
NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:

‘Energy Smart’: Energy Based Community Support Model

Purpose:

To seek approval of the proposed £1.726m ‘Energy Smart’: Energy-Based Community Support Model designed to support North Ayrshire households during the ongoing cost-of-living crisis.

Recommendation:

That Cabinet approves the implementation of the proposed £1.726m ‘Energy Smart’: Energy-Based Community Support Model.

1. Executive Summary

- 1.1 As part of the Council’s budget meeting on 2 March 2022, an allocation of £1.726m to deliver an energy-based community support model to support North Ayrshire residents during the cost-of-living crisis was approved.
- 1.2 The current crisis is placing a significant and increasing burden on household income, particularly for those already in fuel poverty. Given the impact of the crisis, and future energy cap price increases anticipated in October 2022, there is a need to act quickly. This paper sets out the proposed approach for a new energy-based community support model, which would be a partnership to offer eligible households (i) a dedicated helpline for energy efficiency and other low carbon advice; and (ii) the delivery of energy efficiency measures to improve the affordability of energy in homes across North Ayrshire. It is envisaged that this scheme would be additionally supported by a crisis support element, which is under consideration as part of a separate report to Cabinet.
- 1.3 A proposed delivery partner has been identified. The Energy Agency is an Ayrshire based charitable organisation which offers domestic energy efficiency advice along with potential access to additional funding through national programmes. Their freephone number is well established and referral mechanisms have been used throughout North Ayrshire for a number of years. The Energy Agency also have extensive experience of managing domestic energy efficiency schemes, which will support our proposals to deliver an energy efficiency measures programme as part of the energy-based community support model, or ‘Energy Smart’.
- 1.4 A range of programmes to assist North Ayrshire residents maximise their income and access wider support and advice already exist within the Council

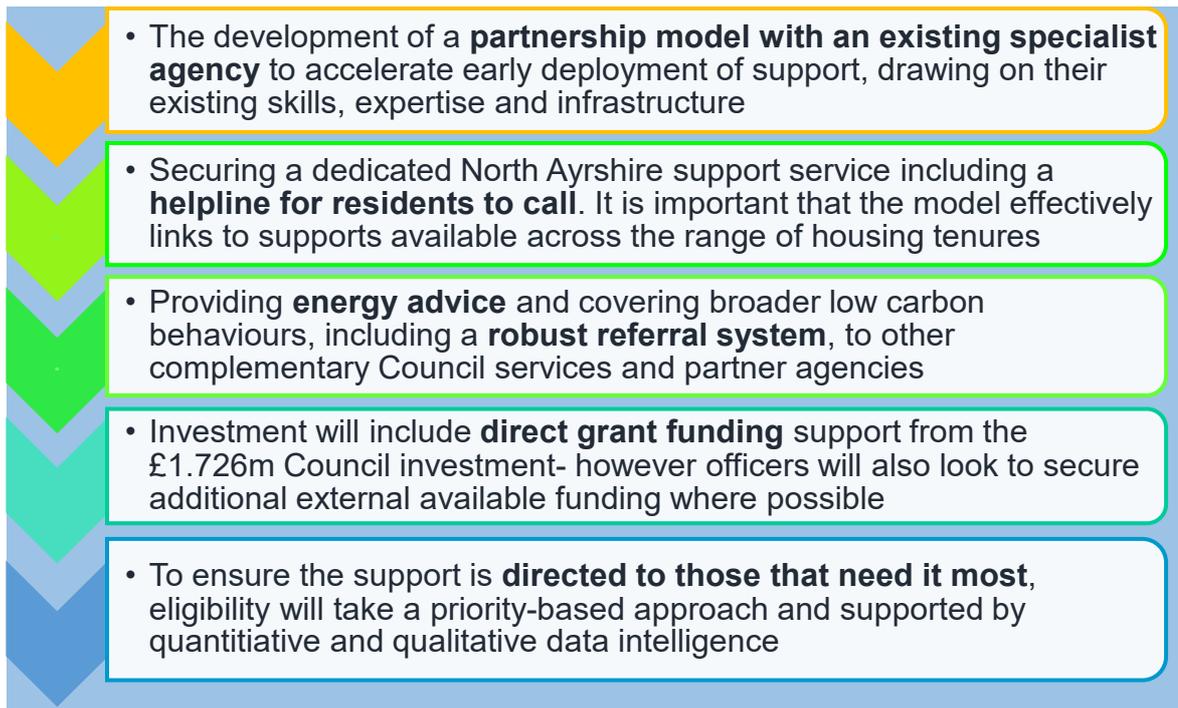
and partner agencies. These will be supported and complemented through a robust referral process.

