the Government commissioned an independent review of fuel poverty led by Professor John Hills. The focus of the review was to consider evidence on whether fuel poverty is a distinct problem from income poverty, how well the current definition reflects the problems involved, and the effectiveness of policies to counter it. Professor Hills published his findings on the 15th March 2012. The report is available at:

www.decc.gov.uk/en/content/cms/funding/Fuel_poverty/Hills_Review/Hills_Review.aspx

1.7 In response the Secretary of State for Energy and Climate Change committed to the adoption of a revised approach to measuring fuel poverty by the end of 2012, and to consulting on an alternative definition for fuel poverty in the summer of 2012.

Central and local government working together to deliver

1.8 Delivering ambitious carbon reduction plans and addressing fuel poverty can only be achieved with the full participation of local government. Local authorities can play a significant role by setting themselves related ambitions. They are particularly well placed to champion the changes required, stimulate activity to meet specific local needs and support their wider strategic priorities. In particular local authorities:

- have unique knowledge of their local area's needs and circumstances;
- are able to link wider strategic priorities and funding streams e.g. through health, education and regeneration agendas;
- are able to draw on established local networks, partnerships, services and delivery partners;
- can draw on existing links with business and social enterprises and provide gateways through local advice agencies and services; and
- are directly accountable to their local residents.

1.9 To support the ambitions in the Carbon Plan there are several significant drivers for action in the residential sector:

- the Green Deal and the new Energy Company Obligation will provide new sources of finance;
- ongoing support under the Feed in Tariffs scheme;

- ongoing support through the existing Renewable Heat Premium Payment and the new domestic Renewable Heat Incentive from summer 2013;
- requirements for all new homes to be built to a zero carbon standard from 2016;
- Energy Performance Certificates ('EPC'), which are required on the sale, rent or construction of a building, which provide the occupier with an assessment of the energy efficiency of the building and a set of recommended improvements that will make it more energy efficient;
- the Energy Act contains provisions to introduce a minimum energy efficiency standard (likely to be EPC band 'E') for private rented sector housing from 2018; details will be subject to full public consultation and use of these regulation making powers is conditional on there being no net or up-front costs to landlords. As a first step, government will work with the private rented sector to encourage uptake of energy efficiency measures through the Green Deal; and
- by late 2019 smart meters to be installed in every home.

1.10 Local authorities are well-positioned to take advantage of these drivers. Driving local domestic energy efficiency improvements can bring significant benefits for local authorities and their residents including:

- opportunities for local economic and physical regeneration;
- support for the creation and maintenance of local green businesses, jobs and skills;
- helping to reduce fuel bills for local residents;
- helping make homes warmer and healthier;
- making a vital local contribution to reducing local and national carbon emissions; and
- supporting wider local strategic priorities, on issues such as health and poverty.

Enquiries

1.11 More detail on the requirements of the Act are set out in the remainder of this guidance.

1.12 Enquiries on this guidance should be addressed to:

heca-reports@decc.gsi.gov.uk

Department of Energy and Climate Change

July 2012

PART 2: THE ACT'S REQUIREMENTS

Requirements of authorities under the Act

2.1 Recognising the key role that local authorities have to play in improving the energy efficiency of the residential accommodation in their areas, and thereby achieving reductions in domestic carbon emissions, the Government has decided to request further reports and issue guidance in relation to these further reports and related progress reports pursuant to the provisions in the Act. The requirements set out below therefore aim to support authorities' local ambitions and enable strong partnership working with national and local partners.

2.2 Using powers under section 5(1)(b) the Act the Secretary of State for Energy and Climate Change requires all English authorities to prepare further reports by 31 March 2013 setting out the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area.

2.3 For the purposes of the further report and pursuant to section 4(2) of the Act, the Secretary of State regards significant improvements to result from measures falling within (i) below and particularly when installed as described in (ii) below. Authorities should therefore, where appropriate, have regard to:

i measures that take advantage of financial assistance and other benefits offered from central Government initiatives, such as the Green Deal, ECO and Renewable Heat Incentive or other initiatives, to help result in significant energy efficiency improvements of residential accommodation; and

ii measures which an authority has developed to implement energy efficiency improvements cost-effectively in residential accommodation by using area based/street by street roll out involving local communities and partnerships (e.g. social housing partners, voluntary organisations and town/parish councils).

