

**WRITTEN QUESTION TO THE MINISTER FOR PLANNING AND ENVIRONMENT  
BY DEPUTY J.H. YOUNG OF ST. BRELADE  
ANSWER TO BE TABLED ON MONDAY 14th JULY 2014**

**Question**

Further to his answer of 30th June 2014, in respect of the Energy Efficiency grants made by his Department, will the Minister provide the following information:

1. the number and total value of grants approved under each of the criteria for eligibility for grants;
2. the number and total value of grants made in respect of properties sited within each parish;
3. whether details of these improvement grants are reported to the parish authorities for parish rate purposes;
4. whether they are reported for income tax purposes;
5. how he justifies not requiring repayment of these grants to private property owners in the event of onward sale of the sale of the properties, and
6. whether he will agree to review these policies to ensure that in future, taxpayers interests are safeguarded?"

**Answer**

1. When referring to grant it might be helpful to clarify that in the Home Energy Scheme a 100% turnkey service is offered whereby eligible applicants in domestic properties have energy efficiency measures fitted to their home at no cost to them. Contractors are employed by the Scheme after having successfully tendered for work in accordance with procurement guidelines. The Scheme arranges, co-ordinates and pays for these contractors to carry out the identified energy efficiency improvements. The eligible individuals do not themselves receive any money directly.

The value of expenditure across the 5 eligibility criteria is as follows:

- In receipt of **Food Cost Bonus (GST)** = £1,009,816.85 grant spend within 317 unique properties
  - In receipt of **Income Support** = £653,226.25 grant spend within 521 unique properties
  - In receipt of **Westfield 65+ Health Scheme** = £958,449.69 grant spend within 468 unique properties
  - **Low income islanders of age 65 and over** = £556,683.93 grant spend within 165 unique properties
  - **Ministerial Decision exemption for applicants not normally eligible but having circumstances mirroring that of the eligibility criteria** = £10,918.17 grant spend within 4 unique properties
2. For the Home Energy Scheme the total value of expenditure in respect of private domestic dwellings, split by Parish, are as follows:
    - Grouville = £188,360.88 over 78 properties
    - St. Brelade = £732,943.38 over 270 properties
    - St. Helier = £628,512.62 over 445 properties
    - St. Clement = £294,468.88 over 149 properties
    - St. John = £86,455.28 over 23 properties
    - St. Lawrence = £209,727.09 over 82 properties

- St. Martin = £90,121.82 over 49 properties
- St. Mary = £50,404.55 over 17 properties
- St. Ouen = £161,988.42 over 46 properties
- St. Peter = £168,800.28 over 85 properties
- St. Saviour = £512,310.02 over 202 properties
- Trinity = £65,001.67 over 29 properties

3. The Department of the Environment does not report details of energy efficiency grants to the parish authorities for rate purposes. It does not have a data sharing agreement with any of the Parishes in respect of the applicants' information because the Department does not believe it is their responsibility to pass any of this information on to the Parish rates authorities. The rateable value of a property is assessed on the information returned to each Parish by the owner of the property in January of each year. It is the owner that is required to complete the [Annual Return](#) giving the full address of all property owned including the name and address of the occupier, if let.

Despite the onus being on the owner to provide any information on alterations to the Parish, the Energy Efficiency Service believes that the interventions offered by the Scheme would not be pertinent to the rates assessment of the property and for this reason does not encourage or remind the recipient of the grant to inform the Parish as part of their Annual Rates Return.

The energy efficiency interventions provided by the Home Energy Scheme include loft insulation, cavity wall insulation, draught proofing, pipe lagging, low energy light bulbs and heating system improvements including potentially a new boiler for example.

When filling in an Annual Rates Return, the owner is required to state if there have been any changes, including changes of use or alterations, the 'quality' of any house, building or other structure on the land in the previous year or the purpose for which the property is used.

The question may be suggesting that the provision of energy efficiency measures might affect the 'quality' of the property and thus should be declared. However, the Rates (Jersey) Law 2005 does not give a definition of 'quality' and it has always been our understanding that factors routinely considered by rates assessors do not include criteria such as the presence of loft insulation, low energy light bulbs or heating systems.

The Energy Efficiency Service provides grants to some of the most socio-economically vulnerable people in our community. If the provision of grant assistance were to have the effect of increasing that person's rates liability then that would be counter-productive to our aim of reducing costs to this group.

