

NORTH LINCOLNSHIRE COUNCIL

**ASSET MANAGEMENT, CULTURE AND HOUSING
CABINET MEMBER**

GREEN DEAL IMPLEMENTATION

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To seek Cabinet Member approval to establish a partnership working group to oversee the implementation of Green Deal within North and North East Lincolnshire.
- 1.2 The key points of the report are:-
 - 1.2.1 An outline of Green Deal and the results of the soft market testing exercise.
 - 1.2.2 An appraisal of the different options available to the council in response to Green Deal,
 - 1.2.3 A recommended response to both Green Deal and ECO across North and North East Lincolnshire.

2. BACKGROUND INFORMATION

- 2.1 The Green Deal will start in January 2013. At its heart is a financing mechanism that allows consumers to pay for the cost of insulation measures through the savings made in their energy bills. This is known as the Golden Rule.
- 2.2 In those situations where the Golden Rule does not work, support is available through the Energy Company Obligation, or ECO. ECO is in place now.
- 2.3 ECO focuses on the most vulnerable as well as those on low incomes and the hard to heat properties where the cost of measures are not going to meet the "Golden Rule".
- 2.4 The soft market testing for Green Deal gave an opportunity to interview a range of organisations about their expectations and views of Green Deal and ECO and how the council could operate in the market.

- 2.5 The interviews established that organisations had no clear idea on how Green Deal or ECO would work and that there was no one option or role for local authorities. Partnering with different types of organisation would bring advantages as well as disadvantages. However, there was a strong advantage for most companies in working with a council. This is because the council represents a trusted brand, making take up, particularly around Green Deal, more likely.
- 2.5 The council can choose to promote, market or be a Green Deal provider. Results from consultation indicate that residents of North Lincolnshire prefer the idea that the council acts as the Green Deal provider.
- 2.6 The council, together with North East Lincolnshire Council, currently has a trusted brand in SHEEP (South Humber Energy Efficiency Partnership) offering subsidised or free loft and cavity insulation. This scheme finishes in December when funding ends.

3. OPTIONS FOR CONSIDERATION

- 3.1 **Option one** – take no part in promoting, marketing or providing Green Deal. Any ECO projects undertaken by the council would have to be tendered on a case-by-case basis.
- 3.2 **Option two** – look to extend the current partnership or reprocure SHEEP to continue to provide subsidised loft and cavity insulation only.
- 3.3 **Option three** – continue short term with SHEEP, if possible, but also establish a Green Deal working group to steer a procurement exercise to obtain commercial partners to work with North and North East Lincolnshire councils to offer Green Deal and ECO. Internal and external stakeholders will make up the working group.

4. ANALYSIS OF OPTIONS

- 4.1 **Option one** – the council could choose to let the market govern itself and when approached by a resident of North Lincolnshire, advise they seek their own advice probably through their energy supplier or other body such as the Energy Saving Trust. The disadvantage with this option is that the council would be reactive only and unable to capitalise on the opportunities arising from Green Deal.
- 4.2 **Option two** – it is currently unclear what subsidises will be available from the energy companies to provide energy efficiency measures. Whilst short term the current partner could be approached to continue to fund measures. In the longer term this is unlikely to provide best value for the council in terms of the subsidy paid towards energy efficiency measures. It also does not address the issue of small businesses.

4.3 **Option three** – this is suggested by officers as the best option. Both Green Deal and ECO offer the council significant opportunities around addressing fuel poverty and carbon emissions in the domestic and commercial sectors. Through a carefully implemented procurement process to obtain a partner(s), it could be possible to exploit opportunities around training and development and other commercial interests. To do so requires a proactive response. The establishment of a Green Deal working group would guide the development of the tender and procurement exercise to secure an external partner. The group would also oversee Green Deal and ECO across both council areas.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial Implications – the establishment of a Green Deal working group, including internal and external partners, would not require any additional financial resources nor would the procurement exercise.

5.2 Staffing Implications – the procurement exercise will require significant staff time, met from existing resources.

5.3 IT Implications – there are no additional IT implications.

6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 CRIME AND DISORDER, RISK AND OTHER)**

6.1 Statutory

Recently published guidance under the Home Energy Conservation Act requires all local authorities to provide a report by March 2013 to the Secretary of State for the Environment showing how they are addressing the issue of fuel poverty, energy efficiency and reducing carbon emissions across their area. The guidance is seeking a proactive response and the preferred option outlined in this report would greatly assist in the production of that report.

6.2 Diversity

Those in fuel poverty are often the elderly and most vulnerable. The Green Deal will be available to all households, irrespective of tenure. However, those households and communities most vulnerable will be the ones targeted for ECO assistance. The preferred option will ensure that businesses and residents across both council areas are offered advice and assistance to improve their homes.

6.3 Environmental

Any improvements in the energy efficiency of homes or businesses will reduce the amount of carbon released and thus assist in meeting local and national carbon reduction targets.

This report has a completed Integrated Impact Assessment.

7. OUTCOMES OF CONSULTATION

- 7.1 No comments or amendments were necessary following consultation with the Environment team and representatives from North East Lincolnshire's Environment and Strategic Housing teams.

8. RECOMMENDATIONS

- 8.1 That the Cabinet Member approves the establishment of a Green Deal working group together with the procurement of partner(s) to offer Green Deal and ECO across both council areas.

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Background papers used in the preparation of this report:

- The Green Deal – A summary of the Government's Proposals, published by the Department of Energy and Climate Change