

COUNCIL – 9TH JANUARY 2011

Report of the Cabinet

ITEM 9.1 URGENT EXECUTIVE DECISION EXEMPT FROM CALL-IN: COMMUNITY ENERGY SAVING PROGRAMME

Purpose of Report

To note an urgent decision taken by Cabinet on 22nd December 2011. This decision was exempt from call-in in accordance with Overview and Scrutiny Procedure Rule 14.

Recommendation

That the decision to exempt Cabinet Minute 75 (2011/2012), Community Energy Saving Programme, from Call-in be noted.

Reason

To support the Cabinet's decision that the decision should have immediate effect since any delay would result in the Council being unable to enter into the agreement with E.ON by the deadline of 6th January 2012. This would mean that the Council would lose the opportunity to access the funding on offer through the Community Energy Saving Programme as the offer from E.ON could be withdrawn.

Policy Justification and Previous Decisions

To comply with Overview and Scrutiny Procedure Rule 14 that decisions taken by Cabinet as a matter of urgency be reported to Council.

At its meeting on 22nd December 2011, Cabinet considered a report of the Head of Housing, seeking authority to enter into an agreement with E.ON UK to enable the Council to access funding through the Government's Community Energy Saving Programme. The report is attached as an Annex.

The Cabinet approved the recommendations in the report and the relevant minute (Cabinet Minute 75, 2011/2012) is set out below:

Resolved

1. that the item be considered as a matter of urgency in accordance with section 100B(4)(b) of the Local Government Act 1972;
2. that delegated authority be given to the Head of Strategic Support to finalise and enter into an agreement with E.ON UK for the funding of energy efficiency measures as part of the Government's Community Energy Saving Programme; and
3. that, as the matter is urgent, the Call-In Procedure be suspended in accordance with Overview and Scrutiny Procedure Rule 14 of the Council's Constitution.

Reasons

1. To enable the decision to be taken at this meeting so that the Council can enter into the agreement by the agreed date and to ensure that there would be compliance with the legal provisions in the case of urgent decisions.
2. To enable the Council to access funding through the Government's Community Energy Saving Programme to provide energy efficiency measures for Council properties in Shelthorpe.
3. To enable the decision to have immediate effect so that the Council could enter into the agreement by the agreed date and to ensure that there was compliance with the provisions of the Council's Constitution in the case of urgent decisions.

Implementation Timetable including Future Decisions

The agreement with E.ON will be concluded as a matter of urgency once Cabinet authority is in place. This will ensure that the offer from E.ON is not withdrawn. It is anticipated that the works in question will commence early in 2012 and that they will be completed by the late summer of 2012.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no further financial implications associated with the referral.

Risk Management

There are no specific risks associated with the referral.

Key Decision: Yes
This item was not included in the Forward Plan and a General Exception Notice has not been issued. The Chair of the Scrutiny Management Board has agreed that the decision cannot reasonably be deferred.

Background Papers: No additional background papers.

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**Report of the Head of Housing
Lead Member: Councillor Jane Hunt**

Part A

ITEM 5A COMMUNITY ENERGY SAVING PROGRAMME

Call-in and Urgency

If this report was to be called in under Overview and Scrutiny Procedure Rule 13 then the delay would result in the Council being unable to enter into the agreement with E.ON by the deadline of 6th January 2012. This would mean that the Council would lose the opportunity to access the funding on offer through the Community Energy Saving Programme as the offer from E.ON could be withdrawn. Therefore, it is proposed that the decision be exempt from call-in in accordance with Overview and Scrutiny Procedure Rule 14. The Mayor has given his consent to this and agreed that the decision is reasonable in all the circumstances and should be treated as a matter of urgency.

For the reasons given above, it is proposed that this item be considered as a matter of urgency in accordance with section 100B(4)(b) of the Local Government Act 1972. The Leader is asked to confirm his agreement to this at the meeting.

Purpose of Report

To seek authority to enter into an agreement with E.ON UK to enable the Council to access funding through the Government's Community Energy Saving Programme.

Recommendations

1. That the item be considered as a matter of urgency in accordance with section 100B(4)(b) of the Local Government Act 1972.
2. That delegated authority be given to the Head of Strategic Support to finalise and enter into an agreement with E.ON UK for the funding of energy efficiency measures as part of the Government's Community Energy Saving Programme.
3. That, as the matter is urgent, the Call-In Procedure be suspended in accordance with Overview and Scrutiny Procedure Rule 14 of the Council's Constitution.

Reasons

1. To enable the decision to be taken at this meeting so that the Council can enter into the agreement by the agreed date and to ensure that there is compliance with the legal provisions in the case of urgent decisions.
2. To enable the Council to access funding through the Government's Community Energy Saving Programme to provide energy efficiency measures for Council properties in Shelthorpe.

3. To enable the decision to have immediate effect so that the Council can enter into the agreement by the agreed date and to ensure that there is compliance with the provisions of the Council's Constitution in the case of urgent decisions.

Policy Justification and Previous Decisions

The Council's participation in the Government's Community Energy Saving Programme (CESP) scheme will unlock otherwise unavailable funding of £882,000 to deliver energy efficiency measures to tackle fuel poverty across Council owned residential properties on the Shelthorpe Estate. The funding will be used to provide improved wall and loft insulation plus new boilers where required. Participation in the scheme will therefore contribute to the Council's Corporate Plan objectives of meeting the Decent Homes standard, improve the quality of life of people living in priority neighbourhoods and reducing CO₂ emissions.

