Executive Summary

The County Council has committed £5m towards a Green Energy Fund to support and develop green energy business, develop energy solutions for the Council and to support the communities of Lancashire.

Three strands of activity were identified that could deliver the fund objectives; with strand three focusing on supporting communities and aims to build on the partnership work the County Council has established with district councils to help reduce the energy bills of residents through measures such as loft and cavity wall insulation, including measures to help tackle fuel poverty for the County's most vulnerable residents.

The Cabinet Working Group on Energy and Environment has considered proposals for the three strands and recommends the proposed work programme for domestic energy reduction, as set out in this report, be taken forward for implementation.

Recommendation

The Deputy Leader of the County Council is asked to:

(i) Approve the allocation of £1m capital funding over a minimum of two years from the Green Energy Fund to support communities to reduce their energy bills through contributions where there is a shortfall in grant funding for heating and insulation measures.

(ii) To agree that following consultation with district councils, guidance on the interventions that can be funded, household eligibility criteria and monitoring arrangements, be agreed by the Director of Public Health and Wellbeing, in consultation with the appropriate Cabinet Members.
Background and Advice

The £5m Green Energy Fund was approved on the 12 February 2015 "to support and develop green energy business, develop energy solutions for the council and to support the communities of Lancashire". Three strands of activity were identified, the aim of which is to bring about investment across Lancashire in a variety of different areas linked to the promotion of green energy, as follows:

- Strand 1. Support for Lancashire businesses seeking to develop low carbon and renewable energy technologies

- Strand 2. Investigating the potential for energy efficiency and renewable energy schemes on the County Council's property holdings, and also seeking ways of engaging the county's schools in the deployment of renewable energy

- Strand 3. Support for residents in reducing energy bills, and in particular addressing fuel poverty

The Cabinet Working Group on Energy and Environment has considered proposals for the three strands and recommends the proposed work programme for strand three, as set out below, be taken forward for implementation with the allocation of £1m to this activity over a minimum of 2 years.

It is timely to bring forward proposals for strand three to increase the impact of the funding and to help ensure support gets to those that need it most during the coming winter. Proposals for Strands 1 and 2 will be brought forward separately as appropriate projects are identified.

Green Energy Fund: Supporting Domestic Energy Reduction

The objective is to support residents in reducing their energy bills, in particular supporting those in fuel poverty. The 2016 Report of the Director of Public Health and Wellbeing, ‘Securing our Future’, agreed at Cabinet on 12 May 2016, identifies fuel poverty as one of the social, economic, environmental determinants of health and wellbeing, with Lancashire significantly worse than the national average and where the inequality gap has widened over the last 3 years.

It is recognised that physical improvements such as insulation and efficient heating systems are the most sustainable way to reduce energy use and bills and associated carbon emissions, as well as improving the thermal comfort of homes and addressing issues of affordable warmth and fuel poverty.

The proposal is, therefore, that the £1m allocation to supporting domestic energy reduction be used to support vulnerable residents through contributions where there is a shortfall in grant funding for heating and insulation measures, with support targeted at those vulnerable to the effects of living in a cold home and who struggle to afford to heat their home.

This supports the ongoing work with the district housing authorities in Lancashire on domestic energy efficiency schemes, securing government and Energy Company
Obligation (ECO) funding and adding value to existing delivery schemes in place such as Cosy Homes in Lancashire (CHiL). It also contributes to the strategic outcome "to live in a decent home in a good quality environment" set out in the draft Corporate Strategy.

ECO is the government’s grant scheme for delivering energy efficiency improvements such as insulation and new boilers to qualifying properties and residents. The methodology for calculating available ECO funding for individual measures is complex, based upon the amount of carbon saved for each individual property not the actual cost of works. This means that different housing types or similar housing types with differing heating systems or levels of existing insulation attract different amounts of ECO funding.

The rate of ECO funding also fluctuates and is currently at a low level due to many utility companies already achieving their 2017 targets. Many properties, therefore, produce carbon scores insufficient to attract enough funding to carry out the measures in full and require a contribution, typically around £250 for a boiler. Without support many vulnerable residents cannot afford this, the work does not go ahead and the ECO funding is lost. For a boiler installation that costs between £1300 -1400, a top up contribution could, therefore, lever in approximately £1100 of ECO funding to improve housing standards and hence living conditions of vulnerable residents.

The current ECO scheme is due to run until April 2017, with a government consultation on what will follow currently published. It sets out proposals for a transition year from April 2017 and long-term supplier obligations up to 2022.

Delivery

It is proposed that funding is made available to district councils on a grant basis for them to allocate the funding to interventions for households meeting an agreed criteria. This reflects the approach taken with the County Council’s affordable warmth grant programme that has been delivered over the last three years.

