

BRISTOL CITY COUNCIL

RESOURCES SCRUTINY COMMISSION

6<sup>TH</sup> JANUARY 2014

**Report of:** Bill Edrich

**Title:** Green Deal and Energy Company Obligation

**Ward:** CITY WIDE

**Officer Presenting Report:** Bill Edrich

**Contact Telephone Number:** 24627

**RECOMMENDATIONS**

1. To approve the appointment of a Green Deal Provider partner or partners - duration four years - via an EU compliant procurement process.

**Note** - A Prior Information Notice was published in December 2013 to initiate the procurement process. The subsequent procurement process will commence following Cabinet approval. This will allow the resultant retrofit programme to commence delivery within the time frames of the European Local Energy Assistance (ELENA) Programme and Bristol becoming the European Green Capital in 2015.

2. To approve the Council entering into arrangement(s) of up to 4 years with Energy Company Obligation (ECO) funding partner.

**Note** - A Prospectus was published in December 2013 to initiate a competitive exercise, in order to allow for a funding agreement to be put in place prior to the commencement of several energy efficiency projects across the city in 2014 including measures on the Council's social housing stock. The Council's ECO funding partner will only be appointed following Cabinet approval of this recommendation.

3. To delegate authority to the Commercial Director – Energy, in consultation with:
  - a. the Assistant Mayor for Low Carbon and Energy,
  - b. the Deputy Mayor for Finance,
  - c. the Service Director for Finance,
  - d. the Service Director for Legal Services, and
  - e. the Service Director for Landlord Services,

to negotiate and sign the necessary contracts to maximise:

- the uptake of Green Deal measures in the private housing sector, and
- the amount of ECO funding available for both the Council's social housing stock and the private sector housing stock.

## Summary

The report seeks approval for the procurement of a Green Deal Provider partner and, separately, the appointment of an Energy Company Obligation (ECO) funding partner, to support the Council in the delivery of energy efficiency measures within its social housing stock and private sector housing stock.

Following detailed preparatory work funded by the EU ELENA programme, a number of projects relating to the Council's own housing stock and the private sector housing stock have been identified that, in combination, form the Council's overall work programme targeted at improving the energy efficiency of the city's housing stock.

By 2018, these projects are estimated to deliver:

- £95m of investment in the City's domestic housing stock;
- £14m of ECO funding to support this investment;
- 17,900 tonnes of CO2 savings annually;
- £3.5m savings on residents' energy bill savings annually; and
- A theoretical 5% reduction in Bristol's annual domestic gas usage.

Currently, there are no capital implications for the Council, except where sought by Landlord Services, as required, in relation to the Council's own housing stock. Currently, there are no revenue implications, as relevant Council staff costs are covered by ELENA grant funding and/or Energy Company Obligation and/or Department for Energy and Climate Change (DECC) funding.

## The significant issues in the report are:

1. Procurement of a Green Deal Provider partner to run a city-wide Green Deal/retrofit offer in order to deliver energy efficiency measures in private sector housing stock. Estimated investment in private sector housing stock of £33m over four years of contract.
2. Appointing an ECO funding partner to obtain funding from energy companies to support energy efficiency works in both the Council's social housing stock and in private sector housing stock. Estimated income for the Council is £3m, plus a further £12m of support to the private sector housing stock.
3. Application for £3m of DECC Green Deal Communities funding which, if successful, will see the delivery of a £5m energy efficiency programme across several locations in the City in 2014/15.
4. Uncertainty in the ECO market following announcement by DECC on 2<sup>nd</sup> December putting forward proposals to amend the current ECO regime.

<b>Details of consultation during draft report preparation</b>	<b>Date consulted / name of consultees</b>	<b>Insert any explanatory comments (if any stage in the process is missed, please state reason why)</b>
Submitted as necessary to Strategic / Service Director / Finance Business Partner	Version 3 submitted to Steve Barrett, Service Director, Landlord Services on 15/10/13.  Version 6 submitted to Steve Barrett, Service Director, Landlord Services on 15.11.13.  Version 4 submitted to Shahida Nasim, Finance Business Partner, on 18/10/13.	Comments provided and revisions included in version 5  Comments provided and revisions included in version 8.  Comments provided and revisions included in version 8.
Submitted to Executive Briefing / clearance by executive member	Version 5 submitted to Cllr Hoyt on 18/10/13. Cllr Hoyt briefed on 22/10/13  Version 6 submitted to Cllr Hoyt on 8/11/13. Cllr Hoyt briefed on 12/11/13  Mayor Ferguson officially briefed on 13/11/13	No changes required  No changes required  Permission to proceed.
Submitted to Corporate Capital Programme Board	Version 5 submitted on 25/10/13	No changes required
Submitted to DLT	Version 6 submitted on 13/11/13	No changes required
Submitted to SLT	Version 8 submitted on 26/11/13	Comments provided and revisions included in version 8.  Permission to proceed subject to the required changes being made.
Presentation to ELT	Presentation to ELT followed by questions 4 <sup>th</sup> December 2013	Links with Corporate agenda explored
Submitted to Cabinet Briefing (if required)	N/A	
<i>Submitted to Resources Scrutiny</i>	<i>Version 10 submitted on 13/12/13</i>	<i>TBC</i>
<i>Submitted to Cabinet agenda conference</i>	<i>Version 11 submitted on 9/1/14</i>	<i>TBC</i>

