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Consultation on the Review of the Home Energy Conservation Act 1995 (HECA)

October 2007

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Contents

Purpose of this consultation	ii
How to respond	iii
Review of the Home Energy Conservation Act	1
1.0 Introduction	1
2.0 The Home Energy Conservation Act (1995)	3
3.0 Purpose of the HECA Review	4
4.0 Is HECA successfully delivering on its overall objectives?	5
5.0 Is the HECA reporting process effective?	7
6.0 What do we need for the future?	11
Annexes	
Annex A – HECA Workshop attendees	16

Purpose of this consultation

Climate change, as a result of rising greenhouse gas emissions, threatens the stability of the world's climate, economy and population. More than two thirds of the world's carbon dioxide emissions come from the way we produce and use energy, so energy policy has to play a major part in meeting this challenge¹. The average household could avoid emissions of around 0.5 tonnes of carbon a year, save energy and lower energy bills by becoming more energy efficient². Working with households to save energy is therefore a key part of the UK's climate and energy strategy.

The Home Energy Conservation Act (HECA) was introduced in 1995 and was amongst the first pieces of legislation to directly address emerging concerns about increasing emissions of carbon dioxide and the need to improve energy efficiency. HECA places a duty on all Energy Conservation Authorities (ECAs)³ to produce improvement plans aimed at achieving a voluntary 30% energy efficiency improvement within ten to fifteen years i.e. by 2006 or 2011. The HECA applies across the UK, but each of the Devolved Administrations manages the reporting requirements separately. This consultation applies to the review of HECA carried out for England only.

In the period 1 April 1996 to 31 March 2006, English authorities have reported an overall improvement in domestic energy efficiency of all housing in their area of approximately 19.26%, as measured against a 1996 baseline.

Defra has undertaken a review of HECA, as implemented in England, to assess its continued success in delivering improvements in energy efficiency in the household sector over the past ten years. The Review also considers options for the future of HECA.

Consultees may wish to consider the following questions when responding to this consultation:

1. What has been your experience of the success of HECA in meeting its objectives?
2. Do you think HECA promotes the Government's domestic energy efficiency objectives in an effective and proportionate manner?
3. Do you support the findings of the HECA Review? Is there any additional information that we should consider?
4. Which of the options outlined in Section 6, and in the accompanying Impact Assessment, on the future role of HECA do you support? Please give reasons in support of your answer.

¹ Energy White Paper 2007

² Energy Saving Trust

³ Energy Conservation Authorities are all local authorities with housing responsibilities

How to respond

Responses to this consultation should be received by 3 January 2008 and sent to:

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Or via email: heca@defra.gsi.gov.uk

Confidentiality statement

In line with Defra's policy of openness, at the end of the consultation period copies of the responses we receive may be made publicly available through the Defra Information Resource Centre, Lower Ground Floor, Ergon House, 17 Smith Square, London SW1P 3JR. A summary of responses will also be published.

If you do not consent to this, you must clearly request that your response be treated confidentially. Any confidentiality disclaimer generated by your IT system in email responses will not be treated as such a request. You should also be aware that there may be circumstances in which Defra will be required to communicate information to third parties on request, in order to comply with its obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations.

The Information Resource Centre will supply copies of consultation responses to personal callers or in response to telephone or email requests (tel: 020 7238 6575, email: defra.library@defra.gsi.gov.uk). Wherever possible, personal callers should give the library at least 24 hours' notice of their requirements. An administrative charge will be made to cover photocopying and postage costs.

Consultation code

The consultation is being conducted in line with the Code of Practice on Consultation. The full version can be accessed at:
<http://www.cabinetoffice.gov.uk/regulation/consultation/code/index.asp>

If you feel that the consultation does not satisfy these criteria please contact:

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Review of the Home Energy Conservation Act (1995)

1.0 Introduction

1.1 The UK Government believes that climate change is the greatest long-term environmental challenge facing the world today. There is strong and indisputable evidence that climate change is happening and that man-made emissions are its main cause. If left unchecked, climate change will have profound impacts on our societies and way of life. The Stern Review⁴ concluded that failure to act would result in devastating impacts and that the benefits of strong and early co-ordinated international action far outweigh the economic costs of not acting.

1.2 The proposed Climate Change Bill⁵ provides a clear, credible, long-term framework for the UK to achieve its goals of reducing carbon dioxide emissions and will ensure that steps are taken towards adapting to the impacts of climate change. Amongst other provisions, the Bill puts the UK's targets to reduce carbon dioxide emissions through domestic and international action onto a statutory basis. It is proposed that the UK should reduce its carbon emissions by 60% by 2050 and 26-32% by 2020, against a 1990 baseline, with an emissions reduction framework based on five-year budgets.

