

Discretionary Reward Scheme 2009/10

Growing the network

We have taken the view that promoting energy efficiency and making an impact on the factors that reduce fuel poverty requires an inclusive approach that best utilises the skills and experience of the partners involved.

Facilitating fuel poor connections			
Qualifying Criteria	Network		Total
	Scotland	Southern	
Indices of Multiple Deprivation (IMD)	2343	557	2900
Warm Front/ Energy Assistance Package (EAP)	842	238	1080
Carbon Emissions Reduction Target (CERT)	430	44	474
IMD & CERT	302		302
Fuel Poor (under the 10% definition)	3	1	4
Grand Total	3920	840	4760

Specifically, we continue to work with eaga to help us ensure **everyone** who contacts us for a one off connection, gets the opportunity to be assessed for a fuel poor connection. Our relationship with eaga also allows us a quick route to progress Warmfront referrals within our Southern network. eaga will also provide a service where we require support with a community scheme and continue to provide assistance in Scotland where arrangements with the Energy Saving Trust are still to be concluded.



To deliver system extension schemes or other projects with multiple fuel poor connections, we are seeking partner approvals from Ofgem for all the local authorities and housing associations we work with. These approvals confirm their status as Registered Social Landlords, that they have funds in place to support the installation of in-house measures and that they have made the necessary provisions to ensure their tenants receive practical support on accessing for example, benefit checks.

Our partner organisations are required to provide signed declarations for every project that confirm the in-house measures being installed and indicate any additional support that we are required to provide.

Providing fuel poor solutions

We are well on track to meet our target to exceed 10,000 fuel poor connections by 2013.

With five million homes in the UK estimated to be in fuel poverty, we continue to take a proactive and inclusive approach to communicating with stakeholders, developing initiatives and providing practical solutions to reducing the damaging effects of fuel poverty.

Dedicated staff have progressed some 7,500 fuel poor households through our Assisted Connections scheme with around 4,700 jobs now in progress. Supporting this work we will install approximately 5km of mains infrastructure and have a further 5km in projects not yet accepted.

Building on the feedback from last year's submission, we have looked for initiatives to provide much needed support for those individuals in the private sector who are most in need.

Therefore, in addition to connecting priority group customers through our Fuel Switching scheme, we have used money from our Fuel Poverty Fund to give additional support to local authorities who provide the most deserving in the private sector with access to in-house measures that allow affordable energy efficiency solutions.

Overall, our approach has been to promote details of our schemes and initiatives with those stakeholders and organisations working in our footprint; ensuring our approach remains inclusive. For example, we have contacted all owners of mobile park sites in our Southern network and working with Warmzone CIC which is using information provided by us to search for opportunities in the most deprived areas to deliver system extensions and fuel poor solutions.



Making a difference to communities

More than 100 fuel poor related system extension projects have been considered this year. With the majority being projects for areas that are within the top 20% of the most deprived areas in England and Scotland, their completion will considerably reduce the risk of homes being in fuel poverty.

For the most part these projects require a multi partner approach, with SGN playing a lead coordinating role where necessary. All of the households connected under our Assisted Connections scheme will be receiving in-house measures including gas central heating that will bring significant increases in the energy efficiency rating of the home and bring a subsequent reduction in energy bills.

Although 40 of these projects are still 'in the pipeline', once committed to we expect them to bring a further 2,000 homes into the network, 1,500 of which we expect to qualify* as fuel poor connections.

**Qualifying criteria – top 20% IMD; eligible for government heat replacement schemes; measures under CERT; or can demonstrate homes are fuel poor in that they are spending more than 10% of household income on energy bills.*

Seeking out the 'Hard to Treat'

With a significant proportion of elderly residents and recognised as being in the 'hard to treat' category, mobile park homes present a number of opportunities to provide gas connections and tackle fuel poverty. Working primarily in our Southern networks we have identified 118 sites with 5,000 customers and we have contacted all of the park owners and advised them of our Assisted Connections scheme.

With considerable interest being shown by home owners, it is unfortunate that despite submitting many projects for approval we have been unable to progress any schemes. We can only conclude that our lack of progress is a reflection of the often difficult relationship between park owners and residents and is an unexpected additional challenge to tackling this type of project.