**This is Version No. 10**

## UPDATES LOG

<b>Details of consultation during draft report preparation</b>	<b>Date consulted / name of consultees</b>	<b>Insert any explanatory comments (if any stage in the process is missed, please state reason why)</b>
Consulted with Landlord Services	Version 1 submitted to Matt Sands, Policy & Projects Officer, on 08/10/13	Initial comments provided on 11/10/13. Required changes made to report and included in version 2.
Consulted with Finance Team	Consulted with Claire Burston from 08/10/13 to 17/10/13	On-going advice
Consulted with Landlord Services	Version 2 submitted to Matt Sands Policy & Projects Officer, Gillian Durden, Service Manager, and Steve Barrett, Service Director, on 15/10/13	Second set of comments provided on 17/10/13. Required changes made to report and included in version 3.
Consulted with Legal Department	Version 3 submitted to Eric Andrews, Senior Solicitor, on 17/10/13	On-going advice – specific changes made to report as per email of 23.10.13 included in version 6.
Consulted with Private Housing Services	Version 3 submitted to Tom Gilchrist, Service Manager, on 17/10/13	Comments provided on 18/10/13. Required changes made to report and included in version 5.
Consulted with Sustainable City and Climate Change	Version 3 submitted to Steve Ransom, Environmental Performance Programme Co-ordinator, on 17/10/13  Version 7 submitted to Steve Ransom, Environmental Performance Programme Co-ordinator, on 19/11/13	Eco Impact Assessment provided on 31 October 2013 and included in version 6.  Updates to EIA provided on 21 November 2013 and included in version 8.
Consulted with Equalities and Social Inclusion	Version 4 submitted to Annabelle Armstrong-Walter, Equalities and Social Cohesion Officer, on 18/10/13	Equality Impact Relevance Check completed in consultation with Andrew McLean, Equalities & Community Cohesion Officer on 31.10.13. No full Equality Impact Assessment required. Relevance Check included in version 6.
Consulted with Major Projects	Version 4 submitted to Stuart Woods, Programme Manager, on 18/10/13	Advice – no changes required.
Consulted with Strategic Commissioning and Procurement Services	Version 4 submitted to Spencer Penny, Contract Manager, on 18/10/13	On-going advice
Consulted with Strategic Planning	Version 4 submitted to Rachel Allbless, Planning & Development Manager, on 18/10/13	Advice – no changes required
Consulted with Landlord Services	Version 4 submitted to Matt Sands, Policy & Projects Officer, on 18/10/13	Advice – no changes required
Consulted with Finance Team	Version 4 submitted to Shahida Nasim, Finance Business Partner, on 18/10/13	Advice – changes made as required and included in version 6.

Consulted with Neighbourhood Partnerships	Version 6 submitted to Di Robinson, Service Director, Neighbourhood & Communities	Advice – no changes required.
Consulted with Human Resources	Version 7 submitted to Sandra Farquharson, HR People Partner, Neighbourhoods and Regeneration, on 19/11/13	Advice – no changes required (22/11/13)
Consulted with Planning	Version 7 submitted to Gary Collins, Service Manager, Development Services, on 19/11/13	Advice – no changes required (21/11/13)
Consulted with Building Control	Version 7 submitted to Steve Pearce, Service Manager, Development Services, on 19/11/13	Advice – no changes required (21/11/13)
Consulted with Conservation	Version 7 submitted to Tina Speake, Urban Design and Conservation Team Manager, City Design, 19/11/13	Advice – no changes required (21/11/13)
Consulted with Landlord Services	Version 7 submitted to Matt Sands, Policy & Projects Officer, on 19/11/13	Comments provided on 22/11/13 – required changes made to report and included in v8.

**Report title:** Green Deal and Energy Company Obligation  
**Wards affected:** City-wide  
**Strategic Director:** Nicola Yates - City Director  
**Report Author:** William Edrich – Commercial Director, Energy

**RECOMMENDATION for the Mayor’s approval:**

4. To approve the appointment of a Green Deal Provider partner or partners - duration four years - via an EU compliant procurement process.

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5. To approve the Council entering into arrangement(s) of up to 4 years with Energy Company Obligation funding partner(s).

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- the amount of ECO funding available for both the Council’s social housing stock and the private sector housing stock.

Exempt Appendix 1b sets out an overview of the current market and relevant key contractual issues.

