

Summary: Intervention & Options

Department /Agency: Department for Environment Food and Rural Affairs	Title: Impact Assessment of proposals for the future of the Home Energy Conservation Act in England	
Stage: Consultation	Version: 1	Date: 27 September 2007
Related Publications: Consultation on the Review of the Home Energy Conservation Act 1995		

Available to view or download at:

<http://www.defra.gov.uk/corporate/heca/index.htm>

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What is the problem under consideration? Why is government intervention necessary?

The UK Government believes that climate change is the greatest long-term challenge facing the world today. Working with households to save energy is 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 the role of Local Authorities on promoting energy efficiency in the household sector. It is important that the Government reviews the value of existing policies, such as HECA, in addition to considering the development of new initiatives.

What are the policy objectives and the intended effects?

Defra has undertaken a review of HECA, as implemented in England, to assess its success in delivering improvements in energy efficiency which has informed the development of options for its future. Action by Local Authorities is recognised as critical to meeting targets for reductions in carbon dioxide emissions and the Government wants to see a significant increase in the level of engagement by Local Authorities in climate change issues, whilst giving greater flexibility to local government to deliver in the most effective way for that locality.

What policy options have been considered? Please justify any preferred option.

- 1) Leave HECA to operate unchanged
 - 2) Introduction of a new standard methodology based on the average Standard Assessment Procedure (SAP ratings)
 - 3) Repeal HECA. This is the Government's preferred option.
- See the attached HECA Review consultation document for full justification.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The future of HECA is subject to consultation. Any future review of the final policy decision will need to be considered .

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:
JOAN RUDDOCK

.....Date: 1 October 2007

Summary: Analysis & Evidence

Policy Option: 1

Description: Keep HECA unchanged

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' A continuation of HECA would incur an estimated cost of £6m per annum to Local Authorities for reporting years 2008/9 - 2010/11. £6m annual cost of HECA to English Local Authorities is based on a survey of HECA officers conducted in 2004.
	One-off (Transition)	Yrs	
	£		
	Average Annual Cost (excluding one-off)		
	£ 6m		Total Cost (PV) £ 16.8m
Other key non-monetised costs by 'main affected groups' None identified			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' HECA has raised the importance of domestic energy efficiency in Local Authorities and required the development of energy efficiency plans and annual reporting. These benefits have now been delivered and have not been monetised.
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups'			

Key Assumptions/Sensitivities/Risks The HECA Review found little evidence that HECA is, in itself, driving improvements in energy efficiency. The improvements reported are being delivered by the implementation of other policy instruments. See consultation document for more information

Price Base Year 2004	Time Period Years 3	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?			England	
On what date will the policy be implemented?			Already implemented	
Which organisation(s) will enforce the policy?			No enforcement	
What is the total annual cost of enforcement for these organisations?			£ 0	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			No	
What is the value of the proposed offsetting measure per year?			£ 0	
What is the value of changes in greenhouse gas emissions?			£ 0	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)	
Increase of	£ 0	Decrease of	£ 0	Net Impact £ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: 2

Description: Introduction of a new standard methodology based on the Average Standard Assessment Procedure

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' A continuation of HECA, with a new standardised methodology based on existing data, would continue to incur an estimated £6m per year for reporting years 2008/9-2010/11.
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 6m		Total Cost (PV) £ 16.8m
Other key non-monetised costs by 'main affected groups' None identified			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' HECA has raised the importance of domestic energy efficiency in Local Authorities and required the development of energy efficiency plans and annual reporting. These benefits have not been monetised.
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 0		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups'			

Key Assumptions/Sensitivities/Risks The HECA Review found little evidence that HECA is, in itself, driven improvements in energy efficiency. It is unlikely that the introduction of a new methodology for reporting HECA would incentivise any additional energy efficiency savings. See consultation document for more information.

Price Base Year 2004	Time Period Years 3	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?	Subject to consultation			
Which organisation(s) will enforce the policy?	No enforcement			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	No			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of £ 0	Decrease of £ 0	Net Impact	£ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: 3

Description: Repeal HECA

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Repealing HECA would not impose any costs to Local Authorities
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £ 0
Other key non-monetised costs by 'main affected groups' None identified			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' The estimated cost to English Local Authorities to implement HECA is £6million per annum. This resource could be redirected to fund other climate change initiatives.
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£ 6m		Total Benefit (PV) £ 16.8m
Other key non-monetised benefits by 'main affected groups' None identified			

Key Assumptions/Sensitivities/Risks The figure of £6m cost of HECA to English Local Authorities is based on a survey of HECA officers commissioned by UK Home Energy Conservation Forum in 2004.

Price Base Year 2004	Time Period Years 3	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £ 16.8m
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What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?	Subject to consultation			
Which organisation(s) will enforce the policy?	Defra			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	No			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ 0			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)		
Increase of	£ 0	Decrease of	£ 6000000	Net Impact	£ 6000000

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Please see the attached consultation document for the evidence base.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

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