2.4 In respect of energy conservation measures detailed in a further report an authority may set out any existing timeframe for delivery and national and local partners they propose to work with in effecting such measures to support local accountability.

2.5 Using its powers under section 3(2)(a) of the Act the Secretary of State, having received a further report duly prepared in accordance with the Act, expects to request that English authorities provide progress reports on progress made in implementing the measures set out in the further report at 2 yearly intervals after submission of the further report (by 31 March 2015, 31 March 2017, 31 March 2019 etc) up to and including 31 March 2027.

2.6 To promote transparency and accountability to local communities and partners, the Secretary of State requires all authorities to publish further reports and progress reports electronically on their website in a format and location that is accessible to local residents with a link to be forwarded to the Secretary of State at heca-reports@decc.gsi.gov.uk before or by

the specified date of the specified year as described above. Guidance on what information a progress report might contain is set out in Part 3.

2.7 Where an authorities' further report or progress reports are not received by the set dates the Secretary of State may write to the authority's Chief Executive seeking advice on when it is expected.

2.8 Many local authorities have already set themselves ambitious local targets, examples are set out in Part 3. To express their ambition, and to demonstrate their commitment to their residents, many local authorities are signing the new Climate Local Commitment which was launched by the Local Government Association ('LGA') in June 2012 (see Part 4 of this guidance).

DECC's offer to local authorities

2.9 The Memorandum of Understanding between DECC and the LGA envisages both parties working 'together to help and encourage all councils to take firm action - underpinned by locally set ambitious targets and indicators'.

2.10 To support authorities in the early stages of the Green Deal/ECO DECC will, as far as it reasonably can:

- seek to use the Green Deal launch incentives in a way that supports local authorities' offers to their residents which maximise street by street roll out;
- help promote local authorities' identified plans to Green Deal Providers and energy suppliers – further reports and progress reports will be attractive to Green Deal Providers and businesses seeking to invest as well as energy companies seeking to deliver their ECO targets;
- provide some tools for authorities to meet their obligations under the Act, e.g. tracking their emissions levels over time and helping identify particular areas to target; and
- work with the LGA and the Department for Communities and Local Government ('DCLG') to provide good practice guidance for local authorities.

2.11 DECC will also continue to work with the local authorities' national Carbon Action Network to support delivery through the Act.

PART 3: GUIDANCE ON THE PREPARATION OF FURTHER REPORTS AND PROGRESS REPORTS

Further reports

3.1 This guidance is issued in accordance with the Secretary of State's powers under section 4 of the Act. It explains the requirements for authorities to provide further reports and progress reports. Authorities are required by section 4(3) of the Act to have regard to this guidance.

3.2 To provide transparency, further reports and progress reports are required to be published electronically (as described in 2.6) so that local residents, should they choose, can access the authorities' plans and monitor progress. Authorities should decide the most suitable format for any further report or progress report although it is encouraged that these are brief, easily accessible documents. An example of what a further report could look like is at Annex 1.

3.3 For the purposes of reporting to the Secretary of State pursuant to sections 5(1)(b) of the Act, further reports could cover the following four elements.

(i) Local energy efficiency ambitions and priorities

3.4 Authorities may already have, or may be developing, local plans to significantly improve the residential accommodation (such as owner occupied, social housing and private rented sector) in their area to provide a strong contribution to the national carbon targets set out in paragraph 1.3 of Part 1 of this guidance. An authority may describe any existing (or perhaps future) plan in their further report and progress reports and do so with reference to the key drivers set out in paragraph 1.9 of Part 1. The Climate Change Committee's report, '*How local authorities can reduce emissions and manage climate risk*' published on 17 May 2012, provides useful guidance in this regard (see Part 4).

