# CABINET REPORT

**Report Title**: Community Energy Saving Programme

<table>
<thead>
<tr>
<th>AGENDA STATUS:</th>
<th>PUBLIC</th>
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<table>
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<tr>
<th>Cabinet Meeting Date:</th>
<th>16&lt;sup&gt;th&lt;/sup&gt; March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Decision:</td>
<td>YES</td>
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<tr>
<td>Listed on Forward Plan:</td>
<td>YES</td>
</tr>
<tr>
<td>Within Policy:</td>
<td>NO</td>
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<tr>
<td>Policy Document:</td>
<td>NO</td>
</tr>
<tr>
<td>Directorate:</td>
<td>Housing</td>
</tr>
<tr>
<td>Accountable Cabinet Member:</td>
<td>Councillor Sally Beardsworth</td>
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<tr>
<td>Ward(s)</td>
<td>Castle, Spencer, Billing, Eastfield, St James and Lumbertubs</td>
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## 1. Purpose

**1.1** To advise cabinet of the details of the Community Energy Saving Programme (CESP) programme and agree the way forward.

## 2. Recommendations

**2.1** To note the areas of Northampton to benefit from the Community Energy Saving Programme funding

**2.2** That Cabinet agrees in principle to tender for an energy provider to deliver energy efficiency measures to the homes identified in the areas illustrated in Appendix 1 and to follow the procurement process identified in Appendix 2.

**2.3** To note that a further report will be brought to Cabinet at a later date to agree the preferred energy provider.
3. Issues and Choices

3.1 Report Background

3.1.1 The Community Energy Saving Programme (CESP) has been created as part of the government's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic consumers in the most deprived areas of the Country. CESP has been designed to improve as many properties as possible in deprived areas that qualify for the funding. CESP measures are expected to save £300 per household on fuel bills and 2.9mt CO2 emissions.

3.1.2 In Northampton we have nine areas which can qualify for the funding. This will improve the energy efficiency standard and reduce the households’ fuel bills of the residents living in those areas. (See Appendix 1 for map of areas)

3.1.3 All energy providers are obligated to deliver the carbon reduction savings through the CESP scheme by December 2012. Ofgem administers CESP and will monitor, and where necessary enforce compliance on the energy provider.

3.1.4 Typical measures that the CESP programme can help with are as follows:

- Loft Insulation top up
- Cavity wall insulation
- Solid wall insulation
- Under floor insulation
- Replacement G rated boilers to A rated
- Heating Controls (i.e. Thermostatic Radiator Valves)
- Fuel Switching
- Solar Panels

3.1.5 As part of the Council’s successful Decent Homes Backlog funding bid, it was explained to the Homes and Communities Agency that the council was starting to work with energy providers through the CESP funding programme to improve the energy efficiency of the Council’s stock in the nine most deprived areas, and this would offer additional value for money on this element of the decent homes programme for these properties.

3.2 Issues

3.2.1 The CESP funding is time limited and all funding has to be spent by December 2012. Because of the time pressures, the Housing Strategy team has collated information for the Council owned properties in the nine deprived areas and sent this information to the following energy providers:

- Centrica plc (British Gas)
- Drax Group plc
- Scottish Power Ltd
- RWE Npower plc
• EON UK plc
• SSE plc
• EDF Energy
• Eaga

3.2.2 From the information supplied and further data requested, the following companies have provided the council with information on the number of measures that could be carried out in the nine areas:

• Centrica plc (British Gas)
• Scottish Power plc
• EON UK plc
• Eaga
• Npower
• EDF Energy
• SSE plc

3.2.3 Appendix 2 details the approach that will be taken to procure one of the above energy providers. The total number of Council owned properties that information was collated for in the nine deprived areas is 3317.

3.3 Choices (Options)

Do Nothing

3.3.1 This option would mean that CESP funding would not be obtained and residents in the nine deprived areas would not benefit from any of the measures the CESP scheme provides. Therefore this option is not considered as the preferred way forward.

Procure an Energy Provider to carryout measures and project manage the works to Council Owned Stock

3.3.2 This option requires entering into partnership with one of the seven energy providers stated in section 3.2.2 of this report. CESP funding would cover the cost of implementing the measures, but would also provide a project management service for the scheme and help with internal capacity for staff by assisting with the customer liaison work. The match funding that the Council would need to find will come from the existing Decent Homes funding. The heating element of the Decent Homes funding can cover the properties in the nine deprived areas and this will make the Decent Homes funding go further on energy efficiency measures.

