

Environment and Sustainable Communities Overview and Scrutiny Committee

10 November 2014



Warm Up North; Update

Report of Ian Thompson, Corporate Director, Regeneration and Economic Development

Purpose of the Report

- 1 To provide Members of the Environment and Sustainable Communities Overview and Scrutiny Committee with an update on the development of the Warm Up North, a regional Green Deal initiative.

Background

- 2 The Environment and Sustainable Communities Overview and Scrutiny Committee undertook a review during the 2011/12 municipal year of the development of renewable energy technologies in County Durham. As part of the review, Members considered schemes to tackle fuel poverty, including the Government's Green Deal and recommended that the Council's Sustainability and Climate Change Team continues to develop its role to provide advice and assistance to residents, businesses, town and parish councils and community groups/associations to enable them to benefit from Government initiatives/funding opportunities such as the Green Deal launched in January 2013.
- 3 In accordance with this recommendation, arrangements were made for Stuart Timmiss, Head of Planning and Assets, Regeneration and Economic Development, to attend the Environment and Sustainable Communities Overview and Scrutiny Committee on the 8 April 2013 to provide members with an overview of the Warm Up North initiative. This was then followed by an update to members on the development of the initiative at the meeting held on 24 October 2013 providing information on:
 - Developments since the last presentation.
 - Appointment of Preferred Delivery Partner.
 - Partnership Governance Arrangements.
 - Programme Funding.
 - Internal Management Arrangements.
 - Domestic Priorities.
 - Non-domestic Opportunities.
 - Overview of Benefits for DCC and County Durham.
 - Proposal for Member Seminar involving British Gas (preferred delivery partner).

It was highlighted to the committee that a Member's seminar had been arranged for the 12 February 2014 with the preferred delivery partner, British Gas.

- 4 As part of the refresh of the work programme of the committee of 2014/15 a further update has been included in relation to the Warm Up North Initiative and arrangements have therefore been made for Stuart Timmiss, Head of Planning and Assets, Regeneration and Economic Development to attend the meeting on the 10 November 2014.

Green Deal - Background

- 5 The Energy Act 2011 introduced the Green Deal and Energy Company Obligation. Green Deal was launched on 28th January 2013 and is a scheme to offer 'pay as you save' options for home energy efficiency improvements.
- 6 In total there are 45 approved measures that can be installed at no up-front cost and paid back over an agreed period through energy savings via the electricity bills for the property. Green Deal requires loan repayments to be less than the resulting financial savings (this is known as the "Golden Rule") to help reduce energy bills. Alongside this loan, an Energy Company Obligation (ECO) has been introduced whereby energy companies are required to make grant funding available for energy efficiency measures on hard to treat homes and provide grants for low income households in more deprived areas.

Warm Up North

- 7 Warm Up North is a regional response to this opportunity ensuring that we are in a position to maximise funding for the benefit of residents to assist them in reducing their energy consumption.
- 8 Officially launched on the 19th of September 2013, the Warm Up North initiative is a regional Green Deal Partnership involving the nine North East local authorities committed to undertaking wide scale energy efficiency improvements in private, private rented and social housing stock..
 - Durham County Council
 - Darlington Borough Council
 - Newcastle City Council
 - Northumberland County Council
 - South Tyneside Council
 - Sunderland City Council
 - Redcar and Cleveland Borough Council
 - Hartlepool Borough Council
 - Gateshead District Council

Other councils in the North East have the potential to join at any stage and are named as part of the procurement process.