3.5 Many local authorities have already set themselves challenging targets, for example:

- the Association of Greater Manchester Authorities launched its Climate Change Strategy in July 2011, setting out how it will build a greener, more sustainable region. This sets out Greater Manchester's plan to build a low carbon economy by 2020, reducing carbon emissions by 48% against a 2009 baseline, reacting to the changing climate while creating future jobs and new industries in the 'green' sector;
- the Greater London Authority has set a target to reduce London's emissions by 60% against 1990 levels by 2025 and is aiming to retrofit 1.2 million homes by 2015, 2.4m by 2020;
- Kirklees council's 2025 Environment Vision commits the council to reducing CO₂ emissions by 30% by 2025 from a 2005 baseline;
- Wychavon District Council's 'Intelligently Green' plan states that in 2020 the total amount of energy consumed per head of population in Wychavon will be at least 10% below 2009 levels and the number of households in fuel poverty will have reduced by 25% from 2009 levels.

3.6 The Government welcomes these ambitions and supports the work the LGA is promoting through its Climate Local initiative which provides a vehicle for all local authorities to articulate ambitious local plans and seek support to improving the residential accommodation of their residents by signing up to the Climate Local Commitment (see Part 4).

3.7 Depending on their local priorities and circumstances authorities may set priorities to address specific needs of their local residents, in particular around fuel poverty. For example an authority may decide to set out steps it plans to take to reduce fuel poverty in its area (particularly using the ECO), for example how it plans to target fuel poor households taking advantage of the Affordable Warmth and Carbon Saving Communities aspects of ECO. In this regard an authority may wish to develop a separate Affordable Warmth Strategy and to consider the role that local Health and Well Being Boards and local health partners, as well as how local authorities' existing duties and powers under the Housing Health & Safety Rating System, could play in supporting any such plans.

3.8 As a starting point for tailoring specific action to address the needs of households in fuel poverty authorities can access DECC published data on fuel poverty levels for 2008, 2009 and 2010 at the local authority level to establish their current performance. Interactive maps are at www.decc.gov.uk/en/content/cms/statistics/local_auth/interactive/fuelpoverty/index.html and data down to lower level super output area at www.decc.gov.uk/en/content/cms/statistics/fuelpov_stats/regional/regional.aspx. The Climate Local initiative will also provide web based support (from September 2012) and will contain helpful sources of information that authorities can draw on in developing any actions.

3.9 To establish a robust baseline for improving the energy efficiency of their residential accommodation, authorities can use the published DECC data for local authorities at www.decc.gov.uk/en/content/cms/statistics/local_auth/local_auth.aspx and at www.decc.gov.uk/en/content/cms/statistics/local_auth/interactive/interactive.aspx.

These provide the most up to date available data on:

- Energy consumption (gas, electricity, other fuels, road transport);
- CO₂ emissions;
- Cavity wall and loft insulation installed under the Carbon Emissions Reduction Target; and
- Domestic solar pv installations

3.10 Local authorities can also make use of the CO₂ emissions dataset, at: www.decc.gov.uk/en/content/cms/statistics/climate_stats/gg_emissions/uk_emissions/2009_laco2/2009_laco2.aspx.

3.11 This dataset, which is updated annually, includes data for five years – currently 2005 to 2009 (2010 data will be released on 23 August 2012) - which are classified as National Statistics under the terms of the National Statistics Code of Practice. It provides estimates at local authority and regional levels of total domestic CO₂ emissions and emissions per capita of population, both on an end-user basis. This information could help authorities to design carbon reduction strategies and to monitor changes in CO₂ over time to track their strategies' effectiveness.

3.12 DECC has also made available gas and electricity consumption data at the middle and lower level super output areas, which provide a picture for local authorities of areas of high and low consumption within their area. This can be accessed from:

www.decc.gov.uk/en/content/cms/statistics/energy_stats/regional/electricity/mlsoa_llsoa/mlsoa_llsoa.aspx and

www.decc.gov.uk/en/content/cms/statistics/energy_stats/regional/gas/gas.aspx under 'Related Documents'.