1.3 Action by Local Authorities is recognised as critical to the achievement of these emissions reduction targets and the Government wants to see a significant increase in the level of engagement by local government with action to tackle climate change. LAs are uniquely placed to provide vision and leadership to local communities, raise awareness and help change behaviours. In addition, through their powers and responsibilities (housing, planning, local transport, powers to promote well-being and through activities such as their own local procurement and operations) they can have significant influence over emissions in their local areas.⁶

1.4 Incentivising increased action by LAs needs to be consistent with the Government's approach to giving LA's greater flexibility to deliver on national priorities in the most effective way for that locality as outlined in the Local Government White Paper 2006.⁷ The Government has stated that it is committed to a realignment of existing resources away from process, for example the preparation of reports, and towards outcomes such as measurable carbon savings, delivered in a way most appropriate for the local areas. Empowering LAs to address climate change also relies on a commitment by Central Government to lift existing burdens and empower LAs to deliver according to local circumstance.

⁴ Stern Review of the Economics of Climate Change

⁵ <http://www.official-documents.gov.uk/document/cm70/7040/7040.asp>

⁶ 2006 UK Climate Change Programme

⁷ Strong and prosperous communities - The Local Government White Paper 2006

2.0 The Home Energy Conservation Act (1995)

2.1 The HECA was enacted in 1995 following a Private Members Bill introduced in recognition of the contribution of the housing sector to emissions of greenhouse gases. It was the first piece of legislation to place energy efficiency responsibility on local authorities and reflected the then emerging concerns about the need to reduce greenhouse gas emissions.

2.2 The Act:

- Raises the importance of energy efficiency within the areas for which LAs are responsible and encourages them “to work together with the many other agencies, whether statutory, voluntary or in the business sector, who have a role to play in improving energy efficiency and combating the threat of global climate change.”⁸
- Requires the development of energy efficiency plans: All district, metropolitan, London and unitary authorities are 'Energy Conservation Authorities' (ECAs) under the Act. All ECAs are required to develop plans which would lead to significantly improving energy efficiency of residential accommodation in their area.
- Requires LAs to measure improvement in energy efficiency of households. All Energy Conservation Authorities are required to report annually on their progress against the target.

2.3 In practice, the HECA is a reporting scheme that requires Energy Conservation Authorities (in England local housing authorities as defined in the Housing Act 1985) to measure improvements to the energy efficiency of the residential housing stock in their areas. The Act was designed to drive local action, through placing a statutory requirement on each authority to develop an energy efficiency plan (in 1996) and then measure and report progress against this plan each year.

2.4 The HECA, as amended by the Energy Conservation Act 1996, applies to the whole of the UK. The legislation requires ECAs to prepare reports setting out measures which would lead to significant improvements in the energy efficiency of residential accommodation in their areas. Authorities are not required to implement all of the measures which they identified. They are however responsible for reporting progress. The overall percentage improvement in energy efficiency and the reported energy efficiency for each LA is reported annually to Parliament.

2.5 The Local Authorities' Plans and Strategies (Disapplication) Order 2005 gives Comprehensive Performance Assessment (CPA) rated 'excellent' local authorities exemption from producing a plan for HECA. This currently

⁸ Home Energy Conservation Act 1995 - Circular 2/96

applies to 16 Energy Conservation Authorities. It was announced in September 2006 that this exemption would be extended to 4 star and 3 star local authorities, and an amendment to the Local Authorities Plans and Strategies Order will be made shortly.

2.6 No enforcement powers are provided within HECA. The Sustainable Energy Act 2003 provides a power for the Secretary of State to issue an Energy Efficiency Direction to local authorities, requiring them to take energy efficiency measures which will result in a specified improvement in energy efficiency in an area by a specified date. This power has not been exercised.

2.7 Formal guidance on the operation of HECA was published in two Circulars: DOE 296 and 597. These stated that the Secretary of State viewed an improvement of energy efficiency of 30% as 'significant' and asked ECAs to implement measures after 1 April 1996 to meet this target. ECAs were required to develop a strategy for making substantial progress towards the 30% target over a period of 10 years; however they could extend the timescale to 15 years if they required, and some have revised their plans accordingly.