- 9 The Partnership has the following four objectives:
- To promote social wellbeing in the north east by lowering the levels and impact of fuel poverty and contributing to public health
 - To promote economic wellbeing in the north east and green economy by safeguarding and creating employment skills and the economic capacity of the area.
 - To improve the energy efficiency of domestic properties and publicly owned non-domestic properties across the north east.
 - To reduce carbon dioxide emissions from domestic and publicly owned non-domestic properties across the North East.
- 10 The Warm Up North Partnership carried out a procurement exercise which identified British Gas as the preferred Delivery Partner for the project. It is leading on assessing, providing and installing up to £200m worth of ECO and Green Deal approved measures to at least 15,000 homes across the North East. The project will run for a period of five years from 2013 with an option to extend the programme for three further years. EU funding was identified to support the procurement process and a team of relevant officers from each Partner Authority were assigned to the project.
- 11 The Partner Authorities have now entered into an 'Inter Authority Agreement' to set out each authority's relative role and interests in relation to the Warm Up North contract.
- 12 It should be noted that the Region has been at the forefront of leading Green Deal activity alongside Birmingham in ensuring that the Government's aims are now considered deliverable. It is also of note that many other regions are now following this model and have started similar procurement processes.
- 13 In terms of the Council's obligations within this partnership, the advantage for the preferred bidder is the trust which comes with local authority support. Therefore the Council is providing a 5 year exclusivity deal in terms of our support for British Gas alongside any information that we may have in respect of energy efficiency of homes that will help target our most hard to treat and inefficient homes. In County Durham there are estimated to be 36,500 'hard to treat' domestic properties with a large number of the remaining homes still able to benefit from improvements. Additionally, the programme encompasses energy efficiency measures for non-domestic buildings in the public domain and the Council is working with British Gas to establish areas of potential maximum benefit from this arrangement for non-domestic assets.

Next Steps

- 14 The programme has just completed its first year and the Council has achieved a relatively high volume of referrals for improvements to properties to date. From September 2013 to September 2014 there have been 2026 referrals received into Warm up North from residents of County Durham resulting in the installation of 879 energy efficiency measures. We have established a cross-service officer working group to manage and monitor progress including working more collaboratively with registered social landlords in the county. Additionally a non-domestic element of energy efficiency investment is being developed under the WUN banner starting with a loans to schools scheme which will include selected schools in the county. Although there have been certain changes in Government subsidies towards Green Deal, WuN is still investing in developing the programme and has supported across all partners authorities over 5000 homes through providing £5 million ECO funding since the launch of the scheme.

Recommendations

- 15 It is recommended that the Environment and Sustainable Communities Overview and Scrutiny Committee note and comment upon the information provided within the report and presentation.
- 16 That the Environment and Sustainable Communities Overview and Scrutiny Committee receive a further update on the development of the Warm Up North Initiative at a future meeting of the Committee.

Background Papers

Report to the Environment and Sustainable Communities OSC on 8th April, 2013 - Warm Up North Arrangements and Governance.

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Appendix 1: Implications – taken from Cabinet Report on the 13th March, 2013

Finance – The Council has committed to contributing £50,000 towards the procurement process and budgetary provision has been made for this. The funding necessary for delivering energy savings initiatives under the programme does not require Council investment as the finance will come from a new Green Deal Finance Company. As no prudential borrowing would be required, the Council's financial exposure is small with physical interventions being cost neutral to participating authorities.

Staffing - A review of existing capacity to ensure delivery objectives is underway with the intention that the resource be identified from existing staffing.

Risk – There are potential questions regarding take-up of the Warm Up North project interventions by householders. These related to uncertainties nationally over the viability of the Government's Green Deal initiative. .

Equality and Diversity / Public Sector Equality Duty – The project particularly benefits targeted vulnerable households subject to fuel poverty (those in 'hard to treat properties' properties) and aims to have a positive impact across communities.

Accommodation – None

Crime and Disorder - None

Human Rights – None

Consultation – Surveys have been undertaken.

Procurement – There has been a cross-authority agreement enabling Newcastle City Council to procure the initiative on behalf of the partner authorities according to its agreed procedures. The County Council has representatives from legal, finance and procurement ensuring that the Council's policies are maintained.

Disability Issues – Addressed in the Equality and Diversity Assessment.

Legal Implications – An inter-authority agreement will be established between the partner Authorities legal leads which include DCC representation.