

EQUALITY IMPACT ASSESSMENT - CCC600732388

Which service and directorate are you submitting this for (this may not be your service and directorate):

| Directorate | Service | Team |
|--------------------------|-----------------------------|-------------------------------------|
| Place and Sustainability | Climate and Energy Services | Climate and Energy Staffing Budgets |

Your name: Chris Parkin

Your job title: Community Energy Manager

Your directorate, service and team:

| Directorate | Service | Team |
|--------------------------|-----------------------------|-------------------------------------|
| Place and Sustainability | Climate and Energy Services | Climate and Energy Staffing Budgets |

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Proposal being assessed: Heat Pumps for Friday Bridge

Business plan proposal number: Cambridgeshire County Council

Key service delivery objectives and outcomes: To meet the Council's 2045 Net Zero Carbon target for the county, heating in all homes needs to be decarbonised. Heat pumps are the key low carbon technology to deliver this. However, heat pumps are not a direct drop in replacement for boilers. They require assessment of the compatibility of the existing central heating system and frequently require replacement of radiators and installation of new hot water cylinders. They are also more costly to install than a conventional boiler. Heat pumps have the potential to reduce heating costs, but this is dependent upon the specifics of the property and relative pricing of gas v electricity. At current energy prices, for an average property, heating costs are marginally higher than gas heating costs. Government has announced that it will start to rebalance electricity v gas costs from the end of 2024 to make heat pumps cheaper to run. A new, Council-backed, One Stop Shop for domestic heat pump installation where residents can seek: online feasibility assessment; free surveys; installation design and quotations; book installation; and receive handover documents is being trialled. The initial customer-recruitment, survey and quotation phase of the trial has been completed. The proposal is now to proceed to installing heat pumps at residents properties. Where residents want finance to supplement the £7,500 Government grant towards installation costs they will be offered low cost loans (12 months interest free or 36 equal monthly instalments at 6.9% interest) subsidised by the heat pump manufacturer (without this subsidy 12.9% interest would be charged) towards the capital cost of heat pump installation. Up to 12 properties are expected to be installed under the trial so it may be that uptake of the finance offer is low or zero.

What is the proposal: The proposal is to move to the next phase of the One Stop Shop trial which will be to install heat pumps and supporting measures in the homes of (up to 12 expected)

residents. The installer is a Council-appointed contractor, who has been financially vetted and is accredited to all relevant Government and industry standards for this work, in order to give residents confidence. Residents will benefit from a £7,500 Government grant towards installation costs. Where residents want to take out finance a 12 month interest free or 36 month interest bearing loan will be made available via the heat pump manufacturer. The affordable finance element aims to make the cost of installation less of a barrier. The trial area is Friday Bridge in Fenland.

What information did you use to assess who would be affected by this proposal?:The results of the customer recruitment phase of the One Stop Shop trial which have recruited up to 12 residents at present.

Are there any gaps in the information you used to assess who would be affected by this proposal?: No

Does the proposal cover: All service users/customers/service provision in specific areas/for specific categories of user

Which particular employee groups/service user groups will be affected by this proposal?: No employee groups are affected. Only residents in Friday Bridge who have requested a heat pump installation under the scheme are affected. The proposal has given them access to free surveys, installation designs and quotations for heat pump installation and other supporting measures (the survey and installation design work would normally cost residents around £500) e.g. insulation upgrades, solar PV etc to the relevant industry standard. Residents will have access to £7.5k grant towards installation costs. Heat pumps will also be supplied at bulk discount and cost savings passed on to residents. The loan offer is subsidised by the manufacturer of the heat pumps to provide residents better value. The project has been authorised by the FCA to offer loans via Hiber Finance and Daikin (the heat pump manufacturer). The majority of the Friday Bridge trial area is within the third decile for Indices of Multiple Deprivation i.e. within the 30% most deprived areas in England (but not within the 20% most deprived). However, given that the home survey reports provided to residents indicate that energy bills will increase slightly after heat pump installation and installation will require either a resident capital contribution or taking up the loan offer, it is likely that only environmentally motivated residents who can afford to incur additional costs will proceed.