- 1.5 Delivery of the proposed initiative would be across two phases, with phase one focusing on energy efficiency and low carbon behaviour advice and phase two being the implementation of physical energy efficiency measures, with a proposed launch date of Autumn 2022.

2. Background

- 2.1 The Office of Gas and Electric Markets (OFGEM) established an energy price cap for default tariffs in January 2019 to prevent overcharging by energy suppliers. However, record price increases in global gas over the last six months (with wholesale prices quadrupling in the last year) led to OFGEM raising the energy price cap by over 50% on 1 April 2022. Those on default tariffs paying by direct debit have already seen an increase of £693 from £1,277 to £1,971 per year.
- 2.2 The definition of fuel poverty in Scotland is where a household spends more than 10% of its income on fuel costs and when the remaining household income is insufficient to maintain an adequate standard of living. Fuel poverty can be caused by one or more of the following factors: poor energy efficiency, low income, and/or cost of energy. The recent inflationary increases in energy, food and transport costs will increase the prevalence of fuel poverty across North Ayrshire.
- 2.3 In order to respond to the unfolding cost of living crisis, as part of the Council's budget setting for 2022/23, the allocation of £1.726m was agreed to deliver an energy-based community support model. Since budget setting, the development of an appropriate model offer has progressed, with a view to early implementation to provide maximum benefit before the next 'heating season' begins in autumn 2022/23.
- 2.4 The key objective is to support residents of North Ayrshire through the cost-of-living crisis by reducing fuel poverty and increasing affordable warmth, whilst reducing carbon emissions and providing local employment opportunities as part of the programme.

The proposed approach can be summarised as follows:



2.5 In order to deliver this model, it is proposed to partner with the Ayrshire based 'Energy Agency' to capitalise on the synergies available given their existing skills, expertise, and infrastructure. The Energy Agency is a charitable organisation providing free, impartial and expert advice to households, businesses and communities, covering energy efficiency, renewable energy and sustainable transport. Based in Auchincruive, Ayr, the Energy Agency currently manage the Scottish Government's Homes Energy Scotland (HES) programme, delivering energy efficiency advice to residents throughout Ayrshire and Dumfries & Galloway.

2.6 The Energy Agency are willing to enter into a partnership with North Ayrshire Council to support residents through the cost of living crisis, which will be governed by a Minute of Agreement between the parties. The programme would be delivered across two phases as set out below.

Phase 1- Energy Advice

2.7 Energy advice is a proven tool in helping households reduce their energy consumption fuel bills and carbon emissions and improve affordable warmth. Robust referral mechanisms are already established through the Local Energy Advice Forum (LEAF), to provide a holistic approach to every energy based resident inquiry. LEAF aims to provide a co-operative multi agency approach to tackling fuel poverty in North Ayrshire, comprising of a wide range of local and national agencies from the private, public, voluntary, and charitable sectors. The contact number for LEAF is in fact the Energy Agency freephone number 0808 808 2282. It is proposed that this number is used and widely promoted and publicised for residents of all tenures to contact for the Energy Smart proposal. Work will also progress with the Energy Agency to expand their advice offer to include wider low carbon behaviours such as encouraging active travel and measures to minimise food waste.

2.8 As part of development of the proposed model, we have taken cognisance of existing support frameworks available to ensure that there is complementarity. Some examples of established programmes within the Council which would be promoted and supported alongside the energy focused proposed programme of support measures are as follows:

Accessing Our Council: The Council's Transformation team are assessing ways to improve accessing advice services within the Council through the Accessing our Council project. To improve the customer journey for any member of the public contacting the Council, a robust referral mechanism requires to be in place. The customer should only have to call once via the contact centre, and not be asked to call anyone else. The design of the referral mechanism for the Energy Smart initiative will take cognisance of this approach and ensure that any referrals to the existing support networks within the Council (see examples below) would be well managed and the customers' needs will be met.

