

<b>Subject:</b>	<b>Home Energy Efficiency Investment Options – Solar PV, Update on ‘Your Energy Sussex’ &amp; Heat Network Consultancy</b>		
<b>Date of Meeting:</b>	<b>14 January 2015</b>		
<b>Report of:</b>	<b>Executive Director Environment, Development &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Miles Davidson</b>	<b>Tel: 29-3150</b>
	<b>Email:</b>	<b>Miles.davidson@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Council has a strong track record of significant investment to increase the energy efficiency of the City’s Council housing stock. The Housing Investment Capital Programme 2013-2016 (approved by February 2013 Policy & Resources Committee) identified £1.555m Housing Revenue Account capital budget over 3 years to be allocated to the installation of Solar Photovoltaic Arrays (Solar PV).
- 1.2 Housing Committee 19 June 2013 approved the tender of a contract for the supply and installation of a number of Solar PV Arrays to Housing Revenue Account (‘HRA’) owned dwellings included in the 3 year HRA capital programme. This programme is being successfully delivered now within 2 years, with the original budget allocated to 2015-16 being brought forward into the current financial year to allow continued delivery of the contract within this financial year, as agreed at October Policy and Resources Committee.
- 1.3 The report also offers an update on progress with the West Sussex County Council led ‘Your Energy Sussex’ energy programme (previously known as the Sussex Energy Saving Programme’).
- 1.4 The report also updates on the successful bid for Department for Energy and Climate Change Heat Network Delivery Unit funding and progress with procuring a consultant to carry out these studies and the annual Warm Homes Healthy People programme.

**2. RECOMMENDATIONS:**

- 2.1 That Committee note the progress of the current solar PV scheme on HRA properties.
- 2.2 That Committee note the progress of Your Energy Sussex; the ongoing discussions on the partnership agreement and potential option this may provide for delivery of a large scale solar PV scheme across all feasible HRA stock.

- 2.3 That Committee note the appointment of Ove Arup & Partners as consultants to carry out options appraisals/feasibility studies for Heat Networks at two HRA sites in the city.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 One of the key strategic priorities outlined in the City-wide Housing Strategy 2009-14 is to improve housing quality; to make sure that residents are able to live in decent homes suitable to their needs. Our strategic goals under this priority include, reducing fuel poverty, minimising CO2 emissions and improving tenants' homes, ensuring they are of high quality and well maintained. The draft housing strategy for 2015 continues this theme through the priority of 'Improving Housing Quality' with the aim of providing 'Decent Warm and Healthy Homes'.
- 3.2 Brighton & Hove faces a number of challenges in increasing the energy efficiency of its housing stock:
- Homes contribute the most significant source of carbon dioxide in the City at 42% of Brighton & Hove's measured carbon footprint, or 544,000 tonnes per year, compared to 31% nationally;
  - Domestic emissions in the City (including Council homes) account for around 57% of the city's total emissions from buildings;
  - The latest figures for fuel poverty (under the '10% definition') show that in Brighton & Hove in 2012, 11.8% of households were in fuel poverty higher than the South East average of 8.9%;
  - The Joint Strategic Needs Assessment identifies the relationship between poor housing and poor health outcomes (including excess winter deaths), in particular fuel poverty and poor thermal comfort.
  - The 2011 Census showed that the Private Rented Sector stands at 34,081 homes (private renting from a landlord or letting agency) or 28% of all housing stock in the City. The City has the 9<sup>th</sup> largest private rented sector in England & Wales and 6<sup>th</sup> highest proportion of converted dwellings or shared houses (houses in multiple occupation and bedsits) in England & Wales. Of the different tenure groups nationally, households living in privately rented accommodation have the highest fuel poverty rates.
- 3.3 Identifying funding and investment opportunities for home energy efficiency improvements to maintain the high standards of previous programmes is a challenge we must face. The issue has arisen during consultation for the 2015 Housing Strategy with concerns raised that although we were leading the way we needed to offer support to owner occupiers and the private rented sector in order to have a city wide approach to reducing emissions, home improvements, and fuel poverty. With less central government funding available we are looking to access alternative delivery routes and funding streams to finance energy efficiency programmes for private sector housing and council housing in the City, these include:
- HRA capital programme;
  - Feed In Tariffs – (Feed-in Tariffs (FITs) became available in Great Britain on 1st April 2010. Under this scheme energy suppliers have to make regular payments to householders and communities who generate their own electricity

from renewable or low carbon sources such as solar electricity panels (PV) or wind turbines.

