

STATES OF JERSEY



COLD WEATHER PAYMENTS: AMENDMENT TO INCOME SUPPORT (P.4/2011) – COMMENTS

**Presented to the States on 15th February 2011
by the Minister for Planning and Environment**

STATES GREFFE

COMMENTS

Before voting on P.4/2011, Members may wish to have regard to the following.

Introduction

The Energy Efficiency Service (EES)

It is well recognised that the most effective and sustainable way to reduce fuel bills, benefit the environment and improve the quality of life for occupants is to improve the energy efficiency of a sub-standard property. This can be achieved by a modest one-off investment that often pays back with a very few number of years.

Members will recall that the Environment Department launched the Energy Efficiency Service (EES) in 2009 with the aim of delivering energy savings in the Island with an initial mandate from the States to assist 'vulnerable households'. In agreeing this funding, States Members were foresighted in accepting that energy efficiency improvements bring social, economic and environmental benefits.

Its first initiative, the Home Energy Scheme, provides 100% funded energy improvements to eligible individuals. The target group has expanded during the first phase of operation and now includes everyone in receipt of Income Support (including the Cold Weather Payment) or on the Westfield 65+ Health Scheme.

The Home Energy Scheme is available to owner-occupiers and private tenants if their landlords agree to the identified property improvements and are willing to sign an agreement that they will not increase rents as a result of the interventions that the scheme provides.

Measures available to eligible applicants include loft and cavity wall insulation, pipe lagging, heating controls and draught proofing, and more recently this expanded to include heating system reviews and potential upgrades for owner-occupiers.

Success of the Energy Efficiency Service

In developing the EES, my officers have been working alongside the Jersey Energy Trust, who are an independent body of advisors that I appointed to assist with this important project. The Trust is chaired by Sir Nigel Broomfield, and Andrea Cook OBE is a valued board member since she has many years' experience developing similar schemes in the UK and is currently on the Board of the UK Energy Saving Trust¹. I am indebted to the Trust, whose expert advice has underpinned the success of the scheme.

The Home Energy Scheme has received complete applications from 895 households and has provided assistance in the form of telephone and face-to-face advice and information packs to over 200 more. In addition, in 2010 the EES received 185 applications for heating system reviews.

¹ Other Board Members include Chris Ambler, CEO of the JEC, and David Lord, MD of the Leonard Cheshire Home, along with executive officer support from the Department and Jersey Energy.

The EES's second initiative, the Community Buildings Programme, was launched in May 2010 and delivers improvements to charities and not-for-profit organisations which provide a service to socio-economically vulnerable islands. Applications from 21 diverse organisations have been received to the Community Buildings Programme. These organisations represent over 400 individuals through the provision of residential and day centre facilities.

The scheme has brought about very real benefits to our target group, reducing annual energy costs substantially and allowing residents the option to take some of the savings as improved comfort.²

Key facts from the Home Energy Scheme

- Flats or modern properties are checked for energy-saving improvements, householders are given energy-saving advice and an average of 10 low-energy lightbulbs are installed.
- The interventions that have been delivered to pre-1996 houses and bungalows comprise: 68% loft insulation; 23% cavity wall insulation; 28% draught proofing; 56% heating control improvements and 95% have low-energy lightbulbs installed. Costs and savings are shown in the table below.

Measure	Loft insulation (0–270mm)	Cavity wall insulation	Draught proofing	Heating controls
Average EES installed cost	£862	£761	£154	£397
Annual saving (£/yr) ³	£145	£110	£25	£60–70
Annual CO ₂ saving kg ²	730	560	120	n/a

- The EES has distributed over 12,000 low-energy lightbulbs, both directly to householders and as part of an incentive to join the Home Energy Scheme.
- At a cost of approximately £35,000 this should deliver a direct saving of up to **£120,000⁴ on electricity bills** to the householders over a year.
- The EES now works with 15 approved local contractors, and their numerous sub-contractors, investing in the local economy through its support of the heating and plumbing, electrical, roofing, insulation, carpentry and surveying trades. Approved contractors must competitively tender for the works, show full insurance and professional competence in the areas that they work within; the employees that work on the scheme are criminal reference checked.

² The Energy Saving Trust calculate that the installation of loft insulation in a 3 bedroom semi-detached house heated by gas can bring about an annual saving of £145, whilst cavity wall insulation can save £110, draught proofing £25 and heating controls up to £70. Our initial Jersey data is in line with these figures.

³ Figures based on EST figures for gas-heated 3 bed semi-detached house – see <http://www.energysavingtrust.org.uk/Energy-saving-assumptions>

⁴ Based on £10 saving per bulb when changed from a 100W bulb used for 3 hours every day.

