

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**11 JULY 2013**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Environment – Lead Cabinet Member - Cllr David Rose**

#### **GREEN DEAL/ENERGY COMPANY OBLIGATION UPDATE**

1. Summary

This report explains the progress of the partnership created to deliver external wall insulation measures to private sector homes across Stockton on Tees via the national Energy Company Obligation. The exempt appendix to this report also describes the legal dispute with an utility provider on a technical issue which has caused the scheme to be on hold, and the measures being taken to resolve it.

2. Recommendations

- 1 Cabinet notes the progress of the CESP and ECO schemes, the delay to the scheme, and the actions taken to enable Community Energy Solutions to restart work.
- 2 Cabinet note the potential further financial implications of the complications described in the report. These financial implications will be considered in more detail as part of the medium term financial plan update to Cabinet at a future meeting.

3. Reasons for the Recommendations/Decision(s)

The recently launched ECO scheme is suffering from delays as a result of complications with an utility provider. The recommendations are therefore to raise awareness with Cabinet Members of the problems within the scheme and the need to adjust the financial resources already allocated to support a way forward. In addition there are potentially further liabilities across the entire ECO scheme if the anticipated resolution mechanisms fail. Any such further liabilities would need to be considered as part of the Council's Medium Term Financial Plan.

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**

This report explains the progress of the partnership created to deliver external wall insulation measures to private sector homes across Stockton on Tees via the national Energy Company Obligation. The exempt appendix to this report also describes the legal dispute between Community Energy Solutions and an utility provider on a technical issue which has caused the scheme to be on hold, and the measures being taken to resolve it.

**RECOMMENDATIONS**

1. Cabinet notes the progress of the CESP and ECO schemes, the delay to the scheme, and the actions taken to enable Community Energy Solutions to restart work.
2. Cabinet note the potential further financial implications of the complications described in the report. These financial implications will be considered in more detail as part of the medium term financial plan update to Cabinet at a future meeting.

**DETAIL**

1. At its meeting of 16 May 2013 Cabinet agreed to the formation of a partnership between The Council and Community Energy Solutions CIC (trading as GoWarm for the insulation measures) to deliver a scheme of insulation and heating measures aimed at solid wall (i.e., non-cavity) private sector homes across the Borough, based upon the success of the local Community Energy Saving Programme (CESP) scheme. This scheme is under the new Energy Company Obligation (ECO), with GoWarm being funded to deliver this scheme by the energy company EON. The scheme will be able to offer insulation measures for up to 5,000 properties across the borough, be a major source of local regeneration, and create or retain up to 300 jobs.
2. Whereas the ECO scheme is fully funded by EON for the external wall insulation it is recognised that in a scheme of such magnitude there will be unforeseen issues that are required and outside of the funder's obligation. At its meeting of 12 June 2013 Council agreed to provide one-off funding of £500,000 to support any associated infrastructure improvements.

**Progress on the Borough-wide Energy Company Obligation insulation scheme**

3. Following agreement on the Ward-by-Ward priorities GoWarm has determined a 3-year work programme and begun surveying houses for the first phase. 1174 properties have already started or will start very soon e.g. Arlington, Winston, Richardson, Rokerby, Roker, Cheltenham, Langley, and Bishopton Lane. The response from residents has

been very positive with the great majority wishing to go ahead. This clearly bodes well for the success of the scheme in this and future phases and echoes the success of the previous CESP scheme.

4. An unexpected complication with an utility provider has however arisen which has put the scheme on hold, and measures are being taken to resolve the situation, as detailed in Appendix A.

### **FINANCIAL IMPLICATIONS**

5. Whereas there is no requirement to contribute any funding to the delivery of the scheme, the action of the utility provider risks both the progress on, and indeed the viability of this scheme. The risk is the potential to lose significant additional private sector investment in the region of £20m, funded from the Energy Company Obligation (ECO) to provide energy efficiency measures to around 5,500 homes over the next three years, and create 300 jobs.
6. Cabinet previously approved resources of £500K and the current utility provider issue is being front funded using £200K of these resources. Should all other avenues to resolve the dispute fail then further resources would be required to achieve delivery of the three year programme. The cost associated with this and the need to retain an ancillary measures budget could place a financial burden of around £1.25M. This £1.25M would include the original £500K allocated and therefore equates to additional unallocated resources of £750K. This is an indicative estimate and approval for any further funding would be considered as part of the Council's medium term financial plan.

### **LEGAL IMPLICATIONS**

7. A Deed between the Council and Community Energy Solutions formalises the partnership arrangement. This involves no direct financial commitment on either party for the delivery of the scheme but sets out the obligations upon each party to assist delivery of the programme.

### **RISK ASSESSMENT**

8. Failure to support the Council's partner in the short-medium term risks the loss to the community of significant regeneration, energy efficiency and fuel poverty alleviation measures, as well as up to 300 local jobs.

### **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

9. Contributes to a number of strategic objectives that include tackling climate change, reducing family and fuel poverty, securing employment, regeneration of lower super output areas and improving the borough housing stock.

### **EQUALITIES IMPACT ASSESSMENT**

10. This report is not subject to an Equality Impact Assessment because it is not a programme that excludes any households within the borough and is delivered and managed by a third party.

## CONSULTATION INCLUDING WARD/COUNCILLORS

11. All wards will be included within the programme with a ward by ward approach the briefings will be delivered as the programme moves forward.

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Education related?

No

Background Papers

None

Ward(s) and Ward Councillors:

All

Property

N/A