


LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	Cabinet 12 September 2023	
Report Title	Energy Upgrade Loan	
Cabinet Portfolio	Councillor Clyde Loakes, Deputy Leader (Climate & Air Quality)	
Report Author/ Contact details	<p>Luke Ravenscroft, Director of Climate Emergency & Behaviour Change Directorate: Deputy Chief Executive Luke.ravenscroft@walthamforest.gov.uk</p> <p>Friederike Hanisch, Senior Climate Project Manager Directorate: Deputy Chief Executive Friederike.hanisch@walthamforest.gov.uk</p>	
Wards affected	All	
Public Access	Open	
Appendices	Appendix 1 - Equalities Screener	

1. SUMMARY

- 1.1 Cabinet is recommended to approve the introduction of an “Energy Upgrade Loan” in Waltham Forest. The aim of this loan is to help residents lower their bills and reduce their carbon emissions. The loan would be zero interest, helping people with one of the most common barriers to improving the energy efficiency of their home.
- 1.2 We recognise that although cost is one of the most common barriers, it is not the only one. The Energy Upgrade Loan would be part of a package of initiatives that the Council is introducing to support residents and landlords upgrading the energy efficiency of their home. The full package also ensures that we are supporting all groups of residents whatever their financial situation and whatever type of home they live in.
- 1.3 The loan would be managed by a specialist supplier. This management would include assessing the eligibility of the applicant, managing the relationship with successful applicants, and managing the loan repayments. Ultimately, the risk of loan recipients not paying back their loan would be with the Council. However, given the affordability and credit checks put in place for any applicant, and the experience of suppliers in the market, the default rate for similar loans has been very low.

2. RECOMMENDATIONS

2.1 Cabinet is recommended to:

Approve the introduction of the Energy Upgrade Loan, with an initial loan pot of £250,000, as a new financial product offered to residents and landlords in any ward in the Borough.

3. PROPOSALS

- 3.1 With many old and energy-inefficient homes, buildings are the biggest source of carbon emissions in Waltham Forest. Owner-occupier and privately rented homes collectively have the largest carbon footprint. Making homes across Waltham Forest more energy efficient will be essential for reducing energy bills for residents, tackling the climate emergency, and eliminating fuel poverty.
- 3.2 We want to encourage greater uptake of energy efficiency improvements, but many homeowners are not able to pay upfront for a large-scale improvement to their home. When we ask residents and landlords, cost consistently comes out as one the most important barriers to upgrading homes. In an online survey of 994 visitors to the Eco Show Home, 78% of respondents said help with finance would make a difference. In a face-to-face survey, 43% said they'd like to see financial support from the Council for home improvements.
- 3.3 The Energy Upgrade Loan would offer an incentive to homeowners and landlords to undertake energy efficiency improvements in their properties. Through the proposed pilot, residents could apply for a zero-interest loan from an overall pilot loan pot of £250,000. The loan would be managed by a specialist third party supplier.
- 3.4 Our proposal is to make the loan open to all private owners (owner-occupiers and landlords) given the cost is such an important barrier for both. While landlords would be eligible, companies owning property would not be eligible. The loan would only be open to owners of homes that have Energy Performance Certificates (EPC) D or lower as we want to focus on helping upgrade the least efficient homes in the borough.
- 3.5 To ensure the loan helps residents and landlords as much as possible, in the pilot phase we would offer the loan at a 0% interest rate with a small admin fee. Both the interest rate and admin fee will be reassessed if we decide to scale the loan pot beyond the pilot.
- 3.6 In addition to direct benefits for upgraded properties, we hope to stimulate the local market provision in terms of demand for materials, expertise, and the diversification of traditional trades in Waltham Forest, creating wider positive impacts on residents' awareness about energy efficiency and creation of local green jobs.
- 3.7 We will assess the success of the pilot phase based on the interest and take up of the loan, the number of energy efficiency improvements installed, energy bill savings, challenges faced paying back the loan and reductions in carbon emissions.

- 3.8 The longer-term vision for the energy upgrade loan is to turn it into a revolving loan scheme, so more loans can be issued as repayments are being made. If the pilot scheme is successful, we will look at increasing the scale of the overall loan pot which would enable more residents make significant savings on their energy bills and significant reductions to the borough's carbon emissions.

