Climate Change (Emissions Reduction Targets) (Scotland) Bill

Letter from Glasgow City Council on the Climate Change (Scotland) Act 2009: Use of Energy Efficient Discount Schemes

Climate Change Act 2009 – Use of Energy Efficiency Discount Schemes

Glasgow People’s Energy

Glasgow People’s Energy (GPE) has been the main energy efficiency discount scheme through which the council has focused attention in recent years. The initiative is an ethically run, public, social partnership between Glasgow City Council (GCC), Citrus Energy and the Wise Group. Its purpose is to help sustain Glasgow businesses and third sector organisations by assisting them to save money on their energy bills and, in turn, generate a surplus to fund the energy advice service, G-Heat, to support Glasgow residents experiencing fuel poverty.

GPE generates income from the energy supplier as the supplier pays an introductory fee to GPE for any business referred which establishes a new contact. GPE then utilises the monies to fund the fuel poverty and energy efficiency initiative, G-Heat, which supports and assists fuel poverty households.

GPE has third party intermediary agreements with ALL commercial energy suppliers in the UK (unlike most switching companies), ensuring businesses get to choose from the full market. GPE will always find a more cost effective price than a business could directly procure. Businesses pay no direct fees to GPE, so the savings for businesses have higher priority than the fees obtained by GPE. Any fees generated by GPE are re-invested in the service and any surplus goes into the alleviation of domestic fuel poverty.

G-Heat provides energy and money advice home visits, regardless of tenure, and in the first quarter of 2018, saved people £58,000 on their fuel bills. In its two years of trading GPE has saved companies and third sector organisations over £580,000 in energy costs, plus £60,000 by correcting over-paid bills. GPE moved into surplus in the last year, generating £55,000. If it stopped trading now it would still generate a further surplus of £172,000 over the next three years as it earns its fees from the switching transactions from the new providers and these are paid in instalments, in arrears. It does not charge companies for its services, unlike other energy switching services. Critically, it provides an impartial, independent energy switching service in Glasgow in line with each individual business and the needs of third sector organisations.

In two years of trading GPE has saved 262 companies in Glasgow over £580,000 on their energy bills, plus £60,000 in corrections of over-payment through the bill validation service. There are 384 businesses within GPE’s pending management system which have submitted letters of authority for GPE to act on their behalf when their current energy contracts are due for renewal.

In the first year of operation the target for signed business was £120,000 (£60k per operator) and an actual sign-up of £151,843 was achieved. When a staff member was lost in 17/18, only £88,126 was achieved by one operator, so the target was missed.
As signed business is paid by the energy supplier to GPE over the length of the contract, this results in a cash variant. The cash target for 17/18 was £49,654 and an actual of £91,698 was realized, which has produced a surplus of £55,000 in the second year of operation. Overall, against a two year target of £240,000, GPE has achieved signed business of £239,969, so it is very much on target.

There is still £172,000 to be claimed by GPE over the next three years, so coupled with GCC’s investment of £45,000, GPE is in a reassuringly stable financial position. This means that it is on target to begin to fund G-Heat which continues to support approximately 2,500 fuel poor households per year. G Heat has been developed through a partnership arrangement between the Council, Scottish Federation of Housing Associations, Glasgow and West of Scotland Forum of Housing Associations, Glasgow Advice and Information Network and The Wise Group, which hosts the project. It was established to provide independent advice on energy issues to householders, on a face to face basis in their homes, regardless of tenure. An indication of the demand and types of households supported are captured in the table below for the period January – April 2018.

<table>
<thead>
<tr>
<th>Support offered by G Heat</th>
<th>Who it assisted</th>
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<tbody>
<tr>
<td>624 home energy advice visits</td>
<td>64 people with special needs</td>
</tr>
<tr>
<td>53 money advice visits</td>
<td>374 unemployed people</td>
</tr>
<tr>
<td>73 surgeries</td>
<td>35 people aged over 80</td>
</tr>
<tr>
<td>247 referrals for further advice</td>
<td>100 retired households</td>
</tr>
<tr>
<td></td>
<td>54 families with young children</td>
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</tbody>
</table>

These households have received energy advice and, where appropriate, been referred to Council or Scottish Government schemes such as HEEPs or Warmworks for energy efficiency measures. Households are also given advice on energy switching to achieve the best price for their needs. During the first quarter of 2018 G Heat has saved Glasgow residents £58,000 in fuel bills and has started to hold surgeries in food banks to help people to access emergency fuel vouchers.

**The Council Tax Energy Efficiency Discount Scheme**

The Council Tax Energy Efficiency Discount Scheme is another initiative that allows council tax payers to claim a one-off discount where loft and cavity wall insulation has been carried out on their homes at a cost to them. In order to qualify for this, the work has to have been carried out within the last 12 months and householders will be asked to provide proof of payment before the discount can be applied. The amount of discount which can be given is dependent on number of energy efficiency measures carried out and the cost to the householder.
The scheme is administered by customers initially contacting Home Energy Scotland who assess the customer's needs and advise them accordingly. As there are other schemes offered by Home Energy Scotland which are better value for money for customers, there has been a relatively low uptake on this particular scheme. There have been fewer than 50 applications made in total with no applications for reduction under the scheme having been processed during the current financial year (2018/19).

**Other Schemes**

Other discounts on non-domestic rates include the Renewable Energy Relief and the District Heating Relief. Though these schemes are designed to encourage local renewable energy generation, they have the potential to deliver on the energy efficiency agenda.

The Renewable Energy Relief is available to ratepayers who use a property solely for the generation of renewable heat or power. There are currently no awards of this relief. A previous awarded was made to the Wind Turbine located in Cathkin Braes until 01/4/15. Legislation around this relief changed from 01/4/16, requiring the applicant to demonstrate that they are operating in the interest of the surrounding community. The result being that relief no longer applied in this case.

District Heating Relief which was brought in effective from 01/04/17. There has been one award of District Heating Relief in Glasgow. The value of the relief for 2017/18 is £69,741.00.