

## Eco Bicester Strategic Delivery Board

<b>Date of meeting: 23 January 2014</b>	<b>AGENDA ITEM NO:</b>  <b>5</b>
<b>Report title: Bicester Energy Report</b>	
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### 1. Purpose of Report

- 1.1 This report updates the Board on the Eco Bicester retrofit programme and seeks agreement to continue the programme in partnership with the National Energy Foundation (NEF). It responds to the Board's request to provide proposals for the continuation of retrofitting in the town.

### 2. Background

- 2.1 Retrofitting is the term used to describe the renovation, refurbishment and improvement of property, in this case homes, to make them more energy efficient and reduce energy consumption with the combined effect of reducing carbon emissions.
- 2.2 The Board has supported the retrofitting programme in Bicester since the start of the Eco Bicester project. It has been an important part of the Eco Bicester Shared Vision since its inception in 2010. Following a report to the SDB on the Bicester Green Deal meeting in October 2013, Board Members agreed to support future retrofitting programmes and requested officers to investigate opportunities for continuing to retrofit homes in Bicester.
- 2.3 In the start up phase of the project, Government Eco town funding was used to support the insulation scheme which has been reported to the Board. The Bicester insulation scheme was successful in engaging with local residents and as a result over 1,700 homes have benefited from warmer homes and reduced energy bills while reducing carbon emissions and improving the air quality in Bicester.

#### Green Deal

- 2.4 Following the introduction of the Government's Green Deal Scheme in early 2013, the emphasis of the retrofitting programme shifted to the Bicester Green Deal Pioneer Places scheme which resulted in 100 Green Deal Assessments and Green Deal works to 14 demonstration homes. The success of the Bicester Green Deal Scheme does not reflect the take up of the Green Deal nationally. National experience from the Green Deal has found that the finance is not always attractive or appropriate for residents
- 2.5 The 2013 Autumn Budget Statement announced changes to the Green Deal but at the time of writing the changes remain unclear. The same is true of the Energy Company Obligation (ECO) introduced by Government at the beginning of 2013 and operating alongside the Green Deal. This has led to some uncertainty while the changes come into effect. Since the launch of the Green Deal in early 2013 which provides finance for retrofitting, there is little evidence to

show that householders have taken up the Government's scheme in significant numbers. The Department of Energy and Climate Change (DECC) is understood to be looking to consult later in 2014 on proposals to include loft and cavity wall insulation alongside solid wall insulation as the main measures covered by ECO.

### **Funding**

- 2.6 £500,000 of eco towns start up funding was allocated in 2010 to the insulation scheme for existing domestic properties in Bicester. Approximately £160,000 of capital funding remains with approximately £50,000 set aside for supporting the Heat Networks application. In the past, the Board has supported schemes which add value and grow the local low carbon economy. It is estimated that the cost of installing loft insulation in the average home is £300 with Cavity Wall Insulation (CWI) approximately £500. Previously the Bicester insulation scheme was funded by eco town funding, Carbon Emissions Reduction Target (CERT) funding and a contribution of £49 from the householder.
- 2.7 Since the end of 2012 there have been limited opportunities for residents to access subsidised loft and cavity wall insulation measures for their properties.

### **The Need for Advice**

- 2.8 Following the Eco Bicester insulation scheme and Bicester Green Deal, the Eco Bicester team continues to receive queries from local residents. Working with officers from CDC's Housing and Environmental Services teams and BioRegional, the Eco Bicester team has considered options and opportunities for the most effective use of the remaining funding allocated to improving the energy efficiency of the existing homes in Bicester.

## **3. Proposals**

- 3.1 This paper discusses the options for continuing the retrofit programme and proposals to take them forward in partnership with NEF. It sets out recommendations on how the remaining funding could be best utilised to support a relaunched insulation scheme offering discounts for loft and cavity wall insulation with a boiler replacement discount scheme running alongside it.
- 3.2 The objectives of the retrofit programme are as follows:
- To stimulate low carbon economy locally, create jobs and establish the local supply chain for retrofitting measures
  - To improve the housing stock and reduce carbon emissions from homes
  - To engage with the community and reduce energy bills for Bicester residents
- 3.3 There remains a demand and a real benefit in continuing to offer support and assistance to local residents wishing to improve their homes through the installation of insulation in both lofts and cavity walls. Following the success of the local Green Deal Pioneer Places project, take up of the Government's Green Deal programme remains slow and uncertain. The proposal to the Board is made up of three elements as set out below:
- An insulation scheme based on the previous scheme run in partnership with NEF and promoted by Cherwell District Council (CDC).
  - A boiler replacement scheme
  - Community energy scheme based on large scale photovoltaic panel installations

- 3.4 While there is uncertainty in the retrofit market, there appears to be a lack of investment in energy efficiency measures and this creates an opportunity for the Eco Bicester Project to reintroduce a scheme similar to the previous Bicester insulation scheme but without Carbon Emissions Reduction Target (CERT) funding. The revised scheme proposes to offer residents a financial discount on loft and cavity wall insulation together with a financial incentive or discount to replace the boiler in their homes.

