

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

29 NOVEMBER 2012

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Environment - Lead Cabinet Member - Councillor David Rose

COMMUNITY ENERGY SAVING PROGRAMME UPDATE

1. Summary

The current Community Energy Saving Programme (CESP) scheme will bring long-term benefits to over 1,000 private sector homes in some of the most energy inefficient domestic properties, in areas where there are also high levels of fuel poverty. The Council is supporting its partner GoWarm to deliver the scheme, which will result in reductions in carbon emissions of over 180,000 tonnes, along with substantial reductions in residents' energy bills and attendant improvements in comfort levels and health. At the time of this report 900 properties are either complete, or in the process of installation in phases 1 & 2 (LSOAs in Parkfield, Newtown, Stockton Town Centre). Phase 3 (an area of Thornaby) is starting, with the completion of the whole scheme by the end of 2012.

Additional external funding has now been found by GoWarm from energy companies for boiler replacements for qualifying residents, and also for external wall insulation measures in some LSOAs that could not be included in the original Eggborough-funded scheme. This brings the level of external investment in Stockton on Tees to over £7.5m.

CESP comes an end in December 2012, to be replaced by the Government's new initiative 'Green Deal'. Although Green Deal is principally a pay-as-you-save loan scheme, some funding will continue to be available from a levy on the energy companies, under the Energy Company Obligation. The Council, because of its previous success with CESP and CERT schemes, should be in a good position to compete for funding in the new scheme

As the national CESP scheme applies only to 17 LSOAs in the Borough, some needy areas, streets, and individual properties were not able to benefit. Under the Energy Company Obligation a further 8 LSOAs become eligible for potential support from energy companies.

2. Recommendations

- 1) Members note this report, and the progress made on the GoWarm CESP project.
- 2) Members approve continued efforts to bring in further external funding under the new Green Deal Energy Company Obligation to expand the energy efficiency measures into other areas of the Borough.

3. Reasons for the Recommendations/Decision(s)

The current CESP scheme will bring long-term benefits over 1,000 private sector homes in some of the most energy inefficient domestic properties, in areas where there are also high levels of fuel poverty. The scheme will result in substantial reductions in energy bills and carbon emissions, with attendant improvements in comfort levels and health.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, 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 and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

The current Community Energy Saving Programme (CESP) scheme will bring long-term benefits to over 1,000 private sector homes in some of the most energy inefficient domestic properties, in areas where there are also high levels of fuel poverty. The Council is supporting its partner GoWarm to deliver the scheme, which will result in reductions in carbon emissions of over 180,000 tonnes, along with substantial reductions in residents' energy bills and attendant improvements in comfort levels and health. At the time of this report 900 properties are either complete, or in the process of installation in phases 1 & 2 (LSOAs in Parkfield, Newtown, Stockton Town Centre). Phase 3 (an area of Thornaby) is starting, with the completion of the whole scheme by the end of 2012.

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RECOMMENDATIONS

- 1) Members note this report, and the progress made on the GoWarm CESP project.
- 2) Members approve continued efforts to bring in further external funding under the new Green Deal Energy Company Obligation to expand the energy efficiency measures into other areas of the Borough.

DETAIL

Background

1. At the November 2011 meeting Cabinet supported the creation of a partnership with an external provider to carry out significant energy improvement measures to domestic

properties in the private and private rented sectors in 3 Lower Super Output Areas in Parkfield, and granted £400k of funding to support the project. Go Warm, a North East-based community interest company was selected as preferred partner, with the task of discharging an obligation under the national Community Energy Saving Project, for the funder Eggborough Power.

2. Work commenced in January 2012, with a completion date of December 2012 targeted to meet the requirements of DECC and Ofgem. The early success of the scheme brought additional funding from Eggborough to a total of £5.95m, and Cabinet at their February 2012 meeting approved additional support funding to enable the extension of the scheme to CESP-qualifying areas in Stockton Town Centre, Newtown and Thornaby. Support funding is to enable high levels of take-up by residents by covering the costs of some unfunded items (e.g. damp proof courses) within the CESP regulations essential for the installation of the major measures such as external wall insulation (EWI) to solid wall houses (i.e. those with no cavities).
3. Of the 17 CESP-eligible LSOAs in Stockton on Tees, the following 6 met the funder's requirements:
 - E01012262 Parkfield
 - E01012263 Parkfield
 - E01012265 Parkfield
 - E01012267 Stockton Town Centre
 - E01012254 Newtown
 - E01012286 Thornaby
4. Initial data from the Council's UNO property database showed that there are in excess of 1,000-1,200 solid wall properties in these six LSOAs that would be eligible for the measures. Uptake would be subject to survey and owner approval.
5. In addition to the above, Vela Homes, in partnership with consultancy Frank Haslam Milan, has been pursuing a CESP scheme in Billingham (LSOA E01012215) for 160 mainly social housing properties.

Progress

6. The GoWarm team has been based in Council premises in West Row (the former Environment Centre) in order to be able to meet with residents and supervise work. Installation work, carried out by teams of contractors, has been ongoing since January, and at the time of writing, 900 properties are either completed or in the process. The Stockton CESP scheme is the largest CESP scheme in the country, and is the only large scale scheme targeted at the owner-occupier and private rented sector. At the beginning of the scheme the level of take-up was hard to predict. In practice, this is currently standing at 95% take-up.
7. Whereas many streets are now fully complete, the work on Tarring Street and St Bernard Road has been hampered by technical difficulties, and the extended adjacent demolition works. Work is expected to resume soon, once the necessary demolitions are complete.