**Key background / detail:**

- a. Purpose of the report

The report seeks approval for the procurement of a Green Deal Provider partner and, separately, the appointment of an Energy Company Obligation (ECO) funding partner, to support the Council in the delivery of energy efficiency measures within its social housing stock and private sector housing stock.

b. Key details:

1. Following detailed preparatory work funded by the EU ELENA programme, a number of projects relating to the Council's own housing stock and the private sector housing stock have been identified that, in combination, form the Council's overall work programme targeted at improving the energy efficiency of the city's housing stock.
2. By 2018, these projects are estimated to deliver:
  - £95m of investment in the City's domestic housing stock;
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  - A theoretical 5% reduction in Bristol's annual domestic gas usage.

Currently, there are no capital implications for the Council, except where sought by Landlord Services, as required, in relation to the Council's own housing stock. Currently, there are no revenue implications, as relevant Council staff costs are covered by ELENA grant funding and/or Energy Company Obligation and/or DECC funding.

**BRISTOL CITY COUNCIL  
CABINET  
16<sup>th</sup> January 2014**

**REPORT TITLE:** Green Deal and Energy Company Obligation

**Ward(s) affected by this report:** City-wide

**Strategic Director:** Nicola Yates, City Director

**Report author:** William Edrich, Commercial Director - Energy

**Contact telephone no. & e-mail address:** 0117 92 24991  
bill.edrich@bristol.gov.uk

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The report seeks approval for the procurement of a Green Deal Provider partner and, separately, the appointment of an Energy Company Obligation (ECO) funding partner, to support the Council in the delivery of energy efficiency measures within its social housing stock and private sector housing stock.

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## **The proposal:**

### **Summary and overall benefits of the programme**

It is proposed that the Council procures a Green Deal Provider partner and an ECO funding partner or partners, in order to support the delivery of and obtain ECO funding for a series of defined projects. In combination, these projects form the Council's overall work programme targeted at improving the energy efficiency of the city's housing stock, thereby reducing the city's energy consumption and residents' energy bills.

Each of the individual projects that form part of this programme have been briefly summarised below, followed by a table summarising the overall benefits:

#### *Bristol City Council's social housing stock*

1. Landlord Services' tower block overcladding programme – previously approved energy efficiency programme within the Council's tower blocks.
2. Landlord Services' low rise housing stock retrofit support – potential energy efficiency programme within the Council's low rise housing stock, which will be brought to Cabinet by Landlord Services for approval in due course.
3. Additional energy efficiency projects as these are identified.

#### *Private sector housing stock*

1. DECC Green Deal Communities – delivery of an energy efficiency scheme in 2014, majority funded by the Department of Energy & Climate Change (DECC) and Energy Company Obligation (ECO) grant funding, forming the first phase of the city wide area-based initiative (door knocking) scheme.
2. Green Deal retrofit offer – city-wide area-based initiative scheme to install energy efficiency measures over a 4 year plus timeframe, starting in 2014.
3. City support to SME installers – city-wide scheme to support the delivery of solid wall insulation to private tenure residents by local installers in 2014.

*Energy efficiency project within Bristol City Council's social housing stock and the private sector housing stock*

Project	Council capital investment £m	Private sector capital investment £m	Estimated ECO funding (Council) £m	Estimated ECO funding (private sector) £m	Estimated annual carbon savings ktCO2/yr	Estimated annual energy bill savings (residents) £m/yr
Landlord Services high rise housing stock retrofit support (by end 2017)	30.4 (approved)	-	0.8	-	0.7	0.2
Landlord Services low rise housing stock retrofit support (by end 2017)	25.0 (separate Cabinet report)	-	1.9	-	1.4	0.3
DECC Green Deal Communities (by end 2014)	-	4.6	-	1.1	1.2	0.2
City support to SME installers	-	2.6	-	0.5	0.3	0.1
Green Deal retrofit offer (by end 2018)	-	33.0	-	10.2	14.3	2.7
<b>Totals</b>	<b>55.4</b>	<b>40.2</b>	<b>2.7</b>	<b>11.8</b>	<b>17.9*</b>	<b>3.5</b>

\*This is equivalent to a theoretical 5% reduction in Bristol's domestic gas usage

Note that there is no additional Council capital investment required for any of the above projects, except where sought separately by Landlord Services as required.

The above programme of work, developed and supported by the EU ELENA funding, will:

- improve the City's energy security by reducing the amount of energy required to heat and light domestic properties in the City
- create and maintain jobs in the retrofit sector
- substantially reduce residents' energy bills via the installation of energy efficiency measures in their homes
- potentially reduce the requirement for Council capital expenditure, in relation to energy efficiency programmes undertaken within the Council's own housing stock, by obtaining funding from energy companies
- deliver significant levels of investment into private sector housing stock, supported by funding from energy companies
- make a major contribution towards meeting the energy and carbon reduction targets set out in the Council's Climate Change and Energy Security Framework.

## **Background - national**

In 2008, the UK Government passed the Climate Change Act, which sets a legally binding target to reduce the UK's greenhouse gas emissions (GHG) by 80% against a 1990 baseline. With a third of the UK's GHG emissions resulting from the heating and lighting of domestic properties, reducing domestic energy demand is a critical factor in meeting this target.