3.13 DECC has developed a means to use this data and compare it with modelled levels of domestic gas consumption below local authority level. Having taken into account local conditions, this data gives authorities the ability to identify where gas consumption in residential accommodation is higher than what would normally be predicted – implying lower levels of efficiency in homes in the area.

3.14 Authorities seeking to implement local energy strategies could use this information to better target energy efficiency measures at small areas that would show the greatest reductions in CO₂ emission levels. Local authorities can receive this analysis by contacting: DECC Energy Statistics; Tel. 0300 068 5044 or emailing: Mita.Kerai@decc.gsi.gov.uk .

3.15 Given the existence of the DECC data sets outlined above, authorities are no longer expected to provide data on their CO₂ emissions as part of reporting progress on either their section 2 reports or further reports. However, they may choose to use the DECC data sets to comment on trends etc in their further report and progress reports. For example:

- if the figures for the period 2005 - 2009 have decreased the authority may wish to comment on how they have achieved this; and/or
- if the incidence of fuel poverty is high in particularly areas the authority might use this as a starting point for any ambitions and action set out in its further report or progress reports.

3.16 As already noted, many local authorities are already planning how they might engage with or deliver the Green Deal. Many also have plans for addressing fuel poverty in their areas. In such cases the authorities' further report in March 2013 might simply be a statement of these plans.

(ii) the measures that take advantage of financial assistance and other benefits offered from central Government initiatives, such as the Green Deal, ECO and RHI or any other initiatives, to help result in significant energy efficiency improvements of residential accommodation

3.17 The Government is currently establishing the legal framework for the Green Deal and a new ECO, which will be in place by late 2012. Local authorities are expected to be key players in the delivery of the Green Deal and many local authorities (both individually and across whole counties) are already actively planning for it.

3.18 The Green Deal removes a key barrier to householders carrying out energy efficiency improvements to their properties by providing upfront capital, the aim is that householders then repay this capital through the resulting savings on their energy bill. The Green Deal is therefore expected to provide an opportunity to significantly improve the energy efficiency of local homes.

3.19 In the process, with millions of British properties requiring insulation, the Green Deal offers an opportunity for local authorities to help drive economic growth, unlocking billions of pounds worth of investment and supporting thousands of jobs. Insulation installers, manufacturers and others in the supply chain, including many small businesses, all stand to potentially benefit. An authorities' further report therefore provides an opportunity to consider how potential revenue from the Green Deal might be used for local growth, jobs and investment.

3.20 In respect of further reports under the Act and in the context of energy conservation measures, where appropriate, authorities should have regard to how they might utilise the key drivers set out in paragraph 1.9 of Part 1 of this guidance.

3.21 For example, the Secretary of State expects that making use of the Green Deal, ECO and other funding streams such as the Feed in Tariffs and Renewable Heat Incentive schemes will be key measures that authorities may wish to use in improving the energy efficiency of their residential accommodation. These funding streams could also be used to support a local authorities' wider strategic priorities e.g. on health and well-being and economic development.

3.22 There are broadly three approaches local authorities might choose to adopt in engaging with the Green Deal:

- Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
- Partner - work in partnership with commercial Green Deal Providers and community partners to deliver and facilitate delivery; or
- Promote – by acting as advocates for the Green Deal locally.

3.23 DECC has published a step by step practical guide, intended to give organisations an overview of the roles and responsibilities of the Green Deal Provider, and of the steps that need to be taken to become authorised – this can be found at

www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/4964-green-deal-providers-guide.pdf .

3.24 In the further report due in March 2013 the measures an authority might take advantage of in improving the energy efficiency of their residential accommodation could include:

- the role the authority has decided to play in delivering the Green Deal (provider, partner, etc) and a brief description of this;
- the potential number of households in the authority's area, how many it aims to target for improvement and how;
- how the authority plans to use Green Deal/ECO and other programmes to tackle fuel poverty.

3.25 With regard to identifying measures to improve the energy efficiency of domestic properties, the Green Deal assessment will provide a recommended list for each individual household interested in taking out a Green Deal. This will be captured in the EPC, a new version of which was available from April 2012. This can be found at:

www.communities.gov.uk/documents/planningandbuilding/pdf/1790388.pdf .