District housing authorities and their partners are well placed to design and coordinate services that can deliver the appropriate interventions to people in need, and respond to the specific housing circumstances of fuel poor households within their locality. Working with the districts in this way enables the fund to support ECO schemes by providing contributions where there is a shortfall whilst also providing flexibility for districts to offer support for measures such as heating repairs that wouldn’t attract ECO funding. Eligible interventions include:

- Servicing and repairs to or replacement boilers
- Standard loft and cavity wall insulation
- Interventions for 'hard to treat' cavities and solid walls such as non-standard insulation solutions and external or internal wall insulation.

Interventions are delivered by local installers and contractors, ensuring ECO funding attracted to Lancashire is also benefiting the local economy. Districts will be
consulted on whether to set aside an agreed small proportion of funding to provide advice on keeping warm that supports the effectiveness of interventions, such as how to use heating systems and temperature controls correctly and efficiently.

It is proposed to spread the £1m allocation over a minimum of two years to give some longevity to the support available and ensure funding goes to those most in need. Splitting the allocation this way means that it can be reviewed after winter 2016/17 and amended to reflect any changes in the way government ECO funding is allocated.

Due to the high numbers of people living in fuel poverty in Lancashire, it will be important to direct any funding to the most vulnerable. Funding will, therefore be apportioned to district councils based on the level of need; districts with more households experiencing fuel poverty will receive more funding. Appendix ‘A’ identifies the proposed distribution of funding for 2016/17. It will also be necessary to identify and further target the funding to people most vulnerable to poor health as a consequence of living in cold homes.

**Eligibility and Targeting**

There is a substantial and growing evidence that the types of interventions described above do have a significant impact on health; notable improvements include improvements in respiratory conditions and relief from stress, anxiety and depression. Cold homes are also strongly associated with excess winter death.

In Lancashire there were 460 excess winter deaths in 2013/14, with conditions known to be affected by the cold accounting for almost three quarters (73%) of these deaths. These are diseases of the circulatory system (40%) and respiratory illnesses (33% of deaths). Cold weather and in particular cold homes is believed to be a main factor in causing the winter increase of respiratory and circulatory disease. In Lancashire unplanned emissions linked to respiratory conditions have been 20-50% higher in winter months. The groups most likely to live in a cold home include families with young children, older people and those who suffer from long term illness and disability.

The latest NICE guidance 'Excess Winter Deaths and Illness and The Health Risks Associated with Cold Homes', published in 2015 identifies a wide range of people vulnerable to the cold:

- people with cardiovascular conditions
- people with respiratory conditions (in particular, chronic obstructive pulmonary disease and childhood asthma)
- people with mental health conditions
- people with disabilities
- older people (65 and older)
- households with young children (from new-born to school age)
- pregnant women

---

1 Chief Medical Officer report 2009
2 The Health Impacts of Cold Homes and Fuel Poverty: the Marmot Review Team. 2011 (p24)
3 Excess winter emergency admissions (2001-2012), Lancashire County Council
It is proposed that households meeting at least one of these criteria will be eligible for funding. District councils will need to manage demand to direct the resource at those most in need and will be required to provide regular monitoring reports including details of interventions provided and the criteria met.

Following consultation with districts, guidance on the interventions that can be funded, household eligibility criteria and monitoring arrangements will be produced. This will build on the current protocol with districts which has been used successfully for previous affordable warmth grant programmes.

The County Council will continue to work with the districts to raise awareness with frontline staff, and particularly those from health and social care and Early Help and Prevention services, of the measures available and how to make referrals for affordable warmth interventions, ensuring the most vulnerable are targeted. The service planning areas set out in the County Council’s draft Corporate Strategy will also be used to identify areas with high levels of fuel poverty and poor housing standards, which do not necessarily mirror those with high levels of deprivation. Work will also support the pilot referral schemes in Preston, Blackburn and Blackpool hospitals, where officers from the housing authorities and home improvement agencies visit hospital wards to facilitate discharge into a warm home.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The risks of not implementing this work will mean a missed opportunity to mitigate the impact of poor housing on some of our most vulnerable residents. Risks to delivery are low as the proposed programme is built on an established approach of working with district councils on domestic energy schemes.

Financial

The allocation of £5million to the Green Energy Fund was approved on the 12 February 2015 in a resolution which agreed to "set aside £5m from the risk management funds for a green energy fund, to enable research and development to take place to drive forward initiatives to support and develop green energy businesses, develop energy solutions for the Council and the communities of Lancashire, including the use of the Council's buildings to generate energy."

This paper sets out proposals for a programme of work to support the communities of Lancashire. There are no implications for any other current or future budgets.
## List of Background Papers

<table>
<thead>
<tr>
<th>Paper</th>
<th>Date</th>
<th>Contact/Tel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report to Cabinet Working Group on Energy and Environment on Green Energy Fund: Strand 3, Supporting Domestic Energy Reduction</td>
<td>14&lt;sup&gt;th&lt;/sup&gt; June 2016</td>
<td>Debbie King/Partnerships Officer/01772 534195</td>
</tr>
</tbody>
</table>

Reason for inclusion in Part II, if appropriate

N/A