As part of its strategy to reduce domestic energy demand, the UK Government has introduced the Green Deal, which provides a delivery framework and supporting financial mechanism for the installation of energy efficiency measures in the domestic housing stock.

A new carbon obligation on the large energy suppliers, the Energy Company Obligation, has been introduced to support a range of insulation, heating and glazing measures.

## **Background - Bristol**

In February 2010, the Cabinet agreed the Climate Change and Energy Security Framework which aims to improve Bristol's energy security and to reduce the Council's and City's carbon dioxide emissions. Under the Framework, Bristol City Council is committed to reducing the City's CO<sub>2</sub> emissions by 40% and energy use by 30% by 2020 against a 2005 baseline.

In that context, a successful application was submitted to the European Investment Bank (EIB), under the European Local Energy Assistance (ELENA) Programme, to secure £2.5m of grant funding to establish a large scale energy investment programme of up to £140m.

The grant funding is available to pay for staff and specialist consultancy, and covers the relevant staff costs of the Council's Energy Service which is responsible for delivering the proposals contained in this report relating to the Green Deal and Energy Company Obligation.

At the time, the Council committed, in principle, to the preparation and delivery of a low carbon refurbishment investment programme worth up to £200m over 10 years, consisting of external wall insulation in 6,500 Council-owned properties and packages of energy efficiency and renewable energy measures in 10,500 private properties.

The main potential mechanism for delivering the low carbon refurbishment investment programme in the private sector was identified as being the Green Deal and ECO and therefore does not require capital investment by the Council.

In relation to the Council's social housing stock, Council capital investment is required to fund additional energy efficiency measures, with the potential to partially offset this capital expenditure by obtaining ECO funding. Where approval has not already been given, any additional programmes of energy efficiency works will be the subject of a separate Cabinet Report being submitted by Landlord Services.

## The Green Deal and ECO

The Green Deal is the Government's flagship energy efficiency policy for the domestic and non-domestic building stock, which was fully launched on 28 January 2013.

Under the Green Deal (GD), householders, public organisations and businesses can be provided with an upfront loan (Green Deal Finance) from the private sector to carry out energy efficiency improvements to their properties. The loan is then repaid via a charge attached to the property's electricity meter and, in theory, remains with the property throughout, i.e. if the occupier who takes out a Green Deal loan leaves the property, the incoming occupants will take on the repayments.

Energy efficiency measures installed under the Green Deal should meet the 'Golden Rule', under which the loan repayment is no higher than the expected energy bill savings arising from the installation of the measures. As a result, the Green Deal can reasonably be described as a 'Pay as You Save' scheme.

A new Energy Company Obligation (ECO), introduced at the same time as the Green Deal, has replaced the previous energy supplier obligations, CERT and CESP, which subsidised domestic energy efficiency measures, particularly loft and cavity wall insulation, until the end of 2012.

The key to understanding ECO lies in the fact that it is an obligation on large energy companies to either save carbon (CERO and CSCO) or reduce heating bills (HHCRO), as opposed to a pre-determined amount of money set aside to subsidise energy efficiency measures. ECO is therefore not fixed in value, but dependent on the market rate that energy companies need to pay in order for energy efficiency measures to be installed, thereby delivering the carbon savings required to meet their obligation.

In its Impact Assessment, published in 2012, the Department of Energy & Climate Change (DECC) estimated that, in total, the ECO would provide an annual subsidy of £1.3bn nationally.

**Note:** However, following an announcement by DECC on 2<sup>nd</sup> December 2013 setting out a number of proposed changes to the current ECO regime, this figure has been reduced to an estimated £790m in order to reduce the impact of ECO on domestic energy bills (ECO is funded via a levy on all domestic energy bills). The changes DECC have proposed will be consulted on in Q1 2014 and the revised ECO regime implemented in April 2014.

ECO has three sub-obligations:

- **Carbon Emissions Reduction Obligation (CERO) ECO**, which is available to subsidise packages of insulation and heating measures to the point that they at least meet the Golden Rule. Prior to the 2<sup>nd</sup> December announcement, CERO packages had to include either solid wall insulation or hard-to-treat cavity wall insulation as a primary measure, but this is no longer a requirement and CERO can now be used to subsidise standard cavity wall and loft insulation.

CERO is available to all properties, irrespective of tenure and, following the 2<sup>nd</sup> December announcement, is now estimated to be worth approximately £250m annually on a national basis. Previously, CERO ECO was estimated to be worth £750m annually and has been effectively cut by two-thirds as a result of the proposed changes announced on 2<sup>nd</sup> December.