Better Off: The Council is actively seeking ways to support residents out of fuel poverty by maximising household income. A Public Social Partnership (PSP) has already been created to deliver the Better Off pilot programme in the 3 Towns (Ardrossan, Saltcoats and Stevenston) and Arran. A PSP is a voluntary partnership involving one or more organisations from the public and third sectors, and potentially from the private sector. It is designed to involve the third sector earlier and more deeply in the design and commissioning of public services. The Better Off PSP pilot, which operates until March 2023, provides financial advice to residents in the area and is delivered by the following partners:

- **Community Housing Advocacy Project (CHAP)** – a charitable organisation offering financial advice
- **Citrus Energy** – a social enterprise offering energy efficiency advice and advocacy services, such as fuel switching (once the market allows for this again in the future) and debt management
- **Money Matters** – a North Ayrshire Council service offering money and debt advice

Fuel Poverty Housing Support Workers: A further example is the work undertaken by Housing Services' Homeless & Community Safety team. Four new posts have been created to specifically address income maximisation and reduce fuel poverty for Council tenants. Fuel Poverty Housing Support Workers identify and support tenants to un-cap meters (looking to clear the debt for tenants to start afresh), maximise income and find sustainable ways to pay their energy bills. In addition, a further two officers are dedicated to maximising benefit uptake by residents in sheltered housing accommodation. The aim to make homes easier to heat and includes Winter Warm initiatives and interventions.

2.9 The Energy Agency freephone number is available for immediate use to offer energy efficiency advice and support. A robust referral mechanism which complements other supports available has also been developed.

2.10 A short-term working group for the Energy Smart project has been established with key stakeholders including representatives from Welfare Reform, Customer Services, Money Matters and other key players. This will ensure we offer

maximum access to all available support and solidify robust referral pathways for customers. It will also address the interface between working with Citrus Energy for energy efficiency advice in the 3 Towns area and Arran (until at least March 2023), and the Energy Agency delivering a wider programme of advice and interventions across North Ayrshire.

- 2.11 It is understood that some households may require immediate assistance with the rising cost of energy. A separate Cabinet report regarding the cost of living crisis proposes additional £450,000 funding to help fund a crisis support element to the Energy Smart scheme. The aim would be to offer immediate, impactful support to help clear debt from the energy meter and help to sustain payments. This would only be the first step in the support processes for those households that require it, utilising the referral process thereafter, for example to engage with utility companies to remove any pre-payment meter where possible and maximise household income through the referral mechanisms. Households can also be assessed at this stage to understand whether they are eligible for an energy efficiency measure to help provide recurring energy cost savings.
- 2.12 It is planned that the dedicated helpline with referral system would be operational by Autumn 2022, as the Energy Agency currently offer the advice service across Ayrshire and Dumfries and Galloway. Promotion of the 0808 808 2282 number for general energy advice would begin immediately.
- 2.13 A second phase, encompassing installation of energy efficiency measures in eligible properties, would follow shortly thereafter. Further details are set out below.

Phase 2 - Energy Efficiency Measures

- 2.14 The majority of the £1.726m funding will be used for physical energy efficiency measures in domestic properties to provide long-term, recurring energy cost savings to households (see breakdown at paragraph 4.1). A targeted approach will see support to households in need and use a range of data sources to help in the identification of those households. This will include the Scottish Index of Multiple Deprivation (SIMD) and Home Analytics data but also qualitative data to ensure that the full spectrum of eligible households is captured for support.
- 2.15 The delivery of these measures requires careful consideration to ensure a high standard of delivery and best value for residents, whilst minimising the risks to the Council. The specific energy efficiency measures to consider would include the following:



Draught proofing



Loft insulation



Cavity wall insulation



Upgrading heating controls



LED bulbs



Heating upgrades

2.16 A whole system approach to installing measures through contracting with local businesses, referrals, fuel switching and follow up visits. External funding opportunities such as the fourth iteration of the Energy Company Obligation (ECO 4), which targets funding towards low income and vulnerable fuel poor households will also continue to be investigated.