3.0 Purpose of the HECA Review

3.1 It is important when addressing a dynamic area of policy such as climate change to recognise that early instruments may well need to be updated, or replaced as new information becomes available or when the desired effect is achieved. The need for such policy review was stressed in a recent report by the Better Regulation Commission.⁹ Whilst considering how to incentivise all LAs to meet the levels of the best, it is essential that the Government reviews the value of existing programmes in addition to considering the development of new initiatives.

3.2 The Government has a comprehensive package of policies designed to tackle carbon emissions from households. Through these policies, household emissions are projected to fall from around 40 million tonnes of carbon (MtC) today to around 36 MtC in 2010, and 30 MtC by 2020. In addition to HECA, key policies include:

- the Energy Efficiency Commitment – an obligation on energy suppliers to encourage household energy efficiency. From 2009 this will be known as the Carbon Emissions Reduction Target (CERT);
- a commitment to maintain a supplier obligation, in some form, until at least 2020;
- better building standards;
- improved product standards;
- fiscal instruments including reduced VAT rates on energy efficiency materials and technologies;

⁹ 2007 Better Regulation Commission regulating to mitigate climate change. A response to the Stern review

- The Warm Front programme– bringing warmer, healthier homes to people living in fuel poverty. Defra is also responsible for developing the UK Fuel Poverty Strategy;
- Individual and community action to tackle climate change;
- Promotion of microgeneration and low carbon technologies.

3.3 This review seeks to consider whether HECA is delivering against its original intention to drive improvements in energy efficiency and considers proposals for its future. It reviews the last ten years of the HECA and includes an appraisal of the HECA reports submitted by ECAs over the past ten years. The Review has also been informed by stakeholder discussions.

3.4 The HECA applies across the UK, but each of the Devolved Administrations manages the reporting requirements separately. The Devolved Administrations will each be undertaking their own reviews of the HECA in each of their countries. This review and its conclusions apply to the implementation of HECA in England only.

4.0 Is HECA successfully delivering on its overall objectives?

4.1 In the period 1 April 1996 to 31 March 2006, authorities have reported an overall improvement in domestic energy efficiency of the housing in their area of approximately 19.26%, as measured against a 1996 baseline.

4.2 Analysis has found little evidence that the HECA is, in itself, driving these improvements in household/residential energy efficiency, but stakeholders agree that it has contributed to raising the profile of energy efficiency. Through a stakeholder workshop¹⁰, the following conclusions were reached:

1. The HECA has highlighted energy efficiency on the agenda for LAs (as it requires annual reporting to parliament), but it has not required them to deliver against the target 30% improvement.
2. Improvements to energy efficiency have been delivered through other policy mechanisms such as the Energy Efficiency Commitment, Warm Front and Decent Homes.
3. The greatest impact on energy efficiency has been through projects aimed at improving LA-owned housing. These projects have generally been undertaken to achieve other local objectives (eg: to improve living conditions and tackle fuel poverty in communities).

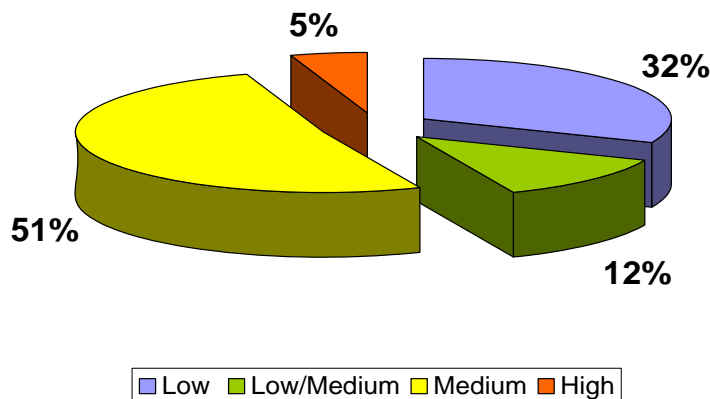
¹⁰ Stakeholder workshop attendee list at Annex A

The HECA has raised the importance of energy efficiency to LAs

4.3 As a result of the introduction of the HECA, the teams working on energy efficiency have been able to raise the importance of energy efficiency to senior management within the authority. As a result, resources have been allocated to collect data to meet the reporting requirements of the Act.

4.4 Stakeholders were asked if HECA had raised the importance of energy efficiency in Local Authorities. The graph below shows that the majority of stakeholders agree that the HECA has raised the importance of energy efficiency.