- **Home Heating Cost Reduction Obligation (HHCRO) ECO** is targeted at low-income households in private tenures only on qualifying benefits, providing a 100% subsidy for a range of heating, insulation, glazing and hot water efficiency measures. HHCRO ECO is worth an estimated £350m a year nationally.
- **Carbon Saving Community (CSCO) ECO** is targeted on a geographical basis, with all properties, irrespective of tenure, located in the lowest 25% of LSOAs qualifying for 100% subsidy of insulation and glazing measures only. CSCO ECO is estimated to be worth £190m a year nationally.

Following the proposed changes to the ECO regime announced on 2<sup>nd</sup> December, CERO ECO funding rates are expected to fall from their current level of around £100/tCO<sub>2</sub> to as low as £35/tCO<sub>2</sub>, as energy companies will now seek to deliver their obligation by funding standard cavity wall and loft insulation, rather than more expensive solid wall insulation, (subject to meeting a minimum number of solid wall insulation measures, which DECC has proposed be set at 100,000 nationally by March 2017, which is itself a reduction of over 60% on the previous level of ambition).

The actual amount of ECO received by a particular organisation is also dependent on a number of additional factors, including the volume of carbon being offered, the range of measures being installed and the perceived ability of the organisation to install energy efficiency measures and deliver the associated carbon savings within a pre-agreed timescale.

Lastly, it should be noted that:

- Energy efficiency programmes within the Council's social housing stock are fully funded by the HRA, i.e. there is no requirement on Council tenants to take out Green Deal Finance to help pay for energy efficiency improvements
- ECO funding may be obtained to support the delivery of energy efficiency programmes within the Council's social housing stock, thereby reducing the capital investment requirement from the HRA
- Private households can choose to fund energy efficiency measures via Green Deal Finance loans, but also have the option of utilising other sources of funding depending on their circumstances, e.g. savings, extending their mortgage, and still get access to ECO funding

## **Completed projects and progress to date**

### **1. Bristol Home Energy Upgrade scheme**

Bristol City Council was awarded £2m of funding in December 2012 from DECC's 'Green Deal Go Early' scheme, which was made available to the Core Cities in recognition that local authorities and other local partners are a key factor in ensuring effective and intensive delivery of the Green Deal and ECO in their communities.

The resultant project, the Bristol Home Energy Upgrade (BHEU), was designed as a preliminary, small-scale pilot for the Green Deal and resulted in the installation of solid wall insulation in 23 properties and 134 upgrades to heating systems over the course of the six months' duration of the project.

The key findings from the BHEU were:

- The involvement and endorsement of the Council in Green Deal/retrofit schemes is important in terms of engendering trust amongst residents.
- There is strong demand for energy efficiency measures amongst residents, particularly in relation to solid wall insulation when there is additional funding available over and above the standard Green Deal combination of Green Deal Finance and ECO to help cover the cost of installation.
- The volume of contacts and multiple communication routes available to the Council were a key factor in making residents aware of the scheme.
- There is a need to have a strong focus on hard-to-reach households, who may typically have less interaction with the Council, due to their location within the City or their personal circumstances.
- The involvement of other trusted, local organisations, e.g. community groups, to work in partnership with the Council and residents is also important in driving demand and accessing harder-to-reach households.
- The complexity surrounding ECO reporting requires significant resource and expertise to manage the process effectively in order to minimise the risk of being unable to claim ECO funding.

These findings have informed the proposals contained in this report, having demonstrated that there is significant demand for energy efficiency measures amongst the residents of Bristol and the value attached to the involvement of the Council as “trusted provider” in the delivery of such activity.

## 2. Housing stock model

Based on 80,000 Energy Performance Certificates combined with other local datasets, the Energy Service has assessed the current level of energy efficiency measures within the City’s domestic housing stock and the remaining opportunity in terms of measures that could be delivered, which have an estimated combined market value of £570m in relation to the private sector housing stock.

Measure	Number of remaining measures	Market value (£m)
Solid wall insulation	64,300	518
Cavity wall insulation	21,100	15
Loft insulation (inc. top ups)	64,300	17
Boilers	8,300	21
<b>TOTAL</b>		<b>570</b>

The housing stock model gives the Council the capability to identify areas of the City with high numbers of a particular energy efficiency measure, which can then be targeted as an area-based scheme.

## Planned projects

### 1. Bristol City Council's social housing stock

Where additional energy efficiency projects are planned for the Council's social housing stock, Landlord Services will submit separate Cabinet Reports (where approval has not already been given). Where practically feasible, we will seek to integrate private sector housing stock into schemes involving Council-owned stock in order to maximise uptake and achieve improved economies of scale. It is not planned at this stage to use a Green Deal Provider for the delivery of Landlord Services projects.

### 2. Private sector housing stock

In the private sector, three projects are being developed for implementation in 2014, these being the city support to SME installers, the DECC-area-based initiative funded scheme and subsequent city wide roll-out of the scheme across the city.

#### i. The City support to SME installers scheme

The Council has been approached by local solid wall insulation installer SMEs, who have asked the Council to consider acting as an intermediary, or broker, for ECO between them and the obligated energy companies, as they are too small as individual companies to access ECO. Undertaking such a role is consistent with the Council's proposed strategic approach to the Green Deal and ECO, as well as supporting local businesses and employment, and would lead to an estimated £2.6m of solid wall insulation measures being installed in 2014.

