



Department  
of Energy &  
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**Department of Energy & Climate Change**

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The Chief Executive

22 January 2015

Dear Chief Executive,

**THE HOME ENERGY CONSERVATION ACT 1995: SUBMISSION OF PROGRESS REPORTS TO SECRETARY OF STATE BY 31 MARCH 2015**

As the Minister for State at the time, Greg Barker wrote to you in July 2012 regarding new guidance for local authorities (LAs) under the Home Energy Conservation Act (HECA) 1995. The guidance requires certain English LAs with housing responsibilities to:

- (i) prepare a report identifying the energy conservation measures that the Authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area (these reports were due on 31 March 2013); and
- (ii) following publication of this, report at two yearly intervals to the Secretary of State on progress in implementing these measures – the first of these is due by 31 March 2015.

The HECA guidance recognised that LAs are uniquely placed to assess the needs of their local residents and areas and to work with local partners to deliver improvements. The guidance particularly focused on how potential investment from the Green Deal, the Energy Company Obligation and support for renewable energy technologies might be used for local economic development as well as improving residents' homes to make them warmer and more energy efficient. A copy of the guidance is available at:  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180786/Updated\\_version\\_of\\_HECA\\_guidance\\_-\\_March\\_2013.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180786/Updated_version_of_HECA_guidance_-_March_2013.pdf)

I am writing to request your progress report. You will see from the guidance that reports should be published on your website with a copy of the link to it sent to [heca-reports@decc.gsi.gov.uk](mailto:heca-reports@decc.gsi.gov.uk)

In recognition that some content of the guidance has changed since it was published in July 2012 I attach a short Annex to this letter providing further information to support your progress reports.

If you would like to discuss this further or have any queries please contact [steve.ives@decc.gsi.gov.uk](mailto:steve.ives@decc.gsi.gov.uk)

Yours sincerely

*Richard Munn*

pp Jon Booth (Director – Household Energy Efficiency)

## Annex

### Changes to the Green Deal Framework

The Green Deal Framework began to switch on from Autumn 2012 with the Green Deal Finance Company becoming operational to write Green Deal finance plans from Spring 2013. Alongside the steady increase in take up of Green Deal, DECC has continued to work with industry and others to identify and implement a number of enhancements to simplify key aspects of it, stripping out as much complexity and process as possible to improve both the business experience and the customer journey. A series of 19 improvements to the way Green Deal operates have been identified. These are set out in 'Foundations in Place' the Green Deal and the ECO annual Report which was published on 17 December 2014

[www.gov.uk/government/publications/eco-and-green-deal-report-2014](http://www.gov.uk/government/publications/eco-and-green-deal-report-2014)

This report also contains further information on the Green Deal incentives households can utilise through the Green Deal Home Improvement Fund and the Green Deal Communities programme as well as case studies from householders who have installed energy efficiency measures.

### Changes to the Energy Company Obligation (ECO)

Following the review of ECO in late 2013 the Government consulted on changes to the ECO legislation. The resulting [ECO \(Amendment\) \(No.2\) Order 2014](#) and [the ECO \(Determination of Savings\) \(Amendment\) Order 2014](#) are now in force, and introduce changes to the ECO Order 2012. Ofgem's *ECO: Guidance for Suppliers* has been updated to reflect these changes. The [updated guidance, Version 1.2](#) applies to all measures notified by suppliers from 5 December 2014.

### Fuel poverty

Local authority expertise in the targeting and delivery of energy efficiency measures gives them a key role in facilitating delivery of the Government's fuel poverty policies. Many English local authorities will therefore have a strong interest in the various changes to the policy and statutory landscape for fuel poverty since the HECA Guidance was published in 2012.

Firstly, the original fuel poverty target, as described in the 2012 HECA Guidance, has been replaced with a new statutory target to "*ensure that as many fuel poor homes in England as is reasonably practicable achieve a minimum energy efficiency rating of a Band C by 2030*". In addition to the 2030 statutory target, the Government consultation, "*Cutting the cost of keeping warm*"<sup>1</sup> also proposed the following interim milestones:

- As many fuel poor homes in England as is reasonably practicable to Band E by 2020
- As many fuel poor homes in England as is reasonably practicable to Band D by 2025

These targets and milestones reflect our new understanding of fuel poverty, which is based on the low income high costs indicator developed by Professor Hills in his 2012 independent review of fuel poverty<sup>2</sup>, and adopted by Government in 2013.

A new Fuel Poverty Strategy will be published in due course, setting out our approach to delivering the target and milestones. However, the Government is keen to stress that the new Strategy will not be static. The process of finding new and improved solutions, better support and better ways to deliver that support will be continual.