Looking for opportunities

With only 7% of the most deprived areas in England situated within our southern footprint and with gas already available to almost 90% of households, identifying opportunities to support fuel poor system extensions is difficult.

Using a variety of information sources we have created a new database that uses meter point information to identify areas of low gas penetration within post codes associated with our most deprived areas.

Warmzone CIC has been commissioned to use the database to carry out research in our Southern networks. With some 500 output areas to assess, it has elected to take a phased approach and is developing and refining its search techniques as it progresses.

Our involvement with Warmzone and using its expertise in energy efficiency matters, is key to developing the best practical proposals for tackling fuel poverty initiatives.

Fuel switching scheme 2009/10

1,600 priority and non-priority connections

£500,000 in customer rebates

148,766 tco₂ equivalent saving

£395,000 contribution to our Fuel Poverty Fund

Allocations from the Fuel Poverty Fund have included:

- **£10,000** to Aberdeen City Council providing direct support to its Affordable Warmth scheme
- **£1,000** to Changeworks to provide a Fuel Switching Advice leaflet
- **£1,500** awarded to SCARF to promote connections amongst private households on extension schemes
- **£3,500** to Kingdom Housing Association to cover the cost of connections to its award winning small district heat scheme
- **£75,000** to Glasgow City Council to provide extra support to existing homes for in-house measures under its Go Green initiative
- **£150,000** earmarked to provide a soft loan scheme for the most deserving households within East Kent and Thanet

IGT collaboration

We have established a good working relationship with East Surrey Pipelines and although arrangements are in place to facilitate IGTs and GDNs working together, it has not yet been possible to progress any new collaborative projects. We remain keen, however, to discuss and promote fuel poor projects with IGTs and ICPs.



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Fuel Switching Scheme

While we have actively progressed system extension opportunities, we have continued to promote our Fuel Switching Scheme which is based on our existing one-off connection process. Designed to support priority group customers and increase acceptance levels, it operates through partnership arrangements with SSE and eaga. In simple terms, energy suppliers have to meet carbon emissions reduction targets that are set by the energy regulator. These targets are met by providing existing homes with energy efficiency measures through schemes pre-approved by the regulator. For example, suppliers may choose to support schemes that save carbon by providing loft or wall insulation. In our case the supplier provides a fuel switching allowance that is related to the carbon saved when a household moves to a more efficient form of heating.

Under our scheme each qualifying individual connection attracts a fuel switching allowance that is in part returned to the customer – in the form of a rebate; while the remainder of the allowance is allocated to a fund that can be used to support energy efficiency initiatives.

£75,000 for Glasgow City Council for provision of in house measures

Glasgow continues to have the highest concentrations of multiple deprivation in Scotland. It is particularly pleasing for us to have the opportunity to work with the city council in a scheme that provides loans to home owners to improve the energy efficiency of their homes. Such is the demand for the scheme that there is a waiting list that could take around six years to clear!

Our contribution is designed to provide funding over the next five years that will, in combination with loan repayments, generate a fund that will be self-sustaining in the medium term and allow the most deserving home owners to improve their energy efficiency by switching to gas central heating. Linked to our Assisted Connections scheme we would expect our additional overall contribution to amount to £75,000 and lead to improvements in around 30 homes.

Our Inclusive Approach

Aberdeen Affordable Warmth

Running for 12 years this Aberdeen City Council (ACC) scheme provides low cost loans and support to help those in fuel poverty heat their homes properly.



Sealing the deal with ACC

To reach out and support those who are most in need and facing the greatest difficulties, ACC was looking to create a hardship fund and asked us if we could help. Requiring only that the recipients are eligible for our Assisted Connections scheme, we have been able to provide the £10,000 necessary to support the scheme get up and running.

Enterprise, Planning and Infrastructure convener Councillor Kate Dean said: "This generous donation will make a considerable difference to those who are genuinely struggling to heat their homes and stay warm, but who don't meet the criteria for a government grant. Getting gas heating fitted in a home and making it more energy efficient makes it much cheaper and easier to heat and eases financial pressures on those who are struggling."

Private sector challenge

Estimates suggest that some 50% of fuel poor homes are in the private sector. To tackle this we have identified the six authorities in our Southern area with the highest prevalence of the most deprived areas.