To what extent did HECA raise the importance of energy efficiency in Local Authorities



Source HECA Workshop 12 October 2006

National programmes have delivered the majority of the claimed energy savings

4.5 According to stakeholders, the majority of local authorities do not have the funds to undertake their own projects on energy efficiency, but they are able to draw on national policy programmes for making improvements in energy efficiency. The Energy Efficiency Commitment (EEC), Energy Efficiency Advice Centre's (EEACs) and Warm Front have been judged by stakeholders to be the most useful. These are nationally funded schemes or obligations on energy suppliers and have played a significant part in the claimed energy savings in each local area.

4.6 The Energy Efficiency Commitment (EEC) imposes a statutory obligation on energy suppliers to promote energy measures directed at households. The first phase of EEC (2002-2005) was very successful delivering emissions reductions of 0.3MtC a year by 2010, stimulating about £600m investment in energy efficiency, and delivering net benefits to householders in excess of £3billion (for every £1 spent by suppliers

householders benefited by about £9). The second phase of EEC runs from 1 April 2005 to 31 March 2007 and requires around double the level of activity. It is expected to save 0.5MtC annually by 2010. On 23 May 2007, Government published its consultation on the Carbon Emissions Reduction Target (CERT)¹¹, previously referred to as EEC3. The Government proposes to impose the CERT mechanism to 2011 at around double the level of activity of the current EEC 2005-08.

4.7 Warm Front is the Government's main grant-funded programme for tackling fuel poverty. Since 2000, it has assisted over 1.4million households and has received approximate total funding of £1624m to 2007/08. The scheme fits measures including insulation and heating systems for which grants of up to £2,700 are available to private sector households, who have children under 16, are aged 60 or over, or have a disability or long term illness and are in receipt of certain benefits. A grant of up to £4,000 is available where the work approved is installation of an oil fired central heating system. Carbon emission reductions under Warm Front and other fuel poverty programmes are expected to be 0.4MtC a year by 2010.

4.8 As part of its programme to reduce carbon emissions, Defra provides grant funding to the Energy Saving Trust to promote the sustainable and efficient use of energy within the home. Its practical help service is a dedicated service for local authorities and housing associations that offers a range of information on sustainable energy. The Energy Saving Trust also manages the Housing Energy Efficiency Best Practice Programme, the national network of Energy Efficiency Advice Centres, which provide advice to consumers to help them assess their energy use and refer them to any available grant offers, and the Community Action for Energy (CAfE) programme.

5.0 Is the HECA reporting process effective?

5.1 The HECA legislation requires ECAs to prepare a report setting out energy conservation measures that the authority considers practicable, cost-effective and likely to result in a significant improvement in the energy efficiency of residential accommodation in its area. The definition of energy conservation measures given in the Act includes: 'information, advice, education, promotion, making grants loans and carrying out works'.

5.2 The report must include the cost of carrying out the works identified and the CO₂ savings that this would bring. The report may also include the potential savings in nitrogen oxides and sulphur oxides, the number of jobs which would be created, the average savings in fuel bills and in fuel use which would be made, and anything else which the authority considers appropriate.

5.3 In preparing the report, authorities are encouraged to consult other organisations, for example housing associations, tenants organisations,

¹¹ <http://www.defra.gov.uk/corporate/consult/cert2008-11/index.htm>

consumer groups, local environmental groups and any others with an interest in energy/housing issues.

5.4 Each year ECAs report on the energy efficiency savings from a range of projects that have been undertaken in their areas. Guidance is provided, but no standard methodology is required for calculation. The HECAMON monitoring software package (currently in Version 3) was produced to enable authorities to more easily calculate energy efficiency savings using a standard approach. However, no requirement has been placed to use the software - it is optional. This has resulted in inconsistent energy efficiency reporting across the UK.

5.5 In line with the Governments policy of increased freedoms and flexibilities for high performing councils, 16 ECAs are currently exempt from the obligation of preparing a report as they have been rated as 'excellent' in the Comprehensive Performance Assessment. This exemption is shortly to be extended to 4 star and 3 star authorities which will further reduce the number of ECAs obliged to compile a HECA report.

