

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**9 FEBRUARY 2012**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Environment – Lead Cabinet Member – Councillor David Rose**

**Housing & Community Safety – Lead Cabinet Member – Councillor Steve Nelson**

#### **COMMUNITY ENERGY SAVING PROGRAMME**

1. Summary

The purpose of this report is to update Cabinet on the progress of the Parkfield Community Energy Saving programme, and the opportunity to extend the programme to other qualifying areas within the Borough. In November 2011 Cabinet approved a recommendation to proceed with the Parkfield scheme and the appointment of a preferred provider was delegated to the Head of Technical Services in consultation with Cabinet Members for Environment and Housing & Community Safety.

2. Recommendations

1. Cabinet note the progress of the CESP scheme in Parkfield.
2. Cabinet note the offer for the scheme to be extended into other qualifying areas and approve negotiations to proceed for the potential roll out of the scheme into the Stockton town centre, Newtown and Victoria LSOA areas as shown in **Appendix 1**.
3. Cabinet note that resources previously approved in the November report will be sufficient to meet allocations that will be necessary to cover the remedial works for the extension of the scheme.

3. Reasons for the Recommendations/Decision(s)

In November 2011 Cabinet approved the Parkfield CESP scheme in Stockton together with approval of resources for the Council's contribution. The reasons for the recommendations in this report are to inform Members of progress on the existing scheme and to note the offer of a further extension to the scheme which will be funded within existing resources already approved.

#### 4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

**AGENDA ITEM**

**REPORT TO CABINET**

**9 FEBRUARY 2012**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION**

**COMMUNITY ENERGY SAVING PROGRAMME**

**SUMMARY**

The purpose of this report is to update Cabinet on the progress of the Parkfield Community Energy Saving programme, and the opportunity to extend the programme to other qualifying areas within the Borough. In November 2011 Cabinet approved a recommendation to proceed with the Parkfield scheme and the appointment of a preferred provider was delegated to the Head of Technical Services in consultation with Cabinet Members for Environment and Housing & Community Safety.

**RECOMMENDATIONS**

1. Cabinet note the progress of the CESP scheme in Parkfield.
2. Cabinet note the offer for the scheme to be extended into other qualifying areas and approve negotiations to proceed for the potential roll out of the scheme into the Stockton town centre, Newtown and Victoria LSOA areas as shown in **Appendix 1**.
3. Cabinet note that resources previously approved in the November report will be sufficient to meet allocations that will be necessary to cover the remedial works for the extension of the scheme.

**DETAIL**

Community Energy Saving Programme

1. The Community Energy Saving Programme (CESP) was created as part of the government's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic consumers in specific low income areas of Great Britain. CESP has been designed to promote a 'whole house' approach and to treat as many properties as possible in defined areas, to reduce carbon emissions and alleviate fuel poverty.
2. The CESP obligation period runs from 1 October 2009 to 31 December 2012. It requires certain gas and electricity suppliers and certain electricity generators to meet a carbon emissions reduction target. The Department for Energy and Climate Change (DECC) is responsible for setting the overall CESP target and the policy framework, and Ofgem is responsible for administering the programme. CESP is aimed at area-wide initiatives, and must be delivered in geographical areas ranked in the lowest 10% of IMD. The detail of the allowable measures, and qualifying properties, is complex and defined. The energy companies are answerable to Ofgem, who will audit their accounts and their measures, and

potentially make fines to enforce compliance. Since the carbon reduction obligation lies with the energy company, it is principally their financial responsibility. It is, as a result, the energy company' choice as to which areas to offer to treat, and how that cost is met.