3.26 All authorities can access the EPC database from April 2012. For individual EPCs the online public register is up and running and can be searched by postcode:

www.epcregister.com/reportSearchAddressByPostcode.html . The process for gaining bulk access to the published EPC data is set out at:

www.communities.gov.uk/publications/planningandbuilding/epcdataguidance2012 .

3.27 The energy conservation measures that authorities identify when preparing reports under the Act are not confined to physical changes to dwellings but can also include information, advice, education and promotion.

3.28 Local authorities are well placed to use the Green Deal and other initiatives and to work with local partners to deliver community wide offers and solutions to improve the energy efficiency of the residential accommodation in their areas. Key local partners are likely to be social housing providers, local enterprise partnerships, local businesses, health organisations, voluntary/community organisations and town/local parish councils. Equally these organisations/bodies may choose to approach their local authority with proposals for action.

3.29 Information on good practice guidance in establishing retrofit projects, will be available via Climate Local from September 2012 (see Part 4).

(iii) the measures which an authority has developed to implement energy efficiency improvements cost-effectively in residential accommodation by using area based/street by street roll out involving local communities and partnerships (e.g. social housing partners, voluntary organisations and town/parish councils)

3.30 In the preparation of further reports, authorities should have regard to measures developed to implement energy efficiency improvements cost-effectively in residential accommodation by using area based/street by street roll out.

3.31 It is widely recognised that delivering energy efficiency projects street by street across whole communities has many benefits including economies of scale, increased demand driven by seeing the work being carried out and what can be achieved on neighbouring properties, and the resulting benefits from and opportunities to link with other planned works. The Secretary of State considers that any strategic area based street by street roll out of energy efficiency measures, based on what could best be achieved locally, could add significant value.

3.32 Authorities may therefore choose to identify opportunities for area based energy efficiency measures including potential local partners such as social housing providers and local community partners.

3.33 Street by street roll out of measures is likely to draw on any existing planned works where there might be synergies e.g. other planned activity by the local authority. Authorities may also want to consider whether certain streets/areas are likely to attract funding from the Energy Company Obligation (see below).

3.34 Authorities might therefore identify those areas that they would wish to target for early action e.g. those with high fuel poverty levels, those where little work has previously been carried out, those where local community organisations are active and able to help facilitate demand/take up. Authorities might also consider areas to target in the medium and longer term. If contained in their published further reports this could help local residents wishing to take up the Green Deal to gauge when potential offers might be available.

3.35 The measures could also be informed by the plans of other local partners, e.g. large social housing providers asset management plans, enabling joint work/targeting to be undertaken and synergies/economies of scale to be realised.

3.36 Any detailed, well developed street by street plans which highlight identified and planned opportunities for delivery will undoubtedly be attractive to commercial Green Deal Providers as well as energy companies seeking to discharge their obligations. To attract potential funding partners authorities may choose to quantify the opportunities available e.g. number of properties, tenure, measures required.

3.37 One potential starting point for such an approach could be the new ECO Carbon Saving Communities Obligation for obligated energy suppliers to deliver area based schemes in specified low income areas across all housing tenures. This will target the 15% most deprived

lower super output areas ('LSOAs') using the Index of Multiple Deprivation ('IMD') and rural communities with less than 10,000 inhabitants. Providing that the majority of the work is carried out in the designated IMD LSOA there will be "soft" boundaries, so that households in neighbouring LSOAs that have a similar profile of housing and income levels can also benefit from schemes.

3.38 ECO obligated energy companies will be able to deliver a wide range of measures to the households in these Carbon Saving Communities. Social housing providers in these areas are likely to be attractive partners in such schemes as they have proved to be in the Community Energy Saving Programme. Authorities may therefore wish to consider how they might utilise this element of ECO in conjunction with the Green Deal to maximise the opportunities for rollout of energy efficiency programmes street by street across whole communities.