4. The Department of the Environment does not report details of energy efficiency grants to the tax Department for income tax purposes. It has always been the belief of the Department that the provision of grants under the Home Energy Scheme is not a taxable event for the householders in receipt of the benefit of the grant (e.g. the installation of loft insulation, etc.). Therefore there is no relevant information to pass from Environment to the Taxes Office in respect of the householder or for the householder themselves to pass on.
5. The Department of the Environment was charged by the State's Assembly with setting up a scheme that provided grants to vulnerable Islanders. The Minister, the Department and the Jersey Energy Trust (including a member of the Board well experienced in UK grant schemes) considered a number of options when developing the Scheme during 2009 and its evolution ever since.

The option to require repayment of the grant was not considered viable for a number of reasons:

- To require a repayment in the event of an onward sale would be a loan rather than a grant. Loans are entirely different from grants and not considered in the spirit of what was meant by the original State's decision. Moreover, the uptake of loans have been shown to be far lower than compared to when a simple grant is offered. An example would be the recent failure of

the Green Deal loan programme in the UK an example of this where the UK government have now moved to a grant system to encourage the uptake of energy efficiency improvement measures. One of the aims of this programme was to help as many eligible people as possible.

- When developing the Scheme for Jersey a number of successful UK schemes were investigated and we were advised that simplicity is key to encourage uptake. Again repayment is considered a barrier to uptake and is not commonly a feature of other types of comparable UK energy efficiency schemes.
  - A requirement to repay the grant in the event of an onward sale would be difficult and extremely time consuming to administer and is likely to be dis-proportionate to the value of the grant awarded. The average grant spend per progressed-property is £2,162. Individual expenditure per property will vary according to the type of property and its tenancy arrangements and thus the type of interventions that can be applied.
  - If such a repayment-requirement were to be in place, there would be a necessity to have an up-front agreement at the time of application and this would be extensive and complex and likely to put many of our target group off from applying for the grant. Our Scheme primarily works with the elderly or disadvantaged in our community. A 100% turnkey service is provided for this group with the Department arranging and paying contractors and no money coming to the client. For many of our clients, this level of intervention and assistance is required for them to feel comfortable and confident for energy efficiency measures to take place in their home. It is likely that further complexity in the form of legal payback agreements would cause them distress and unease and potentially prevent them from coming forward to receive the energy efficiency measures. When potentially eligible applicants do not come forward for the scheme they lose out on measures that will reduce their bills and bring environmental benefits in the form of reduced energy use and greenhouse gas emissions. Further complications would involve consideration of the procedures in the event of the homeowner passing away/going into residential care and what liability would then be placed upon next of kin etc.
  - If repayment of the grant was required a calculation as to the amount repaid would need to be made. This is a more complex calculation than simply recouping the whole amount that the measures cost. For example, a property might be sold 10 years after the installation of loft insulation at a cost of for example £1,500. A calculation to account for the depreciation in the value of that asset in the previous 10 years would be required before a reasonable and fair amount could be recouped.
  - Finally and perhaps most importantly, even in the event of the onward sale of a home the energy efficiency measures installed will most likely remain in place. Therefore the benefits continue to be accrued for the lifetime of the installed measures which is often well over a decade. Thus the principle behind awarding the grant i.e. to bring comfort to the person occupying the home and environmental benefits to the Island will *remain regardless of the owner of the property*. Because the purpose for which the grant is awarded and the benefits they accrue remain in place, regardless of ownership. Therefore, it is not thought appropriate to attempt to recoup grant money and it is felt that tax payers interests are being safeguarded since the purpose for which the grant was awarded remains even if the original recipient no longer occupies the home for whatever reason.
6. For the reasons outlined above I do not currently have any plans to review these policies although the Energy Executive would be able to reconsider this as part of their ongoing role and monitoring of the delivery of the Energy Plan. The Deputy will recall from his Scrutiny Panel's examination of the Energy Plan that the Home Energy Scheme will continue to remain a core activity of the Energy Efficiency Service. However, our energy efficiency programmes will be extended into the able-to-pay sector although not with 100% grants in the format offered to the socio-economically vulnerable. He will recall from discussions and evidence given during his Panel's examination of the Plan that many of the target group eligible for the 100% turnkey service have now come

forward to receive these grants and that going forward the Scheme will focus on new entrants to the eligibility criteria. Since this Scheme will become smaller in the years to come I do not consider it proportionate or reasonable to attempt to overcome the substantial obstacles (described above) that would arise in attempting to bring forward a repayment clause.

### **Conclusion**

The Deputy is reminded of the open invitation that he has received to attend the Department to further discuss any queries he may have in respect of this Scheme, its client profile and its' administration.