

## Cabinet Committee on Climate Change and the Environment

Meeting to be held on 15<sup>th</sup> March 2011

### Part I - Item No. 6

Electoral Division affected:  
All

### Lancashire Insulation Fund

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#### Executive Summary

Around half of heat loss in a typical home is through the walls and loft. Insulating a loft could save around £150 per year on energy bills if there is no insulation already present. Statistics from the Energy Saving Trust suggest that there are 150,000 unfilled cavity walls and 200,000 lofts without adequate insulation in Lancashire.

All 15 local authorities in Lancashire (including the two unitaries) have been working successfully in partnership over the last 3 years to develop and deliver energy efficiency programmes. Together they have recognised an opportunity for Lancashire to maximise its share of Carbon Emissions Reduction Target (CERT) funding for the residents of the county in the remaining two years of the programme.

CERT funding is provided by the energy supply companies and offers subsidised loft insulation for the 'able to pay' sector.

Securing a partnership with one of the energy supply companies, or a scheme provider, to invest their CERT funding in Lancashire would secure a consistent level of investment enabling a single price for the installation of standard measures to be negotiated. This would provide a consistent baseline 'offer' for residents across Lancashire.

A single recognised scheme supported by all the local authorities and the Energy Saving Trust could then be marketed more effectively to increase take up.

#### Recommendation

The Committee is requested to:

- i. note the report, and
- ii. support the County Council's role in the Lancashire Insulation Fund.

## **Background and Advice**

Around half of heat loss in a typical home is through the walls and loft. Insulating a loft could save around £150 per year on energy bills if there is no insulation already present. Statistics from the Energy Saving Trust suggest that there are 150,000 unfilled cavity walls and 200,000 lofts without adequate insulation in Lancashire. Additionally, just under one third of carbon emissions in Lancashire come from homes.

The Carbon Emissions Reduction Target (CERT) requires all domestic energy suppliers with a customer base in excess of 50,000 to make savings in the amount of carbon dioxide emitted by householders. Suppliers meet this target by promoting the uptake of low carbon energy solutions to household energy consumers, mainly in the form of subsidised loft and cavity wall insulation for the 'able to pay sector' (insulation is often free for disadvantaged households). Despite this take up of subsidised insulation can be low as schemes are often viewed with a degree of scepticism by residents. Where a Council provides its backing to a scheme take up can often double or treble.

The CERT scheme is to be abolished in December 2012 to be replaced by the Government's 'pay as you save' Green Deal scheme. It is therefore important that as much CERT funding as possible is secured for Lancashire during the remaining two years of the scheme. CERT funding is not ring-fenced by geographical area and is, therefore, spent in those areas where the energy suppliers can most easily achieve their targets.

### **The Lancashire Insulation Fund**

All 15 local authorities in Lancashire (including the two unitaries) have been working successfully in partnership over the last 3 years to develop & deliver energy efficiency programmes. The County Council acts as secretary to the regular meeting of officers (usually housing officers) with work so far centring on the LAA targets to reduce domestic energy use and fuel poverty. The officer group has recognised a large opportunity to maximise Lancashire's share of CERT funding from energy companies in the remaining two years of the programme.

Securing an agreement with one of the national energy supply companies or a scheme provider (who secures the CERT funding from the energy supplier) to invest their funding in Lancashire (the source for the Lancashire Insulation Fund) would secure a consistent level of CERT investment for the county for the remainder of the scheme. In return, the company will get the benefit of widespread promotion of their scheme by the local authorities in Lancashire, this in turn increase the likelihood that the energy company will achieve its tough CERT targets. Failure to reach their targets results in large fines from OFGEM.

Such partnerships have been successful elsewhere in the country (and in Lancashire in some districts) but a Lancashire wide insulation initiative could potentially be the largest of its kind in the UK.

A partnership on this scale would enable a single low price for the installation of standard loft and cavity wall insulation measures to be negotiated, providing a

consistent baseline 'offer' for residents across Lancashire. This is especially important in those districts where there is currently no scheme in place. There would also be flexibility for existing, and new, district specific schemes under a county-wide framework.

A single recognised scheme supported by all the local authorities could then be marketed more effectively to increase take up. This will be done by a co-ordinated campaign in partnership with the Energy Saving Trust to increase awareness & confidence in current available schemes and by working with districts to co-ordinate their current CERT arrangements with installers under a single branded scheme for Lancashire. The Greater Manchester ['Toasty'](#) Campaign, for example, takes a similar approach promoting loft and cavity wall insulation across the 10 Greater Manchester authorities under one campaign banner.