3.39 To ensure that authorities and energy companies can continue current activity and plan for the future with certainty, particularly planning for the transition to ECO schemes, energy companies will be allowed to carry forward overachievement against their targets under the current Carbon Emissions Reduction Target and Community Energy Saving Programme and count it towards their ECO targets. This will help smooth the transition between current schemes and the Green Deal and enable authorities to continue to deliver and potentially expand existing energy efficiency programmes. Authorities are also ideally placed to benefit from the other obligations within ECO – Affordable Warmth and the wider Carbon Obligation – to support any area based approaches.

3.40 To further encourage the roll out of the Green Deal, for the period up to March 2014 DECC will provide launch incentives for those early adopters of the Green Deal. DECC will aim to utilise these incentives in a way that also supports local authority offers to their residents which maximises neighbourhood and/or community wide roll out.

(iv) a timeframe for delivery and national and local partners

3.41 Where an authority is working in a consortia with other local authorities, e.g. districts and boroughs working together through a county council lead, it is recognised that further reports and progress reports may have some commonality. As such, a consortia of authorities may choose to produce a combined further report and progress reports with short annexes covering individual authorities' specific plans or progress.

3.42 Well developed further reports and progress reports could potentially attract investment and promote local economic growth by:

- signalling opportunities to local partners who may have a role to play or can contribute to delivery of plans e.g. local suppliers, installers and community organisations;
- attracting commercial funding for the energy conservation measures proposed; and
- demonstrating and communicating the authority's climate change and energy efficiency ambitions to local residents and thereby seeking their buy in.

3.43 To assist it could therefore be helpful for further reports to contain a timeframe of the authority's plans for improving the energy efficiency in its residential accommodation. While recognising commercial sensitivities and developing plans, where possible the further reports might also identify an authority's local partners.

Progress reports

3.44 Progress reports that are expected to be required every two years from 31 March 2015 to 31 March 2027 are simply to report progress on an authority's further report as outlined above. Nevertheless authorities may provide an update on changes or modifications to its further report as part of its progress reports.

PART 4: SUPPORT TO AUTHORITIES

4.1 Building on the experience that many local authorities have built up over recent years in delivering energy efficiency programmes, it is recognised that there is a need to share best practice and learning across the local government community. To achieve this there are a number of new resources to support local authorities which will help authorities in informing and producing their further reports and progress reports.

Report by the Climate Change Committee

4.2 The Climate Change Committee was commissioned by DECC Ministers to provide advice to local authorities on their role in delivering carbon reduction locally. Its report, *'How local authorities can reduce emissions and manage climate risks'* was published on 17 May 2012. It includes advice to local authorities on:

- identifying and quantifying areas where they can make the biggest contribution to carbon reduction – on their own estate and in their local areas;
- identifying areas where they have influence to prepare for climate change;
- considering approaches that can be adopted to drive emissions reductions and prepare for the impacts of climate change.

4.3 One of the key recommendations of the report is that local authorities should develop low carbon plans for their areas. Chapter 5 of the report sets out how these might be developed and gives examples of local authorities who have already developed such plans. The full report is at: www.theccc.org.uk/reports/local-authorities .

Climate Local

4.4 Climate Local is a new initiative - led by local government for local government - to drive, inspire and support local authorities' action on climate change. It succeeds the Nottingham Declaration on Climate Change (which over 90% of local authorities signed up to) by offering a framework that enables local authorities to reflect local priorities and opportunities for action. It will focus on their efforts both to reduce carbon emissions and to improve their resilience to the anticipated changes in the climate.

4.5 Climate Local will help local authorities across the country to capture the opportunities and benefits of action on climate change, such as through saving on their energy bills, generating income from renewable energy, attracting new jobs and investment in 'green' industries, reducing flood risks and managing the impacts of extreme weather, such as drought, tackling fuel poverty and protecting our natural environment.

4.6 It will consist of:

- a **Climate Local Commitment** – a suite of commitments and actions for local authorities to voluntarily choose and sign up to demonstrate their commitment to addressing climate change and to challenge themselves to build on their existing achievements (available from May 2012);
- a **Climate Local Council Framework on Climate Change** – to help guide them in their work and reaching their ambitions (available from September 2012);
- **additional resources and support** – new web-based resources, a new online community and opportunities for peer learning (available from September 2012); and
- a **Climate Local Steering Group and Network**.