Two of these authorities already have a significant commitment to promoting energy efficiency and tackling fuel poverty and have expressed an interest in working with us to set up a similar self-sustaining 'soft loan' scheme to the one operating in Glasgow. This could help fund around 60 loans for suitably qualified home owners.



We continue to play an active role in supporting both National Energy Action and Energy Action Scotland, with the latter having been engaged to develop a methodology for identifying those considered at risk of being fuel poor. They have also been commissioned to host a seminar on Assisted Connections for Registered Social Landlords.



Support for District Heating scheme

With a focus on community care, community improvement and regeneration objectives, Kingdom Housing Association (KHA) manages homes for a full range of client groups. It follows a fuel poverty strategy that seeks to improve the energy efficiency of its housing stock and to work directly with tenants to raise their

awareness of energy saving measures within their homes.

KHA asked if we could support a project to install a small gas-fired combined heat and power district heating scheme. This was to supply affordable heating to existing homes providing accommodation to elderly and disabled tenants.

From our Fuel Poverty Fund we have been able to cover the cost of installing the connection infrastructure, providing a significant contribution to this prestigious project.

Case Studies

Ferguson Park, Blairgowrie

Working with Perth and Kinross Council we identified 286 houses within the Ferguson Park area of Rattray. Here, more than 50% of homes are in the Scottish Government's top 20% of multiple deprivation and all were outwith the area of gas supply. Built in the 1960s, the residents in this all electric estate were unhappy with their energy bills and homes suffered from persistent problems with dampness. In addition the 196 homes in council ownership required urgent improvements to bring them in line with the Scottish Quality Homes standard.

Due to incentives made available from our fuel poor initiatives, construction was able to start in November 2009. Currently some 1,400 metres of main have been laid in the area and service connections have been programmed to meet the council central heating installation program. Services to six private owners have also been installed, free of charge, under the Assisted Connections scheme; with several others still under consideration.

In addition to installing a gas supply network to the area, we are working with a number of partners to create a small scale warm zone for the benefit of the local community. A key partner will be SSE who will utilise CERT monies to provide energy efficiency measures to the properties.

The local Energy Saving Scotland Advice Centre, (SCARF) has also been commissioned by us to engage and encourage all the tenants and residents to review their energy efficiency needs. For many of the 90 private homes, savings, arising from

insulation measures, of up to £100 per annum have been identified. Other households are taking advantage of the benefits health checks on offer and can on average expect savings of around £1,300. Thanks to us covering the training cost, SCARF now also have the capability to deploy a thermal imaging camera to guide staff towards the best energy solutions for each home. SCARF's ongoing engagement will ensure that opportunities for the installation of in-house measures are maximised.

Perth and Kinross Council's own fuel poverty forum has also been consulted and we are particularly keen to work with them in exploring additional ways to support the most vulnerable individuals in the private sector – particularly where these individuals cannot take advantage of provisions under the current Energy Assistance Package. From the council's own press release: 'The £500,000 gross cost of the project would be off-set by subsidies and grants secured by the Council from SGN, who would extend the gas network, and from the Carbon Emissions Reduction Target scheme. The overall actual cost to the Council would be £105,000.'

Councillor Ian Miller, Convener of the Strategic Policy and Resources Committee, said: "This Council is committed to providing our tenants with good quality homes. We are also committed to taking action to help residents in these difficult economic times. These proposals would contribute to achieving both these aims."

Amicus

Amicus Horizon Housing Association is a recognised charity operating as a Registered Social Landlord and regulated by the Tenants Services Authority. It exists to improve the socio-economic circumstances of its residents and the communities they serve across London and the south east.

Jacobs House in Sheerness, comprises two blocks of flats and 27 households that lie within an area designated as being within the top 5% of the most deprived locations in England. In terms of providing energy efficiency measures, flats are acknowledged as 'hard to treat' homes and in combination with the need to replace the existing electric storage heaters, we were able to work with Amicus to bring together a project that saw them install new gas fired combi boilers in all the flats and make improvements to the existing loft insulation and glazing. With SAP ratings now increased to at least 70, residents report that the new heating systems are much better and easier to control and from the combination of measures installed, they can look forward to reduced energy bills in the future.

Renfrewshire Council has taken advantage of our Assisted Connections scheme and has been able to provide new connections to 339 homes within its authority area, that are all within the top 20% of the most deprived areas in Scotland.