Inconsistent reporting

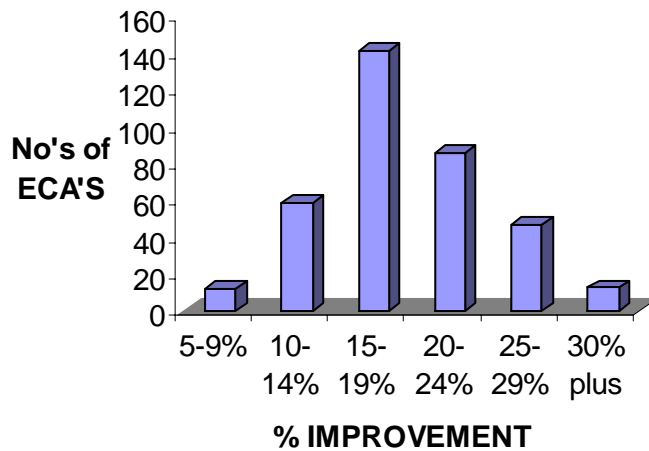
5.6 Progress reports are put in the library of both Houses of Parliament and a summary is published on the Defra website¹². However, data from individual authorities cannot be compared as there are variations in the methodologies used by authorities for measuring improvements in energy efficiency. This means that it is not possible to produce "league tables" or to accurately identify poorly performing authorities.

5.7 The average energy efficiency improvement reported by local authorities to the 31 March 2004 was 14.7%. Analysis of the total energy savings in the household sector based on national statistics over the same period, shows a saving of 13%¹³. Whilst the overall difference is not great, it masks significant variability of data from one ECA to another, as shown in the graph below. Since HECA does not make the target to improve energy efficiency by 30% a legally binding one no sanctions apply to an ECA which appears to be failing to meet the target.

¹² <http://www.defra.gov.uk/environment/climatechange/uk/publicsector/localauth/heca95/index.htm>

¹³ Data source: Joint Working Group of Energy and Efficiency July 2005 (DTI and Defra)

LOCAL AUTHORITY REPORTED IMPROVEMENTS IN ENERGY EFFICIENCY 1996-2006



Source Defra HECA data

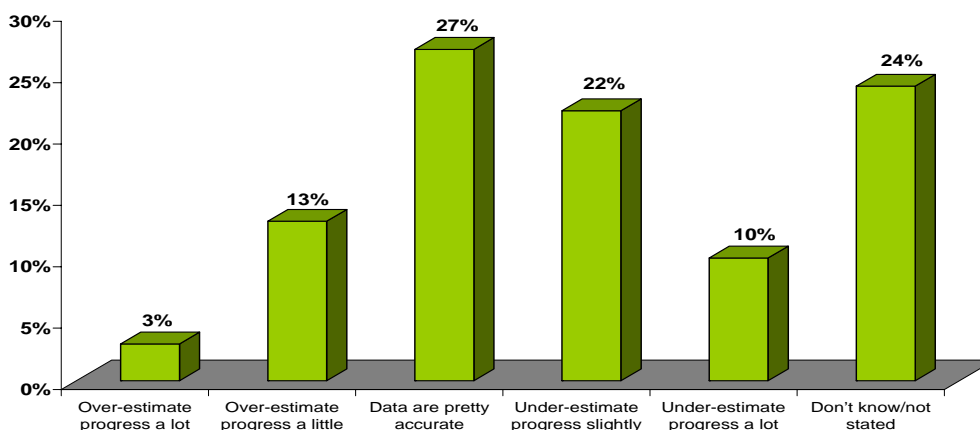
The claimed energy efficiency savings are not accurate

5.8 With no standard reporting methodology and with no auditing of the data, it is impossible to quantify the level of accuracy in the annual energy efficiency savings that have been reported. Thus, whilst some authorities appear to have achieved success others appear to be lagging behind.

5.9 Defra have provided qualitative feedback on the content of annual HECA reports and asked for clarification of claimed savings, but there is no requirement for LAs to alter this data.

5.10 On average ECAs currently employ an officer to spend 60% of their time on HECA. HECA officers are valuable resources as they have knowledge of what works and what doesn't within their local communities. HECA officers have questioned the accuracy of energy efficiency savings in annual reports. The graph below indicates that only 27% of 197 HECA Officers surveyed in 2004 believed that the information provided in annual reports was accurate and 48% believed that under and over reporting has taken place. With no auditing of data undertaken by Defra and such a high level of doubt amongst HECA officers, it is unlikely that the claimed level of energy efficiency improvement is accurate.