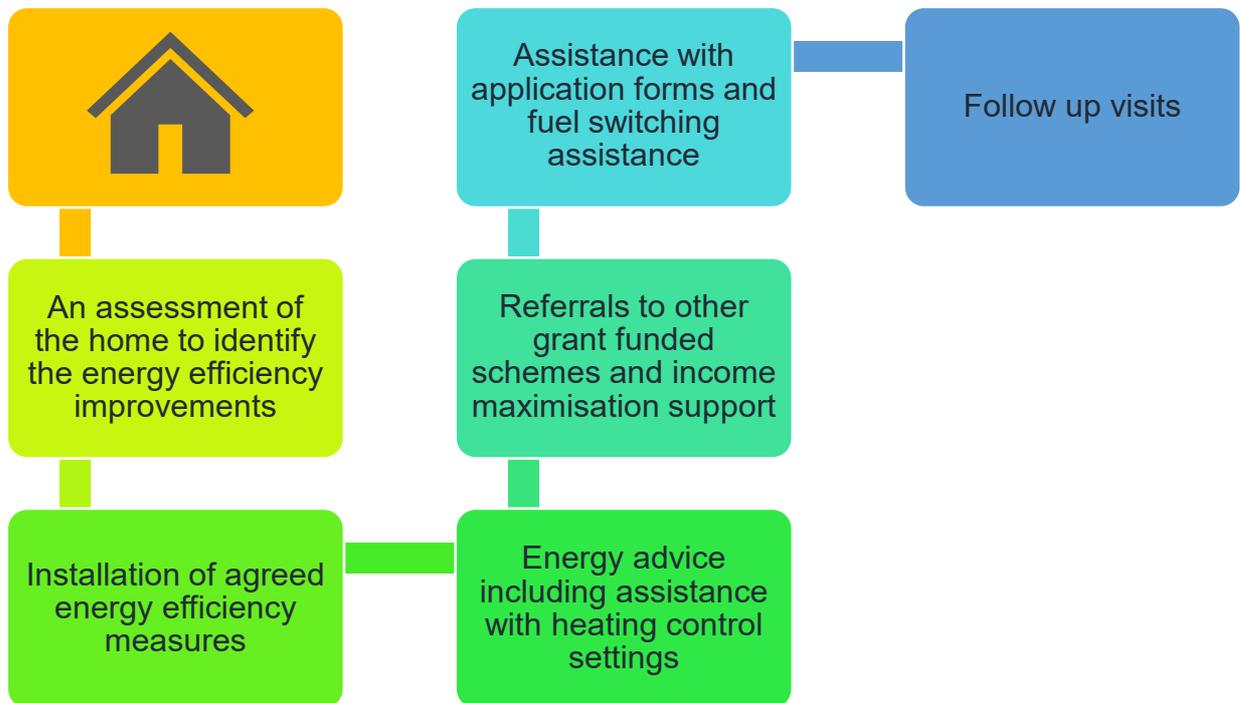
2.17 It is however not proposed that external wall insulation be included in the measures as the Energy Efficient Scotland: Area Based Scheme (EES: ABS) programme is available to support this measure. This programme also includes access to solar PV panels.

Administration of the Initiative

2.18 Alongside their provision of energy advice, the Energy Agency have experience of delivering energy efficiency improvements in Dumfries & Galloway including through use of local providers. The proposed partnership with Energy Agency therefore not only aligns with the Council's aims to deliver tailored advice and energy efficiency measures quickly, but also supports our Community Wealth Building ambition for engaging with local businesses and keeping expenditure within the authority area.

