

DESCRIPTION OF OPTION

There are two options to consider in relation to the future of Council-funded home energy efficiency activity in Wirral. They are:

1. Removing the budget for the Warmer Wirral Insulation Programme. This option would reduce Council expenditure by £985,600 annually.
2. Reducing the budget, which would ensure the continuation of some energy efficiency activity and fuel poverty alleviation, but would not fund insulation works. This option would need a budget of £60,000 per annum but would reduce annual expenditure by £925,600.

RATIONALE FOR SAVINGS

If the Insulation Programme were to cease at the end of March 2013 it would have reached 59% of the target at year 3 of the seven year programme - a significant achievement. This has been made possible through the strong partnership between the Council, the delivery agent (Energy Project Plus) and funder / installer (British Gas) using Carbon Emission Reduction Target (CERT).

The programme is not available to social tenants, where many low income households live, as Registered Providers have responsibility for ensuring their properties meet decent homes standards.

Other Local Authorities with existing Warmer Wirral-type programmes are moving forward (post-CERT) in different ways. Sefton has a loose arrangement in place with Eon whereby they may be referred any potential Green Deal applicants who come through the local authority. The Association of Greater Manchester Authorities which currently offers free insulation is moving forward to have a central role in Green Deal delivery in the region.

All Liverpool City Region local authorities are currently working under the "Project Viridis" banner which is looking for a common approach to delivering the Green Deal and the new Energy Company Obligation (ECO) which replaces CERT. This is likely to involve working with one or two energy companies across the City Region to deliver elements of their ECO funding (probably in low income areas) and this should start by Spring 2013. A common approach to the Green Deal will probably take around 12-18 months to set up.

IMPACT

Option 1 would lead to a reduction in advice and assistance for those in fuel poverty as well as a reduction in the rate of improvement in the energy efficiency of Wirral's private sector housing. However the changes in the national funding regime for energy efficiency will lead to a reduction in the number of loft and cavity wall insulation installations overall whether or not the Council would have continued with a free insulation offer for households.

Warmer Wirral Insulation is delivered by Energy Projects Plus which is a Voluntary, Community and Faith Sector organisation. The removal of the budget could potentially result in loss of employment (Energy Project Plus currently employs 11 local staff and British Gas employs 23 staff which includes 10 local apprentices).

Energy Projects Plus are contracted to deliver Warmer Wirral Insulation until 31st March 2013.

Both options proposed will lead to a lower level of carbon reduction activity however Option 2 would ensure continuation of carbon reduction activity amongst households, which account for over 40% of Wirral carbon emissions.

MITIGATION

From 1st April 2013 financial incentives for home insulation in private households if there is no Council funded initiative, will be solely through the following:

- a) **Green Deal loans** – from early next year, these will fund energy efficiency works at no up-front cost to the householder. Repayments on the loan, at a predicted interest rate of 7%, will be made through extra payments on electricity bills.
- b) **Low income communities** – a portion of the ECO will fund insulation on an area-by-area basis for households living in the 15% most deprived lower super output areas in England. Information from the Department of Energy and Climate Change identifies that Wirral has 57 LSOA's that meet this criteria.
- c) **Low income households** – for those on certain income related benefits, free loft and cavity wall insulation will be available, again through the ECO.

Through these alternative routes there will be mechanisms for households to obtain insulation either at no up-front cost or through subsidies. Take-up will however very much depend on the level of local authority-led awareness raising activity as well as marketing carried out by Green Deal Providers. Certain households will be excluded from these offers either due to having a poor credit rating (therefore not being able to access a Green Deal loan) or not being on certain types of benefit and living outside low income areas. These households will be expected to pay the full cost of loft or cavity wall insulation (likely to be around £400 per measure).

Within the private rented sector specifically, future legislation is likely to drive the uptake of loft and cavity wall insulation. From April 2018 it will be unlawful to rent out a house or business premises with an Energy Performance Certificate rating of less than 'E'.

Option 2 would mitigate risks associated with under provision of advice and sign-posting services for those in fuel poverty and would reduce the risk of Wirral not getting its appropriate share of ECO funding.