### Partnering

3. In order to achieve the area-wide intentions of CESP, energy companies need to partner a local authority or social housing provider. So far, most CESP schemes nationally have gone ahead via Social Housing Providers, with few targeted at private sector housing. Stockton Borough Council has however targeted this sector, and three LSOAs – all in Parkfield – have sufficient density of CESP-qualifying housing to make the scheme economically attractive to energy companies.
4. At the November 2011 Cabinet meeting it was agreed to take forward the energy efficiency scheme offer for properties in the 3 Parkfield Lower Super Output Areas that qualify under the national CESP scheme and resolved:
  - Pending a successful HMR Transition Fund bid, the redirection of £400k of Council resources, currently approved for facelift improvement works to be used as part of the necessary CESP match funding.
  - The allocation of an additional £489k resource be approved, to match the proposal for a CESP scheme in Parkfield / Mill Lane from the Council's share of the VAT shelter. If the outcome of the HMR Transition fund was unsuccessful this allocation would increase to £889k.
  - Delegated authority, to obtain the most advantageous offer for the Council and the community, from the energy suppliers be given to the Head of Technical Services in consultation with Cabinet Members for Environment and Housing & Community Safety.
5. Discussions were held with several energy companies, and a number of offers were received. These ranged in their levels of local authority contribution, with sums of up to £1.5m required. We were however fortunate to be able to secure a deal with Eggborough Power Ltd, via their North East-based delivery agent Community Energy Solutions CIC (our existing partner for the CERT scheme - known locally as GoWarm), in an arrangement whereby all the CESP-eligible measures are installed onto qualifying properties with **no match-funding required from the Council**, other than any required non-qualifying remedial works. The contract between Eggborough and CES/GoWarm is for a **£3.85m investment**.

### **PROGRESS**

6. Our scheme, named **GoWarm Parkfield**, was agreed in late November and is underway.
7. The delivery team from GoWarm is now based at the former Environment Centre, West Row, and has begun carrying out assessments, signing up householders, and carrying out detailed surveys. Public meetings have been held, and all affected residents contacted. The first phase of Installation work begins within the next two weeks.
8. The scheme principally targets solid-wall properties that require external wall insulation, as this gives the greatest carbon savings and provides a major improvement in energy efficiency on the property and comfort/ fuel savings for the residents. It is however very expensive and as such has not been achievable by other initiatives. It requires a high level of sign-up by residents to make it economically viable. Pre-scheme estimates suggested that that a minimum of 433 properties could benefit from the external wall insulations, with others qualifying for other types of insulation. The actual number will only be known after the areas have been fully surveyed, however surveys so far suggest a very high level of

take-up from residents – currently over 800 - who can benefit from one or more of the measures. The final outcome is likely to be significantly higher.

9. The CESP funding from Eggborough Power is allocated towards the works that deliver the energy efficiency such as external cladding, insulation and boiler replacement. The SBC contribution is being used for non-eligible parts of the work such as remedials to guttering, drainpipes and other fixtures and fittings. On the boundary of the Parkfield LSOA area there are a further 105 properties in Arlington Street, Winston Street, Rokeby Street and Richardson Road that are excluded from the CESP-qualifying LSOA. However the costs of funding measures to these excluded properties would be in the order of **£250,000**. A decision on including these properties will be made later in the project when the remaining budget of the qualifying scheme is clear.

#### Local employment

10. GoWarm uses local contractors for scaffolding, internal insulation, and boiler installations. External wall cladding is being installed using local contractors, who will need additional staff. Meetings have been held with Stockton Riverside College to recruit up to 20 apprentices from the Plastering and Joinery course for the duration of the contract to be trained to enable this.

#### **PROJECT EXTENSION**

11. The carbon reduction obligation upon Eggborough Power that was initially offered to Stockton (110,000 tonnes lifetime) would be largely discharged by a successful Parkfield scheme. Eggborough has however now offered an additional amount of 60,000 tonnes that means other CESP-qualifying LSOAs, which would not by themselves have sufficient density for a standalone project, can now be considered for inclusion.
12. Many of the CESP-qualifying LSOAs in Stockton on Tees contain predominantly social housing, or have few solid-wall properties and would not achieve the area-wide carbon savings needed by the funder. A detailed analysis of the remaining LSOA areas has been undertaken and discussions with GoWarm suggest that the following three areas could prove attractive to their investment, subject to survey:

