

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting17th July 2014

1. Title of Item/Report

ECO Scheme

2. Record of the Decision

Consideration was given report that provided an update on the Energy Company Obligation (ECO) scheme and the Council's on-going partnership with Community Energy Solutions (Go Warm). The partnership was established in 2007 with the delivery of the Community Energy Savings Programme (CESP) which provided measures such External Wall Insulation (EWI) and new heating systems to over 1800 households. As well as delivering the intended carbon savings from more energy efficient homes, CESP created around 500 jobs and brought in approximately £12m of private sector investment.

A change in Government policy meant that CESP was effectively replaced by the Energy Company Obligation (ECO) in early 2013. Through this Go Warm continued to deliver EWI and heating measures in the Borough, however, the process was more problematic and created uncertainties in the industry. A further review of Government Policy earlier this year had a dramatic impact on the ECO programme and the vast majority of schemes around the country ceased. Work had continued in Stockton but at a vastly reduced pace. The report described these issues in more detail and explored potential scenarios going forward.

There were clear benefits to continue with schemes of this nature, particularly in the most deprived areas of the Borough. Therefore various options to progress this work had been considered, in order to complete the areas originally planned as part of the ECO process, namely; Parkfield & Oxbridge, Newtown and Mandale & Victoria. To complete this work under the revised carbon pricing would require investment of approximately £940,000 to cover the budget gap. This equated to around 26% of the overall scheme cost which compared to around 10% contribution for the CESP scheme.

It was anticipated that any funding provided by SBC was done so to allow the scheme to progress to June 2015 by which time it was expected that Government policy would be clear, the new Go Warm (CES) business

model would be fully established and EON would have potentially reviewed their pricing policy. The key date would be the announcement in October of the outcome of the consultation on the government's proposals and any new regulations that may be published by Ofgem

There was already funding allocated to the project with £300,000 remaining and it was proposed to use this to support the on-going delivery of the project. There was also £250,000 of funding available from Public Health to support the scheme. This would leave approximately £390,000 to allow the scheme to progress in the three wards originally planned, this would be around 850 properties. It was noted that this money would not be immediately passed to Go Warm (CES) but instead would be provided on a street by street basis once actual costs (and benefits) were known.

The effects of cold weather and cold homes on health were well documented. The Cold Weather Plan for England (published by Public Health England in 2013) stated;

“The impact of cold weather on health is predictable and mostly preventable. Direct effects of winter weather include an increase in the incidence of heart attacks, respiratory disease, influenza, falls and injuries and hypothermia. Indirect effects of cold include mental health illnesses such as depression, and carbon monoxide poisoning from poorly maintained or ventilated boilers, cooking and heating appliances and heating”.

In the foreword to the report the Chief Medical Officer urged public health actions to support vulnerable people who had health, housing or economic circumstances that increase their risk to harm. The previous Chief Medical Officer wrote in 2009 that “the effects of cold weather are most felt by vulnerable groups such as older people, the chronically ill, children, those with mental health problems and people with disabilities.”

There was therefore a strong public health case to invest in this scheme which would bring warmer housing to residents of the coldest houses in the Borough, many of whom were vulnerable to the effects of being cold.

Whilst these contributions could be seen as assisting an energy company achieve its carbon targets the added value of improved health, reduced fuel poverty etc. could be seen as a valid investment for the Authority to make. In order to try to maintain the initiative, Officers would work with CES to maintain a viable project going forward and highlight the Council's commitment to ensuring that, wherever possible, a scheme to reduce fuel poverty, improve health and achieve the wider regeneration benefits would be secured.

On 1 May 2014 the government announced a new Green Deal Home Improvement Fund (GDHIF) which would replace the Green Deal Cashback fund. This offered householders, tenants and landlords the opportunity to apply for up to 75% of the cost of EWI up to a maximum of £6,000 meaning they had to pay a contribution of at least 25% towards the cost of installation.

There was no guarantee that there would be any change to Government policy or the price per tonne of carbon saved paid by EON to Go Warm and the Council therefore needed to plan an exit strategy using the available resources whilst still keeping the door open to other opportunities as they present.

On this basis an exit strategy would be developed with Go Warm that made use of the funding outlined above to deliver measures to streets in the three wards and provide enough work for Go Warm until June 2015. At that point unless other funding was secured, or the price / tonne of carbon had significantly improved, the project would end.

RESOLVED that:-

1. The progress of both the CESP and the continued ECO schemes and the changing nature of the ECO scheme from 1 April 2014 as a result of government policy proposals be noted.
2. The revised carbon pricing and the implications of the reduced carbon price on the ECO scheme be noted.
3. The use of the remaining £300,000 resource to support the on-going delivery of the programme to complete the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.
4. The use of £250,000 of Public Health resource be agreed to support the on-going delivery of the programme to complete the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.

RECOMMENDED to Council that:-

5. The release of £390,000 resources from Council's balances be agreed to support the on-going delivery of the programme to complete the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.

3. Reasons for the Decision

Recent government proposals on the policy around ECO and green deal have led to a significant slow down of the programme nationally and locally with reductions in the price per tonne of carbon available via the energy supply companies.

The existing budget of £330,000 was initially allocated to fund additional measures to support the programme, this can now be better used to complete those unfinished areas and streets

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

N/A

Proper Officer
21 July 2014