- The 'Green Deal' and Energy Company Obligation;
- Possible access to lower cost finance through 'Your Energy Sussex' funding.

### **HRA Solar PV programme**

3.4 Significant investment has been made to increase the energy efficiency of the City's own housing stock through both the planned capital works programme and obligated energy supplier funded schemes. The Brighton & Hove HRA capital programme for 2015-18 creates a focus of improving the sustainability and energy efficiency of the housing stock by reducing waste and delivering more affordable warmth:

- Tackling fuel poverty through continued investment in providing modern, energy efficient heating
- Improving the sustainability and energy efficiency of the housing stock in line with the One Planet Living Sustainable Action Plan for Council housing. Including; insulation improvements, cladding projects, and improvements to both communal lighting and door entry systems
- Investing in estate regeneration to make best use of our existing assets and building new council homes to high sustainability standards

3.5 Against the background of rising fuel costs, we recognise that it is imperative that we reduce energy wastage by ensuring homes have modern heating systems and are well insulated to minimise the number of households suffering from fuel poverty. £8.7 million is included in the 2015-18 capital programme to replace and upgrade a number of the communally heated systems alongside individual domestic replacements and improvements. Where practicable, renewable energy is being incorporated within these projects, for example, in 2012/13 Walter May House received a communal solar thermal hot water system along with new high efficiency boilers, as did Elizabeth Court, Lindfield Court and Jubilee Court in 2013/14. It is intended to undertake more of these types of project, subject to feasibility surveys.

3.6 Through the procured solar PV contract, 165 houses have received Solar PV and 11 Sheltered Housing schemes have received communal systems this year (at October 2014). These are in addition to earlier installs carried out in 2012. In total there are now 209 Solar PV installations on HRA stock serving 472 tenants and 26 leaseholders.

The additional £700,000 budget brought forward from 2015-16, agreed at Policy and Resources Committee October 2014, will provide approximately 150 house installations and 5 more communal systems for Sheltered Schemes, through the existing contract.

- 3.7 Property & Investment are collaborating with a Sussex University research student on her PHD thesis exploring the social impacts of energy efficiency technology. Our Solar PV programme is an opportunity for her to get specific understanding concerning Solar PV and for the Council, a great opportunity to follow up the roll-out with robust feedback. The 'Solar journey' of seven families that have recently received installations on their homes will be documented for 6-9 months; the findings will be shared with the Council. Early feedback is that families are having a positive experience. P&I are also collaborating with the student and the Sussex Energy Group to produce an Energy Advice booklet for those receiving solar installations.