4.7 The Climate Local initiative aims to:

- drive and inspire local authorities to act on the causes and effects of climate change;
- demonstrate the economic and social opportunities and benefits that action can have;
- enable local authorities to demonstrate their commitment, ambition and achievements;
- demonstrate national leadership on climate change;
- provide a framework through which local authorities can organise and plan their journey in addressing climate change; and
- provide a forum for peer-to-peer learning and support for local authorities.

4.8 Signing up is completely voluntary. By signing the commitment, local authorities will be asked to:

- set out what actions they intend to undertake locally to reduce carbon emissions and respond to changes in the climate within their own operations, their services, with their local community and in support of their local economy;
- set out their level of ambition and how they are going to monitor and demonstrate their achievements; and
- share with other local authorities and with national partners:
 - i. what actions they are undertaking and their ambitions;
 - ii. their progress; and
 - iii. the learning from their experiences and achievements.

4.9 The LGA will:

- work with central government and others, provide support, resources and signposting service for local authorities to help them achieve their ambitions;
- champion individual and collective local authority good practice through a range of different media, such as events, showcase reports, website features, and e-bulletins;
- facilitate local authorities in sharing their ambitions, progress and learning; and
- develop a Climate Local network that will be used as a forum to provide feedback to national Government on what is required to help accelerate local progress.

4.10 The Climate Local Commitment therefore provides a vehicle for authorities to publicly demonstrate any ambitions that they set out in their further reports.

4.11 DECC and DCLG, in line with Climate Local, have brought together a range of resources to help local authorities to improve the energy efficiency of buildings in their areas, which will be available through Climate Local in September 2012.

PART 5 - Definition of terms

5.1 *'Energy conservation authorities'* or *'authorities'* are, in the case of England, local housing authorities as defined in the Housing Act 1985 i.e. district councils, London borough councils, the Common Council of the City of London or the Council of the Isles of Scilly.

5.2 *'Energy conservation measures'* include information, advice, education, promotion, any available financial assistance, making grants and loans and carrying out works. This definition is not exclusive and authorities may choose to include other types of measures. Please note, the Energy Act 2011 amended the Act to supplement the definition of an *'energy conservation measure'* to include "any available financial assistance". This would include for example offers of financial assistance under the Green Deal and/or support from the energy companies under existing obligations (the Carbon Emissions Reduction Target, the Community Energy Saving Programme) and the new Energy Company Obligation from October 2012.

5.3 A *'further report'* is a report required by the Secretary of State pursuant to section 5(1)(b) of the Act. This report should set out the authorities' energy conservation measures to significantly improve the energy efficiency of the residential accommodation in its area. In respect of further reports issued pursuant to this guidance, a further report is required by 31 March 2013 and must be completed having had regard to the guidance set out in this document where appropriate.

5.4 *'The Act'* means the Home Energy Conservation Act 1995 as amended by the Energy Conservation Act 1996, the Energy Conservation Act 1996 (Commencement No3 and Adaptations) Order 1997 and the Energy Act 2011. Please note, the Energy Act 2011 also repealed the Act in Scotland and Wales.

5.5 *'Local authorities'* are references to local authorities in England.

5.6 A *'progress report'* is a report required by the Secretary of State pursuant to section 3(2)(a) of the Act. This report should report on progress the authority has made in implementing the measures set out in its further report. In respect of progress reports issued following the submission of a further report required by this guidance, a progress report is expected to be required every two years by 31 March of the relevant year from and including 31 March 2015 up to and including 31 March 2027 and must be completed having had regard to the guidance set out in this document where appropriate.

5.7 '*Residential accommodation*' is defined by the Act as premises occupied or intended to be occupied as a separate dwelling and forming the whole or part of a building and certain mobile homes, houses in multiple occupation and house boats.

5.8 '*Secretary of State*' means the Secretary of State for Energy and Climate Change.

5.9 A '*section 2 report*' is a report required by the Secretary of State pursuant to section 2 of the Act. This report should set out energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area.

