

Item 3

Energy Efficiency (emerging findings from the first stage project)

Purpose of report

For discussion and direction.

Summary

This paper provides an update on the research activities in place to investigate the experience of councils under the existing arrangements and the impact of the programmes to date. An oral update will be provided at the meeting to report on the findings from the research activities. The paper also sets out the proposed next steps to influence national policy decisions on the delivery and funding arrangements for energy efficiency projects in advance of the Autumn Statement.

Recommendation

The Board is asked to note the research activities and discuss and agree key principles to underpin the next phase of the project.

Action

As directed by the Board.

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Background

1. The Environment and Housing Board agreed at their meeting in September 2013 that the focus for the coming year should be to develop clear, evidence based proposals for change to the policy and delivery of energy efficiency programmes which recognises that councils should have a lead role in commissioning schemes to deliver greater value for money and more effective support to households in need.
2. This paper provides an update on the research phase of this work, to investigate the experience of councils under the existing arrangements and the impact of the programmes to date. Emerging findings from the research programme will be reported via an oral update at the Board meeting to support discussion.
3. Energy prices and the Energy Company Obligation (ECO) and Green Deal have been the subject of media and political focus in recent weeks. The LGA secured recent coverage in the Telegraph highlighting the slow progress in implementation and stressing the importance of joint working with councils to roll out energy efficiency measures to those in need as a matter of urgency.
4. There is a short window of opportunity to influence decision making on the funding and future direction of the government approach to energy efficiency measures in advance of the Autumn Statement and this paper sets out proposed next steps to influence national policy on this agenda.

LGA activity

5. The Board agreed at its meeting in September to undertake an analysis of the value for money and effectiveness of current energy efficiency programmes. The following research activities have been put in place to this end:
 - 5.1. The LGA has surveyed councils in England to develop evidence on the role that councils are playing to increase energy efficiency, opportunities and barriers under the current arrangements and an assessment of their effectiveness.
 - 5.2. A focus group was held on 4 November to develop a detailed understanding of the process, opportunities and barriers experienced by a number of councils who are engaged in delivering, signposting and promoting the Green Deal and Energy Company Obligation (ECO).
 - 5.3. The Climate Local Steering Group considered the delivery of the Green Deal and ECO at its meeting in October.
 - 5.4. A literature review of key published data and research has been undertaken.
 - 5.5. An online case study resource has been established and will be developed over the project to draw on the experience of Councils that have signed up to Climate Local.

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6. The research has collectively sought to provide further evidence on the following issues:
- 6.1. Access to the Green Deal and ECO, to understand the ease at which schemes can be accessed by both residents and local authorities.
 - 6.2. The impact of the Energy Company Obligation and the Green Deal to date.
 - 6.3. Unnecessary red tape and costs which may reduce in delay or dis-incentivise take up.
 - 6.4. Funding and finance including the roll out of schemes funded by ECO tariffs to date and the opportunities for local authorities to lever in funding sources.
7. Emerging findings from this work will be presented at the Board meeting.

Next Steps

8. Rising energy bills and the role and effectiveness of ECO and the Green Deal have been placed under increasing scrutiny in recent weeks. The government is currently considering further changes to ECO post 2015 and has indicated it is considering the role of a tariff based model to support energy efficiency work more broadly. The Labour party have also announced a planned price freeze on energy prices and have indicated that they would review the arrangements for the Green Deal and ECO as part of their next manifesto.
9. There is therefore an opportunity over the short term to influence the future design, delivery and funding of energy efficiency projects. It is proposed that the LGA press for reform of the approach to delivering energy efficiency measures in line with the following key principles with a view to influencing decision making in advance of the forthcoming Autumn Statement.

The Board is asked for its views on the proposed principles below:

10. We estimate that energy companies in receipt of ECO tariffs are collectively more than 60 per cent behind their target to deliver warmer, more energy efficient homes. Councils stand ready to work with energy companies but there needs to be a greater impetus behind effective delivery of measures or they may face losing the tariffs to support them.
11. Councils understand their communities and are uniquely well placed to pinpoint the areas where upgrades will do the most good and work in partnership to lever in funding and activity to deliver programmes effectively. Local Authorities need to play a central commissioning role in the delivery of energy efficiency programmes and a locally based and targeted programme would support this.
12. The approach to both the Green Deal and ECO needs to be simpler and more understandable to residents.

Financial Implications

13. This work can be delivered within current budgets.