### **Your Energy Sussex**

- 3.8 In January 2013 Brighton and Hove City Council agreed to sign a Memorandum of Understanding to work with neighbouring authorities and support the development of a Sussex-wide partnership to deliver an energy saving programme. Previously known as the Sussex Energy Saving Partnership (SESP) the partnership has developed its brand and is now known as 'Your Energy Sussex' (YES) .
- 3.9 West Sussex County Council, acting as lead authority on behalf of itself and other YES local authorities, undertook to procure a contract with a partner to deliver an energy saving programme. The procurement progressed well and ahead of the initial agreed timescale. Following dialogue and evaluation, the successful bidder, Carillion Energy, was announced on 3<sup>rd</sup> October 2013. An officer from the Housing Sustainability team from Brighton & Hove City Council was involved throughout the procurement phase as a member of the core group for both the dialogue sessions with bidders and evaluation of solutions and final tender.
- 3.10 Your Energy Sussex aims to bring together all 14 local authorities in West Sussex, Brighton & Hove and East Sussex to deliver a range of projects focussed on energy efficiency and renewable energy generation aiming to benefit their residents and businesses. 'YES' has identified a number of socio-economic benefits that it aims to generate through a programme of work, including supporting the local supply chain and creating local jobs and apprenticeships. The focus of the partnership has shifted in the short-term due to the slow take up of the Green Deal nationally and changes to ECO funding. 'YES' would like to progress a range of energy related projects in addition to the 'Sussex Green Deal' offer for private sector residents. Other areas of focus include;
- Local authority assets
  - Schools
  - Renewable energy projects including solar PV
  - Social housing programmes
  - Opportunities linked to funding streams, in particular ECO funding
- 3.11 It was originally intended that a Special Purpose Vehicle ('SPV') would be set up to enable the YES authorities to access Carillion's services. Therefore, a report was presented to Policy & Resources committee on 5<sup>th</sup> December 2013 where the following recommendation was agreed;

'Delegate authority for Executive Director Environment, Development & Housing, in consultation with Executive Director of Finance & Resources (and subject to legal advice regarding the details of the membership agreement) to enter into Affiliate membership of the Sussex Energy Saving Partnership SPV.'

- 3.12 However, following further consideration by some of the authorities involved in YES, it is now proposed that instead of setting up an SPV, West Sussex County Council and the other YES authorities enter into a partnership agreement and then contract directly either with Carillion or WSCC as and when they require Carillion's services. Council Officers are considering the proposed new arrangement, further legal advice on this approach is currently being sought to determine whether this is a viable approach.
- 3.13 YES has access to a fund through the Local Enterprise Partnership of £66m at a borrowing rate lower than the Council is likely to be able to achieve. This may make some projects feasible and more attractive to deliver. Specifically, as a priority, we are reviewing options to access this fund to deliver a large scale solar PV scheme across all the feasible HRA properties. Accordingly, when the partnership arrangements are resolved, specific projects will be reported back to the relevant committee for approval and information where required.

### **3.14 District Heat Network Funding**

Background:

- AECOM Energy Studies, carried out in 2012, for the City and Housing identified Heat Networks as being viable low carbon low cost heating technology solutions for the city
- In 2013 the Property & Investment team successfully applied for funding from round one of the Department of Energy & Climate Change (DECC) Heat Network Delivery Unit (HNDU) at two HRA sites on the basis they had been identified in the Energy Studies
- In January 2014, the Council was awarded £130k (67%) towards the investigation into investment grade studies for Heat Networks at Eastern Road, Brighton and Clarendon Road, Hove
- In Summer 2014, the Invitation To Tender was issued for the external consultancy required for this work
- From November 2014, Ove Arup & Partners were appointed to undertake the options appraisals at Essex Place Estate and Clarendon Road Estate.

The coming months will see the development of technical feasibility studies and options for possible business models that will be steered by Council officers and elected members as necessary. In the spring of 2015 a final report will be produced with recommendations, including where possible financially sound proposals to deliver Heat Networks at these sites.

- 3.15 In addition to the above projects we continue to deliver the annual Warm Homes Healthy People programme in partnership with colleagues in Public Health. This year's programme, enabled by Public Health funding, will deliver a range of interventions to support those at greatest risk of death and illness as a result of cold housing. This year's programme includes;

- Distribution of 10,000 leaflets and 12,000 room thermometer cards, to raise awareness of the health risks of living in a cold home and provide advice on reducing fuel bills and keeping warm
- Provision of warm packs to rough sleepers in the city, containing items to support personal warmth
- Small emergency grants to vulnerable residents during the winter months, administered by partner organisations in the City
- In partnership with the CCG we are piloting the provision of advice in a number of GP practices across the city to patients at high risk from the health impact of cold homes. Individual advice sessions will include income maximisation, advice on energy efficiency and reducing fuel bills and referrals for in depth debt and housing issues. Sessions will be available year round.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

The Council can choose to not actively engage in the Green Deal and other national energy efficiency initiatives, leaving residents to access support through their energy suppliers and the market place. Providers working in this area however are keen to work with local authorities due to the trusted nature of council brands and to ensure the most vulnerable householders are reached.