Reliability of Monitoring Methods



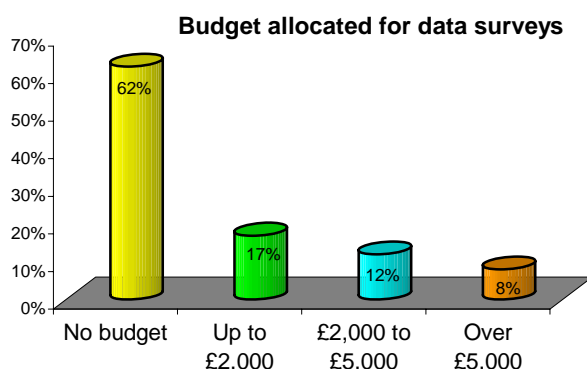
Source: 2004 survey (197 English HECA Officers)

Energy savings for repair/replacement involve double counting

5.11 By auditing a sample of 22 reports submitted from 1999-2006, a research consultancy¹⁴ calculated that 55% of all measures reported, were actually repairs or replacements to measures which were installed in previous years. The savings reported from these repairs or replacements have been estimated at the same level as installing new measures. As a result, the claimed energy savings are higher than in reality.

5.12 Whilst the analysis is based on a small percentage of all reports, it illustrates the potential inaccuracy overall as authorities include savings from measures that have already been recorded in previous reports.

Limited funding has reduced the reliability of HECA reporting



Source: 2004 survey (197 English HECA Officers)

5.13 Authorities have been reluctant to allocate funding for monitoring HECA progress. 62% of local authorities have not allocated any financial budgets to HECA officers for their annual HECA reports. Limited financial resources have resulted in limited monitoring methods.

¹⁴ New Perspectives 2006.

5.14 52% of local authorities have allocated under 0.4% of a full time employee's time for undertaking HECA activities. It is estimated that the total cost currently incurred by all LAs in England amounts to £6m per annum¹⁵.

5.13 In conclusion, and based on the views expressed at the workshop with stakeholders, the HECA data has been found to be inconsistent and unreliable for decision making. This is mainly due to the following factors:

1. The HECA does not require a consistent measurement approach and thus the data reported may not be accurate and is not comparable between Local Authorities.
2. LAs allocate very limited funds to measure the improvement in energy efficiency each year (62% allocate no funds, 17% up to £2000, 12% up to £5000 and 8% over £5000 per year). 52% of LAs allocate under 40% of a full time employee resource on HECA.

6.0 What do we need for the future?

6.1 The HECA Review has indicated that the Act has been successful in raising the profile of energy efficiency in LAs but it has failed to incentivise all Local Authorities to deliver the target improvement in energy efficiency of 30%. It is clear that a number of improvements are required to incentivise more LAs to reach the levels of the best.

6.2 There is consensus amongst stakeholders that HECA needs to be strengthened or replaced by an outcome based system focussed on reducing carbon emissions. During the stakeholder discussions the following conclusions were drawn:

1. Stakeholders believe that more rigorous requirements for performance are required for LAs to deliver on climate change.
2. Ranking of LA performance ("naming and shaming") could be an effective mechanism to ensure greater senior management commitment and allocation of resources, but this approach would require comparable data.
3. Measurement needs to be auditable and preferably independently conducted to produce comparable results.
4. Performance management systems need to focus on 'outcomes' more than on 'process' and should be linked into the performance management of LAs.
5. Measurement should focus on overall carbon reduction, but ensure alignment with other objectives such as fuel poverty.
6. Housing stock differs by each LA and thus it should be recognised that different levels of improvement will be possible according to local

¹⁵ 2004 survey (197 English HECA Officers)

circumstances (eg: different percentage of unfilled cavity walls in each LA).

The new performance management framework for Local Authorities in England

6.3 The Local Government White Paper set out a new performance framework for local government. In August, Defra published for comment its proposals for the inclusion of climate change indicators in the new performance framework, which were developed in conjunction with key stakeholders. These are available at www.defra.gov.uk/environment/localgovindicators/.

6.4 As part of the recent Comprehensive Spending Review the Government has announced a single set of indicators which will underpin the new performance framework for local government, as set out in last year's Local Government White Paper, Strong and Prosperous Communities.

6.5 To provide a more powerful and consistent incentive to LAs, to develop and effectively implement carbon reduction and fuel poverty strategies, the following are included in this set of indicators:

- 1. CO₂ reduction from Local Authority operations**
- 2. Per capita reduction in CO₂ emissions in the Local Authority area**
- 3. Tackling fuel poverty – people receiving income based benefits living in homes with a low energy efficiency rating**

6.6 A consultation on the detailed technical definitions of the indicators will be launched by Communities and Local Government shortly.