Employment and skills

8. The scheme currently employs 300 people, mostly in the contracting side. Approximately 200 are locally-sourced and trained, many in the cladding and rendering trades, and several new businesses have been created. Many of these will be in a good position to compete for regional or national work arising from the forthcoming Green Deal.

Extended areas

9. The original Eggborough-funded scheme is limited to 6 of the 17 qualifying LSOAs – those with the highest density of solid-wall properties. Our partner GoWarm has now been able to agree funding with another energy company, Drax Power, to carry out external wall insulation measures in another qualifying LSOA and is currently identifying what work can be completed within the timescale. Installation work will need to begin in the next few weeks. This new funding will require no contribution from Stockton Council.

ECO Early Start funding for boilers

10. Although the CESP scheme is targeted at area-wide initiatives to install whole-house packages of measures, a weakness of the regulations is that, in the qualifying energy efficiency measures only boilers rated G are able to be replaced. This has meant that where some properties are benefitting from replacement high-efficiency boilers, others do not. To help remedy this GoWarm has been able to secure £1.2m of funding from Eon under the Early Start option for the new Energy Company Obligation (ECO) on energy companies to replace boilers rated C-G for qualifying residents, and even for non-working A/B boilers. The qualifying requirements for the ECO scheme are again tightly regulated by Ofgem, and so will not apply in all cases however GoWarm is now able to go back to many of the residents in the CESP scheme who did not previously qualify for a boiler, and now provide an energy-efficient replacement.
11. As this new scheme is targeted at qualifying individuals, rather than one which is LSOA-dependent, other residents in the Borough may qualify. Officers and GoWarm are working to develop a promotional campaign to alert residents, and assist those who qualify to benefit. As part of this, this facility is being included as an option within Stockton's Warm Homes Healthy People service to residents.
12. Whereas the CESP scheme is due for completion at the end of 2012, the Energy Company Obligation will continue, and we are working to ensure that this new scheme will remain a viable opportunity for residents.

Non-CESP areas of solid-wall properties

13. It is disappointing and regrettable that some needy parts of the Borough have solid wall properties that could not be included in the CESP scheme, due to the DECC-defined regulations. Under the Energy Company Obligation of the forthcoming Green Deal however the number of areas qualifying area-wide initiatives rises from the current 17 to 25. This now means that for example further parts of Newtown become eligible. Approval is therefore sought to pursue external funding to enable inclusion of these into the energy efficiency scheme.

Other measures supporting fuel poverty reduction

14. The **Warm Homes Healthy People Scheme** is a partnership between Stockton Borough Council, Public Health and other agencies, and the community and voluntary sector to assist people in need and at risk from cold during the winter period. The initial Department of Health funded scheme covering the period January-March 2012.

The £150k project focused on three areas of delivery:-

- Provision of a 'Referral Hub' providing navigation to targeted and tailored interventions ensuring that individuals receive a co-ordinated and holistic approach to address their needs.
- Increasing the range of interventions available to clients across the Borough.

- Supporting the development and training of local champions across the community and voluntary sector, and other partner and voluntary organisations to ensure that all staff make the most of every client contact.

By contacting the Warm Homes Healthy People helpline or email address clients are put in contact with a 'Referral Hub', based in Technical Services, which acts as a 'one stop' access point to the scheme through which the client can access all the help and support available to their particular needs.

The project was officially launched at the beginning of February 2012. Over the following 8 weeks up to the end of March 2012, around 764 measures were delivered to clients, ranging from boiler repairs to access to a buddying service.

£100k of funding has been allocated by Public Health to enable the scheme to operate from October 2012 – March 2013, and a further £118k has recently been gained from a new round of funding from the Department of Health.

Stockton's Warm Homes Healthy People scheme was awarded the Best Healthy Living Initiative in the 2012 APSE Awards.

15. **Collective Switching** is a new initiative whereby groups of residents can band together to collectively change their energy suppliers to achieve lower tariffs. It could be of benefit to a large number of residents as it is known that majority of consumers don't or rarely switch their energy suppliers. Collective switching uses an expert 3rd party to act as a broker, and provide confidence and security for the resident. There are some Council-backed schemes already on the go in parts of the country, and many other English councils are keen to take this type of scheme forward, which usually involves no financial risk to the councils involved.

Work is underway to determine if a collective switching scheme for residents can be made to work locally, either in its own right, with other neighbouring councils. Work is also being undertaken to determine models of collective switching to benefit those households on pre-payment meters, and therefore not normally eligible for switching.

FINANCIAL IMPLICATIONS

16. £747k was allocated to support the CESP scheme, to cover unfunded items necessary to enable the necessary energy efficiency measures to be installed, and associated facelift works.
17. GoWarm has been making grant claims to the Council for these via a Service Level Agreement and agreed schedule of rates. Current spend is around £200k.
18. Current projections show that the scheme will be completed within this budget.

LEGAL IMPLICATIONS

19. None at this stage.

RISK ASSESSMENT

20. Low risk to the Authority as a result of this update report; risks have previously been identified for the CESP scheme.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

21. Contributes to a number of policy platforms as previously identified when approval was gained for supporting the CESP scheme.

EQUALITIES IMPACT ASSESSMENT

22. This report is not subject to an Equality Impact Assessment because it is an update report following prior approval for the CESP scheme.

CONSULTATION INCLUDING WARD/COUNCILLORS

23. Consultation has taken place in those wards where CESP programmed work has been agreed.

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Education related?

No.

Background Papers

None.

Ward(s) and Ward Councillors:

All Ward Councillors have been informed.

Property

None.