5.10 A '*significant improvement*' is not defined by the Act but it does specifically provide (section 4) that the Secretary of State may from time to time give guidance to authorities, in particular as to what improvements are to be regarded as significant.

Glossary of terms

5.11 In this guidance:

- '*ECO*' is the Energy Company Obligation;
- '*RHI*' is the Renewable Heat Incentive;
- '*EPC*' is an Energy Performance Certificate;
- '*LGA*' is the Local Government Association;
- '*LSOA*' is a Lower Super Output Area;
- '*IMD*' is the Indices of Multiple Deprivation;
- '*DCLG*' is the Department for Communities and Local Government.

ANNEX 1 - EXAMPLE OF A FURTHER REPORT

ACTION	EXAMPLE	TIMING
i) LOCAL ENERGY EFFICIENCY AMBITIONS AND PRIORITIES		
	<ul style="list-style-type: none"> ➤ We have committed to Climate Local, see www.westbuckleshire.gov/climatelocal ➤ Our current performance on emissions and fuel poverty is xx % per capita CO₂ emissions and xx% fuel poor households [data from DECC Fuel Poverty Statistics 2010 http://www.decc.gov.uk/en/content/cms/statistics/fuelpov_stats/regional/regional.aspx] therefore: <ul style="list-style-type: none"> • We will reduce carbon emissions in the housing sector by 20% on 2010 levels by 2020; • We will reduce fuel poverty by x0%, and have established plans to achieve this by 2016. (see www.westbuckleshire.gov/fuelpovertyreduction) 	Nov 12 2020 2016
ii) MEASURES WE ARE TAKING TO RESULT IN SIGNIFICANT ENERGY EFFICIENCY IMPROVEMENTS OF OUR RESIDENTIAL ACCOMMODATION		
Green Deal and ECO	<ul style="list-style-type: none"> ➤ We will undertake preparatory work to remove barriers to the Green Deal: <ol style="list-style-type: none"> a. Business case for Green Deal local activity approved b. Produce local planning guidance to address any planning barriers for some of the more challenging housing types c. Provide information for those areas where SWI requires no separate planning permission ➤ We are partnering with Sunshine Green Deal Provider; 	April 13 2015 2013 2015
Feed in Tariffs scheme	We have installed xx PV installations and plan to increase this by xx%	By 2014
Renewable Heat Premium Payment	We have installed xx installations and plan to deliver xx by xx	

Zero Carbon Homes	To ensure all are new built homes are zero carbon by 2016 we propose to	
EPCs	We are establishing data on the energy efficiency rating of our residential accommodation	Ongoing
Minimum standards in the private rental sector	We are working with our local landlords to pilot energy efficiency activity in [xxxx] ward	2013
Smart meters	xx% of households will have smart meters installed by xxxx	By 2016
iii) MEASURES WE PROPOSE TO COST EFFECTIVELY DELIVER ENERGY EFFICIENCY IMPROVEMENTS IN RESIDENTIAL ACCOMMODATION BY USING AREA BASED/STREET BY STREET ROLL OUT.		
	<ul style="list-style-type: none"> a. Identify local partners for area based energy measures b. Identify target areas and priority roll out; c. Determine any synergies with other refurbishment work and other Local Authority objectives (e.g. area regeneration, ECO Carbon Saving Communities Obligation) d. Deliver energy efficiency improvements to all tenures in 200 households in Community rollout Street and 100 in Areabased Rd 	<p>Nov 12 Mar 13 Mar 2013</p> <p>2013/14</p>
iv) TIME FRAME FOR DELIVERY AND NATIONAL AND LOCAL PARTNERS		
	<ul style="list-style-type: none"> ➤ We are working with Shire County Council (along with the following districts and borough xxxx) to deliver xxxx; ➤ Our local partners are xxxxxxx; ➤ We believe the value of our plans will be worth £xxm to local businesses; ➤ The measures we propose will require £xxm of investment from the Energy Company Obligation. 	By 2015

Signed off bySonia Williams

Position..... Chief Executive - West Buckleshire Council