The Government is therefore keen to continue to engage with local authorities to better understand the challenges faced in local delivery; share best practice; and to help shape the design of future fuel poverty policies. As such, we were extremely grateful for the strong representation from local authorities during the

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<sup>1</sup> Cutting the cost of keeping warm [www.gov.uk/government/consultations/cutting-the-cost-of-keeping-warm-a-new-fuel-poverty-strategy-for-england](http://www.gov.uk/government/consultations/cutting-the-cost-of-keeping-warm-a-new-fuel-poverty-strategy-for-england)

<sup>2</sup> Fuel Poverty Review by John Hills [www.gov.uk/government/publications/final-report-of-the-fuel-poverty-review](http://www.gov.uk/government/publications/final-report-of-the-fuel-poverty-review)

consultation. We are keen to continue to develop our fuel poverty policies in an open and collaborative way with local authorities, because we believe this is the best way to ensure our targets are achieved cost-effectively and in a way that does not go against the grain of local delivery models. For example, we would like to encourage local authorities who operate a warmth on prescription scheme (or similar) to take part in a survey being carried out by National Energy Action (NEA). This survey will close on 3 February if you would like to take part, please contact Juliette Burroughs: [Juliette.Burroughs@nea.org.uk](mailto:Juliette.Burroughs@nea.org.uk)

We have already held a workshop on evaluation of local schemes with representatives of local authorities from around England, Public Health England and the Public Sector Transformation Network to explore evaluation of these schemes and we are now looking at how central Government can help in this area. A further, larger, workshop is being planned for February to look in detail at health referral mechanisms: what works well, what doesn't work, and what are the key learning points for possible future delivery of local or national warmth on prescription type schemes.

### **Statistical data to support HECA Progress reports**

The 2012 HECA guidance included a section on DECC statistical data to enable local authorities to establish a robust baseline for improving the energy efficiency of their residential accommodation. Authorities can also use this data for their progress reports. The data is available on the Government website: <https://www.gov.uk/government/organisations/department-of-energy-climate-change/about/statistics>.

The following document also provides details of data which may be helpful to local authorities [www.decc.gov.uk/en/content/cms/statistics/local\\_auth/local\\_auth.aspx](http://www.decc.gov.uk/en/content/cms/statistics/local_auth/local_auth.aspx) and interactive maps displaying some these data are available at [www.decc.gov.uk/en/content/cms/statistics/local\\_auth/interactive/interactive.aspx](http://www.decc.gov.uk/en/content/cms/statistics/local_auth/interactive/interactive.aspx).

Data published by DECC provides the most up to date available data on:

- Energy consumption (gas, electricity, road transport and other fuels);
- Gas and electricity consumption by property attributes and household characteristics;
- Estimates of the proportion of off gas grid households;
- Fuel poverty (DECC published data on fuel poverty levels for 2011 and 2012. This includes data down to lower level super output area at [www.decc.gov.uk/en/content/cms/statistics/fuelpov\\_stats/regional/regional.aspx](http://www.decc.gov.uk/en/content/cms/statistics/fuelpov_stats/regional/regional.aspx).)
- Green House Gas and CO<sub>2</sub> emissions;
- Energy Efficiency measures installed under Green Deal and ECO;
- Renewable heat incentive accredited installations; and
- Domestic solar PV installations under the Feed in Tariff scheme.

Local authorities can also make use of the CO<sub>2</sub> emissions dataset, at:

<https://www.gov.uk/government/statistics/local-authority-emissions-estimates> This dataset, which is updated annually, contains data on Local Authority CO<sub>2</sub> emissions since 2005, which are classified as National Statistics and produced according to the Official Statistics Code of Practice. It provides estimates of CO<sub>2</sub> emissions at local authority and regional level, on an end user basis and broken down by sector. This information could help authorities to design carbon reduction strategies and to monitor changes in CO<sub>2</sub> over time to track their strategies' effectiveness.

Gas and electricity consumption data are also published at the middle and lower level super output areas, which provide a picture for local authorities of areas of high and low consumption within their area. This can be accessed from: <https://www.gov.uk/government/collections/mlsoa-and-lsoa-electricity-and-gas-estimates> DECC has developed work using these data to compare it with modelled levels of domestic gas consumption below local authority level. Having taken into account local conditions, these data give authorities the ability to identify where gas consumption in residential accommodation is higher than what would normally be predicted – implying lower levels of efficiency in homes in the area. There are also ongoing projects to help support identification of areas that would benefit from more energy efficiency

intervention. Authorities interested in using these data to implement local energy strategies should contact [Energyefficiency.stats@decc.gsi.gov.uk](mailto:Energyefficiency.stats@decc.gsi.gov.uk).

Given the existence of the DECC data sets outlined above, authorities are not expected to provide data on their CO<sub>2</sub> emissions but may choose to use the DECC data sets to comment on trends etc in their progress reports.