4. OPTIONS & ALTERNATIVES CONSIDERED

- 4.1 An alternative option would be to use the Council's financial contribution to provide grants for retrofit measures. With grants, our support would not go as far, as we would only be able to support a small group of households. With the Energy Upgrade Loan, the Council can reduce key barriers, supporting residents and landlords that are interested in funding the important changes themselves.
- 4.2 Another option is to not launch the energy upgrade loan. This option is not recommended since this would mean limited support to residents and landlords in retrofitting their homes, which could undermine the Council's target to reach zero net carbon emissions by 2030.

5. COUNCIL STRATEGIC PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

- 5.1 Tackling the Climate Emergency is a Council strategic priority. Acting now in response to the Climate Emergency has local climatic benefits (reducing the risk of flooding and heatwaves) and has other non-climatic benefits, many of which complement other strategic priorities of the Council.
- 5.2 Cost-of-Living: Improving domestic energy efficiency is one of the most effective ways to reduce energy bills. Supporting residents and landlords in installing retrofit measures will help with the Council-wide priority on the Cost-of-Living Crisis.

6. CONSULTATION

- 6.1 While we did not undertake a formal consultation on the loan, we engaged many residents on it, through surveys (mentioned above) and the Council's climate resident panel.

7. IMPLICATIONS

7.1 Finance, Value for Money and Risk

- 7.1.1 We estimate that launching the energy upgratde loan pilot will have a cost to the Council of £103,947. This is the total estimated budget to launch a pilot giving out £250,000 in loans to residents and landlords. All costs will be met from the existing service budget for tackling the Climate Emergency.

7.1.2 The total estimated budget includes £38,000 for the loan management and promotion and a borrowing cost of £65,947 for the 10 years of the loan repayments. These cost estimates are based on our early market engagement of loan suppliers. The final cost of the scheme will be finalised and assessed during the procurement process.

7.2 Ultimately, the risk of loan recipients not paying back their loan would be on the Council. However, given the checks put in place and experience of suppliers in the market, the default rate for similar loans has been very low.

7.3 **Legal**

7.3.1 The Council has a statutory power to invest set out in section 12 Local Government Act 2003 and under that power may make loans in accordance with the statutory guidance issued under section 15 of the 2003 Act.

7.3.2 It is proposed that the loans are unsecured, which limits the legal protection afforded the Council in the event of non-repayment. One possible scheme proposes that a restriction is registered on the property which provides a minimum level of assurance that the property could not be sold without paying the loan back if that option were followed.

7.3.3 As it is proposed that the loans will be administered by a third party, there will be no direct contractual relationship between the Council and the property owner taking the benefit of the loan. The Council's contractual relationship will be with the appointed third-party loan supplier.

7.3.4 The procurement process to select such third-party loan supplier will be in accordance with the Council's Contract Procedure Rules, and the Public Contracts Regulations 2015.

7.4 **Equalities and Diversity**

7.4.1 The proposal is not considered to have any potential for negative impact on protected equality characteristics.

7.5 **Sustainability (including climate change, health, crime and disorder)**

7.5.1 The action set out in this report will have long-lasting and positive benefits on carbon emission reduction through reduced energy use, in support of Waltham Forest's target of becoming a zero-carbon borough by 2030. Carbon emission savings will be quantified for each individual loan.

7.5.2 The Energy Upgrade Loan will have positive impacts on the health of residents, both owner occupiers and tenants of landlords, who live in properties where retrofit measures are being installed, due to improved living conditions.

7.5.3 A range of energy efficiency measures will be in scope, including doors and windows. There is a potential synergy with designing out crime goals if residents invest in, or are directed towards, products which

meet relevant security standards as well as offering energy-efficiency benefits.

- 7.5.4 Through stimulating the local retrofit market, the action will further contribute the creation of local green jobs, in support of Waltham Forest's Sustainable Community Strategy.

7.6 Council Infrastructure

- 7.6.1 We do not foresee any impacts on human resources. While the project will be overseen by a member of the Climate Emergency team, the management of the loan will be outsourced to a third-party supplier.

- 7.6.2 We do not foresee any IT issues arising from the proposals outlined.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None