- Over the last 18 months, as a direct result of the work that the EES has generated, we have observed the up-skilling of local businesses which are now in a stronger position to provide energy efficiency services to all Islanders. All money awarded as grants has effectively gone directly into the local economy.

Uptake of the Scheme

To date there has been a 23% response rate to the scheme; this is good relative to the Energy Saving Trust in the UK which has a 10% response rate.

Nevertheless, 77% of people eligible for assistance have chosen not to participate even when the scheme will cost them nothing and bring about very real benefits. This may seem strange, but it is worth remembering that many in the older age groups may be unwell or unwilling to participate for reasons of disruption or suspicion. The EES continues to work with the parishes, the Department of Social Security, Age Concern and other relevant stakeholders to encourage as many eligible applicants to come forward as possible.

To ensure best value for States expenditure, it is vital that anyone eligible for help from the EES take advantage of it especially if they are in receipt of the Cold Weather Payment.

I intend for my officers to work further with the Social Security Department and other relevant organisations to ensure that all eligible recipients of the Cold Weather Payment are strongly encouraged to apply to the Energy Efficiency Service.

Extending the scheme

We continue to develop the Home Energy Scheme under the guidance of the independent Jersey Energy Trust who I appointed to oversee and develop this work.

Of the group identified by Senator Le Gresley in receipt of Food Costs Bonus, some may already be on the 65+ Health Scheme. However, some are not (unfortunately the precise numbers are not available).

I propose to extend the eligibility of entry into the Energy Efficiency Service's Home Energy Scheme to recipients of the Food Costs Bonus.

It can be argued that this group represents a vulnerable sector of society and thus forms a natural extension of the EES well within our initial mandate. I propose to reprioritise the 2011 budget for the Energy Efficiency Service to reschedule the projected spend on Community Buildings so that additional entrants to the scheme from those in receipt of the Food Costs Bonus can be helped immediately.

However, the scheme will retain its overall eligibility criteria that apply to all those already within the scheme, namely –

- *Those in States Housing cannot apply: **Rationale*** – the States of Jersey has an existing programme to improve the thermal efficiency of its stock.
- *Heating system improvements are not provided to properties owned by private landlords who have eligible tenants within them: **Rationale*** – heating system improvements are only provided to eligible owner-occupiers since this is the most costly of the interventions offered and so should be focussed on the neediest, and it is the responsibility of a private landlord to maintain the heating system of a rental property.

Further assistance to a wider group

There is no doubt that the elderly and very young are most vulnerable to the negative effects of the cold and poorly performing properties. The EES will continue to attempt to reach non-respondents in the target group as well as continuing to identify further vulnerable sectors of our Island community.

The Jersey Energy Trust has proposed that the EES should extend its activity to the group of Islanders whose income and assets put them just outside the eligibility criteria for the Westfield 65+ Health Scheme.

Those who do not pay Income Tax and have £50k or less in savings are proposed to be included within the Home Energy Scheme. The rationale here is that a full energy efficiency upgrade including a new boiler costs in the region of £5,000. If one only has savings of £50,000 for one's entire retirement there is a strong disincentive to outlay 10% of this on the improving one's home.

I propose to extend the criteria of entry into the Home Energy Scheme to the group of people on the margin – those over the age of 70, who do not pay Income Tax and have £50k or less in savings.

Financial and manpower implications

Resourcing and administrative:

With assistance from the Social Security Department and additional administrative support, the EES can very simply extend its eligibility criteria to include recipients of the Food Costs Bonus.

Financing:

The Budget for the EES –

- £1 million recurring annually (from Vehicle Emissions Duty);
- £0.5 million one-off donation for Jersey Electricity Company linked specifically to the provision of Energy Efficiency interventions for households.

Because the size of the group on the Food Costs Bonus Scheme cannot easily be quantified, it is difficult to calculate the likely uptake and thus the rate at which this group can be assisted.

However, by re-prioritising the projected spend on new entrants to the Community Buildings scheme, we can free £100k from the EES core budget for immediate assistance to eligible applicants on the Food Costs Bonus scheme both in 2011 and 2012.

Although spend per property varies according to the interventions identified, taking an average per property cost of £2,500, this could assist an additional 140 new applicants in 2011. Therefore, the EES could assist 10% of 1,400 Food Costs Bonus group identified by Senator Le Gresley, assisting approximately 12 additional properties per month.

In our experience these figures reflect the likely rate of uptake and throughput of eligible applicants to the scheme.