<b>LSOA</b>	<b>Ward</b>
E01012267	Stockton Town Centre
E01012286	Mandale & Victoria
E01012254	Newtown

13. The offer of further funding from Eggborough would not be able to treat all properties within these three areas but initial assessments suggest that there are blocks of properties that would be eligible however further work is needed to determine the extent and limitations of any treatment that could be applied. Officers will work with Cabinet Members and local Ward Councillors to ensure that a systematic approach is taken with these additional areas to ensure that the maximum carbon savings and energy efficiency measures are achieved.
14. The final offer for one or possibly all three of these additional areas will be made by Eggborough/GoWarm, if the Council is prepared to extend support for any remedial works. Estimates, subject to detailed survey and resident take-up, are that Stockton's already approved level of contribution for remedial works would be in the order of **£150,000**. This additional offer, if accepted, would raise the value of Eggborough's total investment in Stockton to **£5.95m**.

## Summary of investment

### Eggborough/GoWarm

Investment in Parkfield	£3,850,000 (agreed)
Offer for additional LSOAs	£2,100,000 (optional)

**£5,950,000**

### Stockton BC

Remedial/face-lift works Parkfield LSOAs	£200,000 (est)
Properties in Roker/Park/Dennison	£50,000 (est)
Potential additional LSOAs	£150,000 (est)

Optional addition of 105 non-CESP properties	£250,000 (est)
--	----------------

**£650,000 (est)**

15. It is our understanding that this is the only private housing targeted CESP scheme on the North East to have been approved, and so far the only of any type in the Tees Valley.

## FINANCIAL IMPLICATIONS

16. In November 2011 Cabinet approved the use of £400K of housing market renewal transitional funding to be directed to the CESP project and an additional £489K from Council resources. It is expected that even with the offer of a project extension no additional resources beyond this previously approved allocation will be required.

## LEGAL IMPLICATIONS

17. All legal implications associated with work on private property whether it be privately occupied or rented is the responsibility of GoWarm Parkfield who are the delivery partners for Eggborough Power.

## RISK ASSESSMENT

18. The Stockton CESP scheme is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

## SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

### **Economic Regeneration and Transport**

19. Community Energy Solutions will be using its own contractors for the work. It is also their policy to encourage local businesses and tradesmen to carry out site work on CESP Projects, contributing to employment opportunities within Stockton-on-Tees.
20. The work will complement planned face-lift schemes for the Parkfield area and will contribute considerably to the regeneration of this housing area which is close to Stockton Town centre which itself is about to undergo a multi-million pound regeneration scheme.

### **Safer Communities**

21. The work will alleviate fuel poverty and enhance the environment where external cladding is applied.

## **Children and Young People**

22. The project will assist in alleviating child poverty by reducing household energy bills.

## **Healthier Communities and Adults**

23. The alleviation of fuel poverty will result in improved health for householders by providing warm homes that are free from damp.

## **Liveability**

24. This project will improve the quality of existing housing in the target areas.

## **EQUALITIES IMPACT ASSESSMENT**

25. The project will enable work to be undertaken in all identified housing in the target areas only subject to landlord or homeowner approval.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

26. GoWarm Parkfield have carried out extensive community consultation as the current scheme has been rolled out with door knocking to every property and a showroom in the Environment Centre on West Row. As part of the project extension this approach will be continued in the same way.
27. The relevant Cabinet Members and Ward Councillors receive regular updates and dialogue from both officers and the GoWarm staff.

**Name of Contact Officer: Richard McGuckin**  
**Post Title: Head of Technical Services**  
**Telephone No. 01642 527028**  
**Email Address: richard.mcguckin@stockton.gov.uk**

### Education related?

No

### Background Papers

Report to Cabinet November 2011

### Ward(s) and Ward Councillors:

Parkfield & Oxbridge : Cllrs Javed and Rose  
Stockton Town Centre : Cllrs Coleman and Kirton  
Newtown : Cllrs Gibson and Baker  
Mandale & Victoria : Cllrs Large, Stott and Walmsley