3.3.3 This option would help improve the energy efficiency of the Council’s stock initially, but also the private sector housing stock and RSL stock once a partner Energy Provider is procured. The match funding for owner-occupiers, can be obtained from the Energy Provider via a green loan, which is part of the government’s new Green Deal agenda, and there is possibility that Northampton’s Credit Union could provide small loans to help customers in the private sector to benefit from this scheme. The Council would expect the Energy Provider to maximise the match funding from CESP for the private
Sector. This is the preferred option subject to the procurement process outlined in Appendix 2, which will include a full financial appraisal.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The CESP funding programme fully supports the Housing Strategy 2010-2015 and helps achieve the following priority:

- Deliver well designed, high quality homes, neighbourhoods and services

4.2 Resources and Risk

Risk

4.2.1 The Council has confirmed with the Energy Providers in section 3.2.2 of this report as part of the expressions of interest stage that the CESP funding will also cover project management of the scheme, and therefore minimising the impact of the resources required from staff within the Housing Directorate.

Resources

4.2.2 As already stated in the report, the CESP funding scheme is a match-funding scheme. The Energy Provider will provide up to 80% of the total funding required, with the Council matching the remaining percentage. The Council’s match funding will be provided through the Heating element of the Decent Homes funding.

4.2.3 Within the Decent Homes Backlog funding bid the Council did state to the HCA that we would be looking to enter into partnership with an Energy Provider as part of the CESP programme, and that the CESP funding would provide additional value for money in relation to the Decent Homes funding.

4.2.4 With cuts from central government also having an impact on the delivery of projects in the private sector housing function of the housing directorate, the CESP funding scheme can offer support to our customers in the private sector, within the nine deprived areas illustrated in Appendix 1. There would be no additional resources required from the General Fund. Any match funding will be sought through Green loans direct from the energy provider, or small loans could be sought from Northampton Credit Union.

4.3 Legal

4.3.1 Advice has been taken from procurement and tendering through OJEU does not apply. The Council have therefore approached the energy providers FOR initial information and aim to appoint one energy provider as per the procurement process outlined in Appendix 2.

4.3.2 As part of the initial information gathering stage process engaging Energy Providers, it has been made clear that Northampton Borough Council will use
their own contractors on homes where Decent Homes work will also be carried out.

4.4 Equality

4.4.1 An initial screening report has been completed, which has highlighted that there is no need for a Full Equality Impact Assessment.

4.5 Consultees (Internal and External)

4.5.1 The following have been consulted as part of the process so far:

- Director of Housing
- Housing Portfolio Holder
- Finance
- Legal
- Procurement
- Energy Providers
- Landlord Services
- Ward Councillors

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The CESP programme would fully support the following corporate plan objectives:

Priority 1 – Safer, greener and cleaner communities
Priority 2 – Improved homes, health and wellbeing
Priority 4 – Strong partnerships and engaged communities
Priority 5 – An efficient, well-managed organisation that puts our customers at the heart of what we do.

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 None

Gary Parsons, Housing Strategy & Performance Manager (x7970)
APPENDIX 1

CESP funding areas within Northampton

The areas that qualify for CESP funding cover the wards of Lumbertubs, Castle, Spencer, Billing, Eastfield and St James.
APPENDIX 2

Timetable for procuring an Energy Provider to deliver CESP funding

<table>
<thead>
<tr>
<th>Stage</th>
<th>Timescale (completed by)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval from Cabinet to procure an Energy Provider</td>
<td>16th March 2011</td>
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<tr>
<td>Brief Specification sent to 7 energy providers</td>
<td>18th March 2011</td>
</tr>
<tr>
<td>Tenders returned</td>
<td>8th April 2011</td>
</tr>
<tr>
<td>Tender Returns evaluated</td>
<td>11th – 13th April 2011</td>
</tr>
<tr>
<td>Cabinet to approve preferred Energy Provider</td>
<td>16th June 2011</td>
</tr>
<tr>
<td>10% stock survey work to confirm measures and level of CESP funding</td>
<td>31st July 2011</td>
</tr>
<tr>
<td>Contracts signed between NBC and Energy Provider</td>
<td>31st July 2011</td>
</tr>
<tr>
<td>Consult with wider community getting owner occupiers and RSL's involved</td>
<td>31st July 2011</td>
</tr>
<tr>
<td>Send offer to Ofgem for approval</td>
<td>Mid August 2011</td>
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