#### ii. DECC Green Deal Communities area-based scheme

In July 2013, DECC announced the Green Deal Communities fund for Local Authorities. Originally, this was a £20m fund available to Local Authorities on a first-come-first-served basis and opened for bids on 1<sup>st</sup> September, but the funding available was increased to £80m as part of DECC's announcement on 2<sup>nd</sup> December.

Bristol City Council has submitted four iterations of its bid to date and, based on feedback received from DECC, is hopeful that it will secure the funding being sought. If the bid is successful, the resultant scheme would deliver an estimated £4.6m of energy efficiency measures via three area-based initiatives within the City during 2014, funded by £3.4m of grant funding from DECC and an estimated £1.1m of ECO, with residents participating in the scheme paying the balance. This scheme would act as the pilot for the City-wide area-based initiative.

#### iii. City-wide area-based initiative scheme

The potential DECC scheme is the precursor to a city-wide private sector housing retrofit offer that would be launched later in 2014 and would be delivered by the Energy Service in conjunction with a Green Deal Provider partner – see following section. This offer will include access to fully funded energy efficiency measures for all residents who meet certain qualifying criteria.

It is estimated that this scheme could result in an estimated £8.2m of energy efficiency measures being installed in the City annually, supported by an estimated £2.6m of ECO

funding.

This estimate is based on an annual installation rate of 1% for solid wall insulation, which equates to around 670 properties per year, and may not be achievable following the reduction in the CERO target and very low target for the number of solid wall insulation measures announced by DECC on 2<sup>nd</sup> December.

The Energy Service expects the CERO funding rate to fall from its current level of c£100 per tonne of CO<sub>2</sub> saving (t/CO<sub>2</sub>) to around £50/tCO<sub>2</sub> which, allowing for administration costs, means that just £35/tCO<sub>2</sub> will be available to fund the installation of solid wall insulation.

At this level of ECO funding, there is a very substantial 'funding gap' for solid wall insulation, requiring a significant financial contribution from householders over and above that allowed under the Green Deal's Golden Rule. The Energy Service estimates that this funding gap is £4k for a mid-terrace property, rising to £9.5k for a detached property, based on an ECO funding rate of £35/tCO<sub>2</sub>.

It is, therefore, unlikely that this level of solid wall insulation installations will materialise should the ECO funding rate fall as currently predicted, unless additional incentives are made available. Assuming a nil uptake of solid wall insulation, the estimated annual value of energy efficiency measures being installed under the city-wide retrofit offer could fall to £2.8m.



## **The Council's strategic approach to the Green Deal and ECO**

There are a range of Green Deal delivery models available to Local Authorities, including:

- simply 'promoting' the Green Deal,
- appointing a Green Deal Partner or Partners to deliver the Green Deal via a Council-endorsed scheme
- becoming a Green Deal Provider in their own right

These are discussed further under 'Other options considered'.

Typically, other Local Authorities, including all of the other Core Cities, have procured a Green Deal Provider partner, which are companies authorised to act as the key participant in the Green Deal delivery framework, to deliver the Green Deal on their behalf. There are currently over 100 Green Deal Providers, ranging from energy companies and main contractors through to smaller organisations such as the Centre for Sustainable Energy.

Whilst it is recommended that Bristol City Council procures its own Green Deal Provider partner, the Energy Service intends to take a more proactive, 'bottom up' approach to the Green Deal by:

- directly negotiating ECO funding for energy efficiency projects within its own housing stock
- brokering ECO funding for Green Deal and other eligible retrofit work within the private sector, leveraging the work being undertaken within its social housing stock to drive a better ECO offer for private households
- providing opportunities for SME installers to undertake work
- co-ordinating delivery of energy efficiency measures with the Council's fuel poverty, neighbourhood engagement and outreach projects
- providing access routes to other Council services as part of its engagement activities with residents.

In order to deliver the above, Bristol City Council will need to procure a Green Deal Provider partner in order to:

- undertake key steps within the Green Deal customer journey that can only be undertaken by Green Deal Providers, such as arranging for Green Deal Assessments and Plans, as well taking on long-term liabilities such as providing the required warranties for energy efficiency measures installed under the Green Deal
- provide access to Green Deal Finance for those residents that wish to do so
- arrange for the installation of energy efficiency measures
- support and deliver marketing activities across the City in conjunction with the Council
- potentially performing ECO calculations and reporting on behalf of the Council.

Given the value of works that are likely to be undertaken by the Green Deal Provider, via installers sub-contracted to deliver the work, an OJEU-compliant procurement process will be required. This process was initiated in early December, so that the planned energy efficiency projects, such as the DECC Green Deal Communities scheme, can commence in accordance with funding timescales.