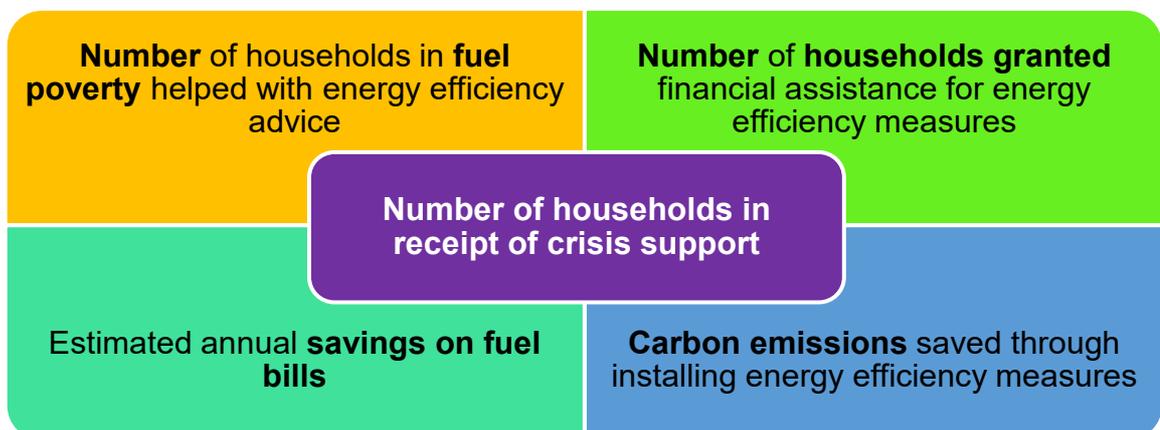
2.19 The Council and the Energy Agency would enter into a formal Minute of Agreement to co-design a service, run a pilot then eventually issue a tender for the continuation of the service subject to feedback and funding availability.

2.20 An outline of the service offered to a resident is as follows:



2.21 It will be necessary to create a dedicated resource to manage this programme internally. A fixed term programme administrator post would not only actively identify residents in need through data analysis (using internal asset registers, the Scottish Index of Multiple Deprivation (SIMD) and the Energy Savings Trust's Home Analytics datasets) but would also administer the referral process internally as well as providing general supervision of the project with reference to the objectives and performance indicators below.

2.22 In terms of monitoring the success of the programme, the following KPIs are proposed:



3. Proposals

- 3.1 It is proposed that Cabinet approves the implementation of the proposed £1.726m 'Energy Smart: Energy Based Community Support Model funding towards low income and vulnerable fuel poor households.

4. Implications/Socio-economic Duty

Financial

- 4.1 As part of the Council's budget meeting on 2 March 2022, an allocation of £1.726m to deliver an energy-based community support model, to support North Ayrshire residents during the cost-of-living crisis, was approved.

The table below provides an approximate breakdown of anticipated expenditure:

| Area of expenditure | Value |
|--|----------------|
| Contribution to the Energy Agency for dedicated North Ayrshire energy efficiency support officer | £0.050m |
| Energy efficiency measures | £1.581m |
| Project Management | £0.075m |
| Project administration (to support increased uptake to internal programmes) | £0.010m |
| Promotion e.g., mail drops, newspaper ads, engagement sessions, design work, social media etc | £0.010m |
| TOTAL | £1.726m |

Human Resources

- 4.2 The proposals include provision for a project co-ordinator on an 18-month fixed term basis which will be funded from the budget allocation.

Legal

- 4.3 A draft Minute of Agreement between North Ayrshire Council and The Energy Agency has been prepared by Legal Services. Following Cabinet approval this draft agreement will be shared between parties to agree terms.

Equality/Socio-economic

- 4.4 The proposal will help to reduce socio-economic disadvantage in North Ayrshire. Energy advice and energy efficiency improvements will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases in North Ayrshire.

Climate Change and Carbon

- 4.5 The proposal aims to:

- make a positive contribution to national carbon reduction targets
- contribute to the North Ayrshire Council Climate Emergency declaration commitment to be carbon neutral by 2030

The proposals would also contribute to the delivery of the North Ayrshire Environmental Sustainability & Climate Change Strategy (ESCCS) Affordable Warmth workstream.

Key Priorities

4.6 The proposals contained within the report support the North Ayrshire Council Plan priorities:

- Active and strong communities
- Inclusive, growing and enterprising local economy
- A sustainable environment; and
- People enjoy good life-long health and wellbeing.

Community Wealth Building

4.7 The proposal supports Community Wealth Building aim of creating a fairer local economy central to our aims of tackling poverty and inequality.

5. Consultation

5.1 Discussions have taken place between a variety of Council services in the preparation of this report, reflecting its cross-cutting nature.

RUSSELL McCutcheon
Executive Director (Place)

For further information please contact **David Hammond, Head of Sustainability, Corporate Property & Transport**, on **01294 324514**.