Does the proposal relate to the equality objectives set by the Council's EDI Strategy?:Yes

Will people with particular protected characteristics or people experiencing socio-economic inequalities be over/under represented in affected groups: Under represented

Does the proposal relate to services that have been identified as being important to people with particular protected characteristics/who are experiencing socio-economic inequalities?: No

Does the proposal relate to an area with known inequalities?: Yes

What is the significance of the impact on affected persons?:The One Stop Shop makes heat pumps more accessible to residents by: simplifying the customer journey; providing free surveys and installation design; providing access to a qualified, trusted installer; potentially providing access to low cost loans if there is a demand. The results of home surveys indicate that heat pump installations are likely to marginally increase energy bills at current energy prices. This is clearly indicated in the survey reports provided to residents. It is therefore unlikely that residents

experiencing socio-economic inequalities are likely to proceed with an installation. If Government delivers on its commitment to rebalance gas and electricity costs, heat pump installations are likely to reduce energy bills in the majority of cases.

Category of the work being planned: Project

Is it foreseeable that people from any protected characteristic group(s) or people experiencing socio-economic inequalities will be impacted by the implementation of this proposal (including during the change management process)?: Yes

Please select: Socio-economic inequalities

Research, data and /or statistical evidence: Indices of Deprivation 2019 data was used to identify the Friday Bridge trial area as being within the third decile for Indices of Multiple Deprivation English indices of deprivation 2019: Postcode Lookup (opendatacommunities.org). It was originally hoped that heat pump installations would deliver energy bill savings. The home assessment reports for the properties surveyed show that this is not the case and that there would be a slight increase in bills at current energy prices. If the Government implements its proposals to rebalance gas v electricity prices this would shift the impact to a bill saving

Consultation evidence: Phase 1 of the Heat Pump Ready project included engagement by Peterborough Environment City Trust with 102 Friday Bridge residents in the second half of 2022. This identified that a local, trusted and accredited supplier with communication from the Local Authority would be the preferred route for heat pump installation. The survey and customer recruitment work has gathered more evidence on the demand for heat pump installation (up to 13% of residents in the trial area), the cost of heat pump installations in Friday Bridge properties (£15,020 mean) and the projected impact on energy bills is a £65-271 per annum increase (at current energy prices).

Based on all the evidence you have reviewed/gathered, what positive impacts are anticipated from this proposal?: Simplifying access to heat pump installations via the One Stop Shop approach, securing grant funding towards residents' installation costs and savings on energy bills. Delivering significant reductions in carbon emissions for the homes installed. If gas v electricity prices are rebalanced the proposal will also decrease energy bills.

Based on consultation evidence or similar, what negative impacts are anticipated from this proposal?: A slight increase in energy bills at current energy prices. Proposals have incorporated additional insulation and solar PV to help offset this albeit at additional capital cost. Survey reports provided to residents set out the projected bill impacts so residents can make an informed decision

How will the process of change be managed?: Friday Bridge residents have been engaged with by mailshots, website, door to door engagement and community open events to provide more information on the service offered and gather feedback. This engagement has contacted all homes in the trial area

How will the impacts during the change process be monitored and improvements made (where required)?: The project will be closely monitored by City Science, the consortium lead. Home survey reports providing installation costs and projected bill impacts have been produced for all properties surveyed and provided to the residents.

Equality Impact Assessment Action Plan:

| Details of negative impact (e.g. worse treatment/outcomes) | Groups affected | Severity of impact | Action to mitigate impact with reasons/evidence to support this or justification for retaining negative impact | Who by | When by |
|--|------------------------------------|--------------------|--|---------------------|-------------------|
| <p>Increase in energy bills of &pound;65-271 per annum unless/until Government rebalances gas v electricity prices</p> | <p>Socio-economic inequalities</p> | <p>Low</p> | <p>Transparency: residents have been presented with projected impact on energy bills as part of the installation design proposal. Cautious Energy Price Assumptions: assumptions on gas prices v electricity prices in the above include a margin of caution. Government Policy: In March 2023 Government stated that it would rebalance gas v electricity costs starting from the end of 2024. This is explicitly designed to make heat pump installation more attractive. We will keep Government's progress on this under review between now June 2024 when installation work would commence Volition: Uptake of the heat pump installation offer is entirely voluntary and the project will not hard sell the offer. Home survey reports provided to residents set out the projected bill impacts explicitly in both text and graphical form. It is likely that only the most environmentally motivated residents who can afford the projected bill impacts and the capital cost of installation (after grant) will proceed.</p> | <p>Chris Parkin</p> | <p>18/04/2024</p> |

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Confirmation: I confirm that this HoS is correct