Options for the future of HECA

6.7 On the basis of the findings of the Review, four options have been identified. Three of these options have been assessed according to the criteria outlined below and have been included in a partial Impact Assessment which accompanies this consultation document:

- i) Whether the option contributes to the Government's aim, as stated in the Climate Change Programme, for a significant increase in the level of engagement by local government in climate change issues.
- ii) Consistency with the Government's commitment in the Climate Change Programme to a realignment of existing resources away from the preparation of reports and towards outcomes such as measurable carbon savings, delivered in a way most appropriate for the local areas.

iii) Consistency with the inclusion of performance indicators on climate change mitigation and fuel poverty in the new performance framework for Local Authorities to be introduced in 2008.

Leave HECA to operate unchanged

6.8 HECA is currently designed to operate until 2011 when it was envisaged Local Authorities should have fully implemented their plans to achieve a target of 30% reported improvements in energy efficiency against the 1995 baseline.

6.9 This scenario would require those LAs who are not rated as excellent, 4 star and 3 star authorities under the Comprehensive Performance Assessment, or assessed as a high performing council under the new Comprehensive Area Assessment to be introduced from 2009, to continue to implement their energy efficiency plans and submit annual reports for action against the target in reporting years 2008-2011 at a total cost to local authorities of £16.8m NPV.

6.10 Those LAs that report would continue to use the same methodologies to enable them to report consistently. However, the problems associated with ineffective data, outlined in the previous section, would remain. Although it could be assumed that LA's will continue to report an average increase in the energy efficiency of their domestic sector, it is likely that these improvements would have been delivered as a result of other policy levers such as the Energy Efficiency Commitment / Carbon Emissions Reduction Target or measures to tackle fuel poverty.

6.11 The Government does not support this option since deficiencies have been identified during this Review which need to be resolved. Leaving HECA unchanged is unlikely to motivate more LA's to reach the levels of the best performers on domestic energy efficiency and would be inconsistent with the commitment to realign resources away from the preparation of reports and move to a more flexible approach to delivering CO₂ reductions.

6.12 In addition, once the new performance framework for Local Authorities is introduced in 2008, there will be an element of duplication with HECA reporting duties. It is proposed that CO₂ emissions from the domestic sector will be measured as a component of the per capita CO₂ reduction in emissions from the local authority area.

Remove the reporting requirement from HECA

6.13 One option which has been considered is the possibility of removing the reporting requirement from the Act, but to leave the rest unchanged. In this scenario, local housing authorities would continue to be Energy Conservation Authorities, as defined under the Act, and could continue to implement their energy efficiency plans as part of their action to deliver cuts in carbon emissions but would not have to submit annual reports.

6.14 However, legal analysis of this option has concluded that without any reporting or monitoring requirement for the Act, HECA would be left as a redundant piece of legislation. We do not, therefore, propose to consider this option further.

Introduction of a new standard methodology based on the average Standard Assessment Procedure (SAP ratings)

6.15 An alternative way to amend HECA might be to require authorities to measure their performance according to a prescribed methodology so that the data reported is consistent and accurate. One option would be to require ECAs to report an average Standard Assessment Procedure (SAP) rating of the houses in their annual report for the remaining reporting years, rather than the current estimate of improvement in energy efficiency. ECAs could draw upon data from the English Home Condition survey report, which currently surveys 8000 homes a year in order to calculate a SAP rating.

6.16 The advantages of this methodology are that SAP provides a clear numerical measure that would give accurate and comparable data for each LA. However, the current sample size of the English Home Condition Survey is low, therefore ECAs might need to consider the need for additional surveying of the stock in their local area in order to provide an accurate representation of average SAP for all LA houses. In addition a new baseline would need to be agreed for each LA against which progress would be monitored.

6.17 Reporting SAP ratings under HECA is unlikely to stimulate a significant increase in the level of engagement by local government in climate change as reporting of SAP ratings already occurs. Although reporting using the SAP methodology may improve the consistency of data reported under HECA, it is unlikely to act as an incentive to ECAs to stimulate behavioural change by home owners, for example encouraging more energy efficient practices such as turning off, and choosing low energy, appliances. However, it would have merit in stimulating additional action on fuel poverty.

6.18 An annual report of measures Local Authorities have taken, in addition to a reported SAP rating, would still be required by the HECA Act for the remaining reporting years 2008/9-2010/11 at an estimated cost of £16.8m NPV. This option is therefore not consistent with the Government's commitment to realign resources away from the preparation of reports.

6.19 In addition, once the new performance framework for Local Authorities is introduced in 2008, there will be an element of duplication with HECA reporting duties. It is proposed that CO₂ emissions from the domestic sector will be measured as a component of the per capita CO₂ reduction in emissions from the local authority area.