As it is recommended that Bristol City Council negotiates its own ECO funding arrangement,

there may be a need to pay the Green Deal Provider partner a management fee, as its business model will likely be predicated on taking a margin from ECO. The monetary value of this management fee will be dependent upon the volume of energy efficiency measures and will be funded via the remittance of a percentage of the ECO funding to the Green Deal Provider. The precise percentage of ECO paid over to the Green Deal Provider will be a key selection criterion within the OJEU procurement exercise.

In addition, it is recommended that, via a separate competition exercise, Bristol City Council procures an ECO funding partner, or possibly partners, who will provide funding for the ECO-eligible energy efficiency work being undertaken within both the Council's social housing stock and the private sector housing stock. Independent legal advice has been received confirming that a full OJEU process is not required, as the contract is for funding only, not services or works.

An ECO Prospectus was issued by the Energy Service in December 2013 and a mini-competition exercise involving the main obligated energy companies is currently in progress, which should identify a preferred bidder, or possibly bidders, who will be appointed once all internal approvals have been received.

However, following the 2<sup>nd</sup> December announcement by DECC, there is a possibility that no adequate bid will be received, in which case an alternative approach will be taken, including the option to wait for the outcome of the consultation on the proposed changes to the ECO regime, which should be known by April 2014.

Nonetheless, it is felt to be important to proceed with the ECO competition now, as failing to do so could result in the Council being unable to access the Green Deal Communities funding, which could support the installation of an estimated £4.6m of energy efficiency measures and see over 500 solid wall properties insulated in 2014.

### **Financial implications**

Where further energy efficiency projects are planned for the Council's social housing stock and require capital investment by the Council, Landlord Services will submit separate Cabinet Reports where approval has not already been given.

Other than investments in the Council's social housing stock, for which separate approval has been or will be sought, there are no further capital implications for the Council in relation to this report, nor any revenue implications as the cost of the relevant staff within the Energy Service are funded via the ELENA grant and / or Energy company obligation and/or DECC funding..

The Council could receive significant income as a result of obtaining ECO funding, although there are two key points to note with regard to the Council and ECO:

- Where the Council receives ECO in relation to projects being undertaken within its social housing stock, the Council receives the full amount of ECO funding to offset the capital expenditure of the project.
- Where the Council receives ECO in relation to energy efficiency works being undertaken in the private sector housing stock, the large majority of the ECO funding passes through the Council to subsidise the cost of the works, with the Council retaining a small percentage of the ECO to cover its administration costs.

### *The Council's social housing stock*

There are a number of projects related to the Council's housing stock that give the Council the opportunity to access substantial amounts of ECO. These are discussed in more detail in Appendix 1, but in total it is estimated that the Council could receive £2.7m to offset capital expenditure in relation to approved or planned energy efficiency projects within its social housing stock.

	Capital expenditure	ECO (estimate)
Approved projects	£30.4m	£0.8m
Potential projects	Up to £25.0m	£1.9m

### *Private sector housing stock*

The uptake of energy efficiency measures under the planned private sector retrofit offer are difficult to predict, but based on a best estimate of uptake, it is estimated that by the end of 2018, the three relevant projects would have delivered £40.2 of investment in the installation of energy efficiency measures; supported by an estimated £11.8 m of ECO funding.

Looking at the projects within both the Council's social housing stock and the private sector, by 2018 these are estimated to deliver:

- 17,900 tonnes of CO<sub>2</sub> savings annually;
- £3.5m savings on residents' energy bill savings annually; and
- A theoretical 4.9% reduction in Bristol's annual domestic gas usage.

## Consultation and scrutiny input:

### a. Internal consultation:

- Landlord Services
- Private Housing
- Legal
- Finance
- Procurement
- Human Resources
- Economy, Enterprise and Inclusion
- Planning
- Building Control
- Conservation
- Neighbourhood Partnerships

### b. External consultation:

- Local installers of solid wall insulation
- Green Deal Providers
- Obligated energy companies
- Community energy groups
- Residents – via feedback on Bristol Home Energy Upgrade scheme

## Other options considered:

1. Green Deal

### *HECA guides for Local Authorities*

Guidance under the Home Energy Conservation Act 1995 (HECA) for English local authorities with housing responsibilities was published by the Department of Energy & Climate Change on 26 July 2012. The guidance sets out requirements for those authorities, including Bristol City Council, to report on the measures they propose to take to significantly improve the energy efficiency of all the residential accommodation in their areas.

Bristol City Council submitted its 2013 HECA report earlier this year and it contains a number of measures in relation to the improvement of the energy efficiency of the residential housing stock in the City.

The relevant measures included in the report are:

- The Council wishes to develop a strategic approach to all energy efficiency and renewable energy projects across the city with an energy services company being set up as a delivery vehicle.
- The Council is looking at a strategic approach to the Green Deal and wishes to play a very proactive role in terms of its roll out across the city with several delivery options currently being explored.
- We have initiated contact with local community energy groups to determine the role they are able to play as part of the mass rollout of energy efficiency measures in the city under the Green Deal.