Subject to identifying suitable resources the Council could choose to invest directly into housing stock in the city along the lines of the previous Home Energy Efficiency grants and assistance scheme delivered through the Private Sector Housing Renewal Assistance programme. Any delivery through these routes would involve a separate procurement process.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

Community engagement will play a significant part in providing information and advice to residents about improving the energy efficiency of their homes and reducing their fuel bills.

Community engagement activity will be planned into Council capital programmes for solar PV installations in line with existing policy and practice.

We anticipate that existing local community groups will play a key role in promoting and increasing uptake of Your Energy Sussex programmes and projects. A close relationship is being developed with Community Energy South to explore opportunities for community energy efficiency and generation schemes that could include an element of community ownership.

#### **6. CONCLUSION**

- 6.1 The Your Energy Sussex partnership, the installation of solar PV on the council housing stock and exploring the potential for district heating all present an opportunity to address a number of challenges including; addressing fuel poverty (and its associated negative health impacts), reducing energy bills for city residents, reducing CO2 emissions from housing and commercial buildings, improving our own corporate buildings and supporting local businesses and creating local employment opportunities.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The HRA revenue budget for 2014/15 includes £195,000 budget for the technical feasibility studies of heat networks on two HRA sites. £130,000, awarded to BHCC through grant from the Department of Energy & Climate Change, with match funding of £65,000 from the HRA revenue Budget.
- 7.2 The financial implications arising from the review of the options for a large scale solar PV scheme and the feasibility studies for the District Heat networks will need to consider available resources. The outcomes of the options in this report will be fully appraised and financial implications including funding proposals will be reported back to this committee. The proposed HRA Capital Programme 2015-2018 doesn't include funding for Solar PV or District Heat Networks and therefore any future proposals to proceed with these schemes will also require Policy & Resources Committee approval.

*Finance Officer Consulted: Name Susie Allen Date: 07/12/14*

### Legal Implications:

- 7.3 Officers are consulting with officers in the other 'YES' authorities and obtaining further legal advice with respect to the proposed partnership agreement.

*Lawyer Consulted: Name Isabella Sidoli Date: 10/12/14*

### Equalities Implications:

- 7.4 There is the potential for a large energy efficiency retrofit programme in Brighton & Hove to address a number of issues faced by vulnerable residents in the city, and those at greater risk of fuel poverty and its impacts. Full Equalities Impact Assessments will be carried out as programmes of work develop.

### Sustainability Implications:

- 7.5 The proposals outlined above would bring significant sustainability benefits in terms of climate change and energy use and promoting sustainable communities. The Sustainable Community Strategy "[Creating the City of Opportunities – A sustainable community strategy for the City of Brighton & Hove](#)" has set targets to reduce CO2 emissions by 42% by 2020 and 80% by 2050. (4% per year short term targets in SCS). Based on the latest available City CO2 emissions; 1.2 million tonnes in 2009 and the contribution of the domestic sector (the largest portion at 42%) the annual 4% per year short term target equates to a reduction of over 20,000 tonnes per year. This needs to be considered within the context of recent investment and CO2 savings through private sector renewal. For 2011-12 through investment of BEST funded capital of £1,119,562 and the separately

CERT funded 'Warm Homes' programme total installations achieved a saving of 353 tCO2.

Public Health Implications:

- 7.6 The Joint Strategic Needs Assessment identifies the relationship between poor housing and poor health outcomes, in particular fuel poverty and poor thermal comfort. Director of Public Health Annual Report has identified good quality housing as important for building wellbeing and resilience and that housing in the City is an area representing a particular vulnerability. There would be significant positive public health implications through increasing home energy efficiency for all households in the city that also prioritises the most vulnerable households.

**SUPPORTING DOCUMENTATION**

**Appendices:**

None

**Documents in Members' Rooms**

None

**Background Documents**

None