A scheme such as this for Lancashire could potentially mean millions of pounds of investment into the county, helping with local employment (in supply and installation) and helping households to save money on fuel bills, which are set to increase substantially over the next 12 months. A three year borough wide insulation programme run by Kirklees Council has recently been described by the economic portfolio holder as the biggest regeneration programme in the borough, despite economic development not being the main objective.

### **Progress to Date**

Energy supply companies and installers are being invited to submit information on the best price and best quality/customer care they can deliver for Lancashire residents for the provision of standard loft and cavity wall insulation.

As no public funds are to be put into the scheme, procurement colleagues (in LCC and Blackburn with Darwen Council) have advised that procurement rules would not apply (since no funds are transferred) but that in the interests of fairness we should look at a process with objective criteria relating to best price, for example, customer care. This approach has also been confirmed by LCC Legal Services.

Expressions of interest were invited during February, and will be followed by an invitation to submit a Pre Qualifying Questionnaire (PQQ). On receipt of PQQs, a group of officers from the Home Energy Group will score and assess submissions based on a pre-agreed scoring matrix and select a preferred installer(s). The scheme is likely to start during March 2011.

Whilst any procurement exercise cannot select a contractor on the grounds of being locally based, the PQQ requests details on environmental impact and specifically on activity being taken to reduce carbon emissions through local delivery and the steps being taken to encourage local employment.

### **Managing Customer Complaints**

Clearly it will be important to ensure any agreement is with a company that is reputable and has a good track record of customer care so that any problem is resolved promptly and to everyone's satisfaction. The PQQ scoring and assessment

puts a significant weighting behind the installers capacity to manage customer complaints satisfactorily.

Moreover, many District Council housing officers have in-depth experience of dealing with insulation and energy companies; they understand and know the reputable firms. They also have experience of dealing with problems when they occasionally arise and, while the contract for insulation is between the householder and the installer, each district council involved has given an undertaking to seek to resolve any difficulties in their role as Housing Authority.

The agreement between the local authorities/Energy Saving Trust and the insulation installer will be monitored by district councils and the Home Energy Group and ultimately, the local authorities/EST can withdraw from the agreement at any time if problems become persistent.

### **A Role for the County Council**

The County Council's name, and that of other local authorities in Lancashire, is trusted. Endorsement of a particular insulation scheme by all 15 councils in Lancashire, and by the Energy Saving Trust, will ensure take up of subsidised products such as loft and cavity wall insulation is boosted.

The Energy Saving Trust has agreed to lead on marketing the initiative but the County Council's support for a particular scheme(s) is requested (support from other councils in Lancashire is similarly requested). At its most basic level this will mean use of the County Council's logo.

There may also be some support the County Council can offer, for example in offering assistance in selecting a preferred installer (Blackburn with Darwen Council has offered to receive PQQs from the invited companies). There may be other marketing methods the County Council can use (e.g. web site, Vision, press releases, promotion via our services) to help promote the scheme as appropriate.

### **Governance arrangements for the Lancashire Insulation Fund**

- The 15 Lancashire authorities will not be contributing funding to this scheme.
- Agreements will be made between each district council and the chosen company. This will be the substantive basis of the governance arrangements.
- Reports on measures installed will be made by the installation company back to District Councils on a 'live' basis (possibly done via web site)
- Every six weeks, the Lancashire Home Energy Group will receive reports on progress from each district, together with reports from the Energy Saving Trust on the marketing campaign.
- Progress reports can be presented to the Cabinet Committee on Climate Change & Environment

### **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

### **Financial**

There are no financial implications.

### **Risk management**

CERT funding is not ring-fenced by geographical area and many local authorities nationwide already have partnership arrangements in place. By not developing a similar scheme Lancashire risks losing out on available CERT funding which will simply be spent elsewhere in the country.

The main risks associated with the project come in the selection of a preferred installer(s) to work with that is reputable and has a good track record of customer care.

Although no local authority funds are involved, this risk has been mitigated by following a transparent selection process recommended by LCC's Procurement Officers with clear selection criteria outlined and PQQs required.

The PQQ scoring and assessment puts a significant weighting behind the installer's capacity to manage customer complaints satisfactorily so that any problem is resolved promptly and to everyone's satisfaction. Additionally, the agreement between the local authorities/EST and the insulation installer will be closely monitored and, ultimately, the local authorities/EST can withdraw from the agreement at any time if problems become persistent.

### **Any representations made to the Cabinet Committee prior to the issue being considered in accordance with the Public Notice of Forward Plans**

Name:	Organisation:	Comments:
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N/A

### **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
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Nil

Reason for inclusion in Part II, if appropriate

N/A