On 10th January 2011, Council agreed to amend the Capital Plan to include provision of £350,000 to support the Council's participation in the CESP scheme in partnership with E.ON. Following negotiations with E.ON and inspections of the properties, E.ON agreed to deliver the project for £221,400 rather than £350,000 and the amended Capital Plan was agreed by Council on 7th November 2011.

Implementation Timetable including Future Decisions and Scrutiny

The agreement with E.ON will be concluded as a matter of urgency once Cabinet authority is in place. This will ensure that the offer from E.ON is not withdrawn. It is anticipated that the works in question will commence early in 2012 and that they will be completed by the late summer of 2012.

Report Implications

The following implications have been identified for this report.

Financial Implications

The funding required to enable the Council's participation in the CESP scheme, should the work be completed on schedule, has been included in the Capital Plan approved by Council as described above. The project will operate on the basis that the Council will pay for all the work and then invoice E.ON monthly for the CESP funding relating to work completed in accordance with the scheme. There are, therefore, financial risks if the programme of work is not completed by Charnwood Neighbourhood Housing Ltd (CNH) and FHM (the Council's Decent Homes contractor) according to the agreed schedule which are described in the risk management section below.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Work is not completed on schedule resulting	Possible	Major	The other parties who will be responsible for delivering the works (ie. CNH and the Decent Homes

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
in the Council not receiving financial contributions to the scheme from E.ON			contractor) will be required to acknowledge their responsibilities in writing. Progress on the works will be monitored by CNH and by the Council's representative (the Head of Housing).
Agreement offered by E.ON is withdrawn	Possible	Moderate	Use urgency provisions to obtain authority to enter into the agreement with E.ON

Sustainability

The scheme will reduce energy consumption and fuel poverty in an area of identified need. Based on 100% uptake of measures, this would produce an estimated annual saving of £102,000 on heating costs and a reduction of carbon emissions by 44,000 kg CO₂ per year.

Key Decision: Yes
This item was not included in the Forward Plan and a General Exception Notice has not been issued. The Chair of the Scrutiny Management Board has agreed that the decision cannot reasonably be deferred.

Background Papers: CNH Business Case (Exempt)
Council, 10th January 2011, minute 61.2
Council, 7th November 2011, minute 47.1

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Part B

Community Energy Saving Programme

1. The Community Energy Saving Programme (CESP) is run by Ofgem (Office of the Gas and Electricity Markets) on behalf of the Department of Energy and Climate Change. The scheme operates by requiring energy companies to deliver carbon reduction targets and will run until the end of 2012. Energy providers must meet their carbon reduction targets by December 2012 or they are liable to be fined by the Energy Regulators. CESP can cover up to 80% of the cost of the works, leaving a shortfall that would need to be met from the owner or landlord.
2. CESP requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic consumers in specific low income areas (or 'super output areas'– SOAs). Charnwood has 3 areas eligible for the CESP, these are:
 - Loughborough Shelthorpe
 - Loughborough Hastings
 - Loughborough Storer.
3. A business case as to which of the 3 potential eligible areas represented the most advantageous solution was undertaken by Charnwood Neighbourhood Housing Ltd (CNH), and a summary of this is set out below.

Business Case

4. Possible schemes in each eligible area were evaluated and a scheme in Shelthorpe was determined to be the most advantageous. The offer from energy providers for Hastings and Storer would have resulted on average to a 20% contribution only whereas a scheme in Shelthorpe would receive a 72% contribution and achieve a greater impact on the carbon reduction target.
5. Initial discussions were held with energy providers for delivering a CESP project in Shelthorpe and 4 companies submitted funding offers. The best offer (in terms of both the size of the financial contribution provided and the proportion of the scheme funded externally) was provided by E.ON.
6. The Shelthorpe CESP area has a total of 572 properties, of these 256 are owned by CBC and the remaining 316 are owner-occupied. The 256 Council-owned properties are split evenly with 128 of traditional cavity wall construction and 128 of solid wall construction. The work to Council properties will be undertaken in two phases to reflect the two different construction types.
7. Both phases will deliver a range of measures including:
 - replacement of old boilers (G Rated) with high efficiency model to include heating controls
 - cavity wall insulation or external wall insulation depending on the property type
 - loft Insulation
 - draft proofing to windows and doors
 - Home Energy Audits

It is envisaged that Phase 1 will deliver the following energy saving measures to the traditional cavity wall properties.

Number of properties	Cavity Wall Insulation	Central Heating	Loft Insulation	DP to Doors/windows	Measures
128	105	64	21	105	295

It is envisaged that Phase 2 will deliver the following energy saving measures to the solid wall properties.

Number of properties	Solid Wall (EWI)	Central Heating	Loft Insulation	DP to Doors/windows	Measures
128	128	93	52	123	396

8. The main contractor delivering the boiler replacements will be FHM (the Council's Decent Homes contractor) ensuring 5 year warranty consistency and standardisation within the Borough. E.ON will work with FHM to deliver cavity wall insulation, external wall insulation, loft insulation and draught proofing.
9. The owner-occupiers on the Shelthorpe estate will have the same opportunity of having the improvement measures carried out as those being undertaken on Council-tenanted properties. Each property will be surveyed to identify the improvement measures and the owner provided with a breakdown of the cost of carrying out the improvements detailing what their contribution will be if they have the work done. This project would be run separately by E.ON and will not affect works carried out on Council homes.