### **Eco Bicester Insulation Scheme Part 2**

- 3.5 This report proposes a scheme similar to that run between 2010 and 2012. There is an opportunity to re launch a local insulation scheme in early 2014 and incorporate any changes made nationally later in the year.
- 3.6 The key elements of the scheme are set out below:
- To provide a Eco Bicester retrofit project based on the offer of a discount of £100 for loft insulation and £200 for cavity wall insulation
  - The project will be led by officers, managed by NEF and promoted by CDC
  - To offer a simple, effective, transparent and easy to access scheme for residents
  - To encourage residents to reduce their energy bills and reduce energy consumption
  - To make best use of the eco town funding allocation for retrofitting
  - To provide a platform for further retrofitting in the town and integrate with other retrofitting proposals such as the Community PV scheme
- 3.7 It is difficult to predict take up of the scheme, but officers recommend a target of up to 250 insulations in the next year. NEF will provide a single point of contact for the scheme handling calls from interested customers and advising on the discounts available. In addition, drop in sessions are proposed to deal with any queries and promote the scheme face to face with residents. NEF will also work with reputable local installers to project manage the installation process. The financing of the scheme will be administered by the CDC project team.
- 3.8 Since the last Board meeting in October 2013, the Eco Bicester team has been progressing proposals to continue and promote the Bicester retrofitting programme. Based on the experience of previous schemes, it is important that any proposal is simple, easy to communicate and has maximum effect in terms of the number of installations and improvement to the energy efficiency of the existing homes in Bicester. Officers recommend that there is merit in revisiting the insulation scheme, providing advice to residents and introducing an offer to support upgrades to more efficient boilers.
- 3.9 Previous schemes have relied on external support from NEF and BioRegional and these organisations will continue to provide expertise and the capacity to deliver retrofitting projects in the town. NEF was approached and briefed on the requirements for consultancy advice and support to implement further retrofitting.

### **Eco Bicester Boiler Replacement Scheme**

- 3.10 The latest Housing Survey for England found that approximately 56% of properties have a standard efficiency boiler. Based on this figure, it is estimated that over 6,000 properties may be eligible for a replacement boiler in Bicester. The number of measures to be installed in Bicester is difficult to predict at this stage but an initial target of up to 100 boiler replacements is recommended by officers.

- 3.11 The cost of a boiler for an average home is approximately £3k. The proposed boiler replacement scheme for Bicester will run alongside the insulation scheme described above as part of the retrofitting programme. It is proposed to offer a £300 discount (approximately 10% of the cost of a standard boiler) to replace old and inefficient gas boilers rated “D” and below with efficient A-rated condensing boilers. It will be necessary to advise and promote this to homeowners and private tenants who currently have an inefficient boiler rated D or below.
- 3.12 NEF will provide advice on the discounts available, manage the interface between local installers and householders and project manage the installation process.

### **Promotion and Communications Strategy**

- 3.13 As stated earlier in the report, it is proposed that the Eco Bicester team continues to promote retrofitting and energy efficiency in the community. A Communications Strategy will be developed and implemented as part of the insulation and boiler replacement scheme working with CDC's Communications Team. The scheme will be promoted through the usual channels making maximum use of the Eco Bicester website and newsletter, social media and leaflets.
- 3.14 Community drop-in sessions are proposed with a wider event to promote retrofitting later in the year. The success of previous schemes can be partly attributed to the promotion and publicity material produced in partnership with the Communications team. The same approach will be used for proposed scheme.

### **Advice**

- 3.15 The experience from the previous schemes including the Bicester Green Deal demonstrates that there is a need for residents and businesses to be advised on retrofitting. Currently advice is provided by the Oxfordshire Affordable Warmth Network (AWN) managed by the National Energy Foundation in association with local councils. The AWN has provided a valuable resource in advising residents on energy efficiency and is funded until the end of March 2014. Officers are continuing to investigate options for continued funding the AWN including a small amount (up to £3k) of retrofit funding to support a local advice service in Bicester.

