

Stockton on Tees Borough Council

General Exception– Proposed Key Decision

Notice is hereby given that, on 17 July 2014, Cabinet proposes to make the following key decision in accordance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. This key decision is not included in the statutory forward plan published on 18 June 2014.

ECO Scheme

1. Cabinet will, at its meeting to be held on 17 July 2014, consider a report that provides 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 as 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.
2. 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 has continued in Stockton but at a vastly reduced pace.
3. There are 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 have 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 equates to around 26% of the overall scheme cost which compares to around 10% contribution for the CESP scheme. .
4. At present it is anticipated that any funding provided by SBC is done so to allow the scheme to progress to June 2015 by which time it is expected that Government policy will be clear, the new Go Warm (CES) business model will be fully established and EON will have potentially reviewed their pricing policy. The key date will 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
5. There is already funding allocated to the project with £300,000 remaining and it is proposed to use this to support the on-going delivery of the project. There is 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 will be around 850 properties. It is important to note 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) are known.

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

“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”.

7. In the foreword to the report the Chief Medical Officer urges public health actions to support vulnerable people who have 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.”
8. There is therefore a strong public health case to invest in this scheme which will bring warmer housing to residents of the coldest houses in the Borough, many of whom are vulnerable to the effects of being cold.
9. Whilst these contributions can 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 will 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 will be secured.
10. On 1 May 2014 the government announced a new Green Deal Home Improvement Fund (GDHIF) which will replace the Green Deal Cashback fund. This offers 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 have to pay a contribution of at least 25% towards the cost of installation.
11. There is no guarantee that there will be any change to Government policy or the price per tonne of carbon saved paid by EON to Go Warm and we therefore need to plan an exit strategy using the available resources whilst still keeping the door open to other opportunities as they present.
12. On this basis an exit strategy will be developed with Go Warm that makes 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 is secured, or the price/tonne of carbon has significantly improved, the project will end.
13. Current funding assigned to the ECO project of approximately £300,000 is proposed to be used to directly fund further EWI work as opposed to ancillary works alone. A further £250,000 is to be provided to the scheme from Public Health resources leaving £390,000

required to be approved by Council. It should be noted that the short term loan provided to Go Warm recently was due to be repaid in full by June 2014.

DOCUMENTS TO BE CONSIDERED BY CABINET

- 17 The report to be considered by Cabinet will be available from Stockton on Tees Borough Council, Municipal Buildings, Church Road, Stockton, TS18 1LD from Wednesday 9 July 2014 and via the Council's website from that date. If you have any queries relating to receiving/viewing the documents please contact Peter Bell on 01642 526188 or e mail peter.bell@stockton.gov.uk

PROPOSED DECISION

18. Cabinet will be asked to
1. notes 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.
 2. note the revised carbon pricing and the implications of the reduced carbon price on the ECO scheme.
 3. agree the use of the remaining £300,000 resource to support the on-going delivery of the programme completion in the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.
 4. agree the use of £250,000 of Public Health resource to support the on-going delivery of the programme completion in the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.
 5. recommend to full Council the release of £390,000 resources from Council's balances to support the on-going delivery of the programme to complete the wards of Parkfield & Oxbridge, Newtown and Mandale & Victoria.

REASONS FOR URGENCY

19. The Forward Plan containing those key decisions Cabinet intend taking at its meeting to be held on 17 July 2014 did not detail this matter for consideration at that meeting.
20. Changes in finance arrangements around ECO has meant that the Council has had to, recently, reconsider its originally agreed position. It is now considered essential that the above decisions are placed before Cabinet/Council as soon as possible, in order to secure available investment, to achieve insulation and improvement to over 800 properties in the most deprived areas of the Borough. It is considered impracticable to defer the decisions to a future meeting, to allow their inclusion on the Council's Forward Plan (acting as the document described in regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012).