Repeal HECA

6.20 This option is based on the findings of the Review, and the assessment of the two other options, which have demonstrated that although HECA has successfully raised the profile of energy efficiency within authorities, the reporting approach is unlikely to drive the level of engagement in tackling climate change expected by Government. It has also proved to be an insufficient incentive for more LAs to reach the levels of the best.

6.21 Authorities at district, county, unitary and metropolitan borough level all have differing sets of responsibilities and influence, and every local area has a unique social, physical and economic profile, making a uniform target approach, such as HECA, difficult to achieve in practice. Repealing HECA would remove the annual reporting requirement and give authorities additional flexibilities and resources to deliver carbon reductions across the entire community they serve, according to their local circumstances.

6.22 It is likely that the existing HECA legislation will be surpassed by the introduction of climate change indicators in the new Comprehensive Area Assessment. The precise detail of the indicators will be subject to a consultation shortly. It is proposed that CO₂ emissions from the domestic sector will be measured as a component of the per capita CO₂ reduction in emissions from the local authority area. This would result in an element of duplication in the performance management of LA action to tackle energy efficiency in the domestic sector.

6.23 HECA officers are valuable resources as they have knowledge of what works and what doesn't within their local communities. However, much of their current time is spent compiling reports. Going forward this resource could be better deployed in proactively managing projects with community groups and developing partnerships with energy supplier to deliver real carbon savings. The existing resources spent on HECA (estimated £6m per annum – total £16.8m NPV over the three remaining years) would be redirected to funding new burdens arising from the UK Climate Change Programme

6.24 This is the Government's preferred option. If a decision is subsequently taken to repeal HECA this could be achieved using a Legislative and Regulatory Reform Order (LRRO). The Legislative and Regulatory Reform Act 2006 (LRA 2006) provides a Minister with the power to make provision to remove or reduce any burden, including the overall burdens, resulting directly or indirectly for any person from any legislation.

6.25 In order to exercise this power a Minister must be satisfied that HECA creates a burden, i.e. a financial cost, administrative inconvenience or an obstacle to efficiency or productivity, which should be removed. Assuming that a Minister was satisfied that HECA was creating such a burden the power in the LRA 2006 may be utilised to make provision for HECA's repeal.

6.26 If, following this consultation and having considered the views of consultees, the Government decided to repeal HECA a subsequent consultation will take place on the proposed LRRO. Thereafter, the proposed LRRO will need to be laid before Parliament before the process of repealing HECA will be complete. A subsequent consultation on any LRRO will discuss these and other related procedural issues further.

Annex A

Workshop Attendees

Ian Manders	Association for the Conservation of Energy
Ron Bailey	Association for the Conservation of Energy
John Riley	BRE
Robert Flynn	BRE
Peter Ward	BRE
Mark Letcher	Centre for Sustainable Energy
Chloe Meacher	Communities and Local Government
	Department for Environment, Food and Rural
	Affairs (Defra)
Richard Tarboton	Defra
Tyrone Homes	Defra
David O'Gorman	Defra
Lynne Edbon	Defra
Nicola Lettington	Defra
Chris Bryant	DTI (now BERR)
Richard Pope	DTI (now BERR)
Mark Woodhouse	East Cambridgeshire District Council
Mike Richardson	East Midlands HECA Forum
John Chesshire	Energy Efficiency Partnership For Homes
David Weatherall	Energy Efficiency Partnership for Homes
Brooke Flanagan	Energy Saving Trust
Catriona Reeby	Energy Saving Trust
Sheila Keating	Energy Saving Trust
Andrew Amato	Energy Saving Trust
David Pryce-Jones	GOSE
Peter Thom	Green Heat Ltd
Rachael Knowland	Impetus Consulting
Richard Hurford	Lewisham
Sara Coe	Local Government Association
Michael King	National Right To Fuel Campaign
Ian Bloomfield	North East Domestic Energy Forum
Andy Stephenson	North East Domestic Energy Forum
Lisa Does	National Energy Services
Robin Sadler	New Perspectives
Paul Maplethorpe	Rotherham Metropolitan Borough Council
Jane Mears	Rotherham Metropolitan Borough Council
Kathy Alcock	South East HECA Forum
Colin Anderson	South East HECA Forum
Ian Lane	Southwark Housing
Oliver Myers	UK HECA
Zoe Leader	Vice Chair UK HECA South East Region
Graham Jones	West Midlands HECA Chair