### **Other relevant schemes and proposals**

- 3.16 There are a number of opportunities other schemes could deliver a benefit for Bicester in terms of retrofitting objectives of reducing energy and thereby lowering carbon emissions. Some of these relate specifically to energy issues both increasing the supply of renewable energy and also increasing energy efficiency measures. Some of this work will require considerable resource to deliver which currently has not been identified. For example, a proposal for energy storage and LED lighting installations in existing homes is being developed by BioRegional with a battery company and energy specialists. The proposal would require at least 10 homes to participate and these should ideally have existing solar panels installed. Officers are investigating opportunities with registered providers and the Build! Project with a view to potential installation in April 2014.
- 3.17 Other projects and proposals include work on Community PV Scheme with the Low Carbon Hub (LCH), a social enterprise based in Oxford. CDC, led by Environmental Services officers, is working with the Low Carbon Hub to reduce carbon emissions. The LCH is working with local businesses and commercial property owners to develop proposals for large scale solar panel installations on buildings in Bicester. The proposal is to raise money through share

offers and creating a community benefit fund for Bicester with the income generated from the sale of renewable energy and the feed in tariff.

- 3.18 Proposals to include community halls in the Community PV proposals are being progressed including the potential to use retrofitting funding to invest in the scheme. Further details are being developed and will be reported to the Board at its next meeting in April 2014.

#### **Heat Networks funding – update**

- 3.19 In October 2013 the Department of Climate Change (DECC) announced the Heat Networks Funding Stream. Its aim is to encourage and support the development and growth of heat networks in England and Wales. Through the provision of grant funding, Local Authorities are to receive specialist support to develop heat networks, often referred to as district heating schemes, to supply heat to homes and businesses through a network of pipes.
- 3.20 In October 2013, CDC Environmental Services supported by BioRegional submitted a pre application to HNDU followed by a full funding application on 15th November. The proposal *“Bicester District Heating Network with connection of Ardley Energy from Waste Plant to NW Bicester Eco Town and wider strategic developments”* seeks funding to support the development of a Bicester Heat Network and a detailed business delivery mechanism for Cherwell District Council to invest in heat network infrastructure. It would be used to assess the feasibility of utilising waste heat from the Ardley facilities to provide low carbon heat to the proposed 6,000 homes at North West Bicester eco town with the potential to extend to the wider town. Outcome of the bid will be reported to the Board at the next meeting.

#### **Bicester Green Deal**

- 3.21 The DECC scheme as part of the Pioneer Places Programme has now ended but it is proposed to organise an event to open the demonstration homes to the public in Spring 2014.

#### **Bicester Green Deal Communities**

- 3.22 Following the Government’s announcement in July 2013 for £20 million funding to support street by street Green Deal schemes, a consortium of Local Authorities led by South Bucks District Council and Buckinghamshire County Council including CDC has submitted a bid.

### **4. Summary and conclusions**

- 4.1 This paper outlines proposals for a scheme to continue the successful delivery of the Eco Bicester retrofit programme. It responds to the Board’s previous support and commitment to encouraging the community to improve the energy efficiency of their property while at the same time reducing carbon emissions and energy bills.
- 4.2 The main difference to the scheme will be the offer of a discount to the homeowner rather than a fully funded scheme with a relatively small contribution from homeowners. The scheme is intended to run for one year or until the funding for retrofitting is exhausted, whichever is the earlier. The insulation and boiler replacement scheme is a short term project and will be launched at the end of January. At this stage, take up is largely unknown and will depend to some extent on external factors such as the weather and energy bills.
- 4.3 The Government’s flagship environmental policy, the Green Deal, despite making some progress, is limited in its scope to support insulation measures and officers have concluded

that there is merit in revisiting the previous Bicester insulation scheme together with a new scheme to replace old gas boilers. Changes to the Green Deal and ECO are anticipated to be made later in 2014 and once confirmed could potentially be incorporated into the Bicester schemes.

- 4.4 Through the retrofit programme it is intended that the project will continue to work with the Department of Energy and Climate Change (DECC) and identify opportunities for funding and delivering innovative retrofit programmes. It is anticipated that other opportunities may be identified for longer term investment in retrofitting, for example through the work with the Low Carbon Hub. At the same time the Eco Bicester project will look to continue to support the Green Deal locally, by establishing a network of local, high quality and reliable Green Deal assessors and installers through 2014.

## **5. Recommendations**

- (i) To agree to the proposals set out in the report
- (ii) To agree the use of eco town funding for retrofitting projects
- (iii) To promote insulation and boiler replacement to the existing community
- (iv) To request a progress report to the meeting of the Board in April 2014.