A copy of the full report can be found in Appendix 4.

## *Delivery options available to Local Authorities in relation to the Green Deal*

A particular Local Authority's approach to the Green Deal/ECO will be driven by a range of factors including its strategic objectives, the nature of the housing stock within their area of responsibility and the availability of resources, including finance.

Local Authorities also need to consider what factors they can influence. For example, a Local Authority with its own housing stock, as is the case for Bristol City Council, may be able to use these to provide a guaranteed minimum volume of work and/or as the core of area-based Green Deal/ECO projects.

Councils are also generally trusted by their residents, which puts them in a strong position as regards the promotion and marketing of the Green Deal locally. This can be as direct as, for example, undertaking Green Deal Assessments through to endorsing private firms who carry out the various Green Deal activities.

DECC has identified three main roles that Local Authorities could play in the delivery of the Green Deal in their area of responsibility:

1. Promoter
  - LA works with national and local organisations to promote the Green Deal/ECO, leaving it to the market to deliver the Green Deal/ECO locally
  - advantages are low cost and simplicity
  - disadvantages are the risk of low uptake, low job creation locally and limited impact on fuel poverty
  - LA also risks being seen as 'doing nothing'
  - unlikely to need to procure/contract via OJEU
2. Partner
  - LA selects one or more partners, which could be either private or third sector organisations, to deliver the Green Deal/ECO
  - LA also undertakes promotional activities as with 'Promoter' option
  - advantages are that LA exercises greater control over local Green Deal/ECO activity leading to greater local benefits being seen, perhaps by introducing conditions as part of the selection process, e.g. utilisation of local workforce, minimum number of properties receiving HHCRO or CSCO ECO funded works
  - disadvantages include the potential need to guarantee a minimum volume of work to attract private sector partners and increased costs over the 'Promoter' option, e.g. set up costs and ongoing resource required for long-term relationship management and KPI monitoring
  - may need to go through OJEU if value of work undertaken exceeds OJEU thresholds
3. Provider
  - LA becomes a GDP in its own right, using its 'trusted brand' and strong links with other local interested parties to drive high levels of uptake
  - advantages are that this approach gives the maximum level of control over local delivery, enabling benefits to be fully captured within the local community
  - disadvantages are high costs and risk, e.g. exposure to

- potential liabilities arising from long term warranties for Green Deal measures, need for Consumer Credit Act licence, competing with private companies
- there is also the potential for ongoing OJEU procurement if providing services to third parties, e.g. large SWI schemes involving RP stock

Starting at the top of the list and working down, there is an increasing level of Local Authority involvement and, therefore, a greater level of control and realisation of benefits locally offset by an increased demand for resources, including financial resources, and a higher level of risk.

### *Recommended option*

The option for Bristol City Council to merely 'promote' the Green Deal, leaving delivery to the market is inconsistent with the stated desire to play a proactive role in the delivery of the Green Deal in the City.

The option to become a Green Deal Provider in its own right remains a possibility, but is considered to be a significant step given the potential liabilities involved and will require further analysis and discussion before proposals can be brought forward for Cabinet to consider.

Consequently, the preferred option at this point in time is for the Council to procure a Green Deal Provider partner in order to drive uptake of Green Deal retrofit measures in the City, utilising the Council's trusted brand and with the Council taking a highly proactive role in the marketing of the scheme to residents.

## 2. Energy Company Obligation

### *Access to ECO*

Obligated energy suppliers can deliver ECO via three main routes:

- Self-delivery via in-house installer arms;
- Bilateral agreements with third party organisations, such as Local Authorities, Registered Providers, Green Deal Providers or main contractors, who may in turn sub-contract delivery;
- Via an online brokerage system, essentially an online blind auction, access to which is currently limited to Green Deal Providers only.

### *Strategic considerations*

ECO has only been available since the beginning of 2013 and is still a developing market, which now faces a period of uncertainty until the new ECO regime is implemented in April. In order to arrive at the recommended option, the Energy Service has:

1. Explored all potential routes for accessing ECO subsidy, which include direct negotiations with energy companies, via ECO 'brokers' and via contractors.
2. Considered whether taking a strategic approach to ECO negotiations rather than negotiating each project individually would deliver a higher level of ECO subsidy.

As a result of BCC's experience to date, which has included:

- the negotiation of two small ECO funding contracts via a consultancy firm, and
- soft market testing with energy companies,

the preferred approach is to enter into a bilateral agreement with an obligated energy company for all future ECO funding. This funding agreement would include ECO funding for all of the energy efficiency projects within the Council's social housing stock and private sector housing stock described previously.

This approach is likely to deliver the highest possible level of ECO subsidy, due to:

- the potential guaranteed volume of carbon on offer in relation to the energy efficiency projects within the Council's housing stock,
- the anticipated volume of carbon arising from the Council-badged city-wide area-based private sector housing stock retrofit offer,
- having no intermediaries between the Council and the energy company funder, thereby avoiding additional costs and ensuring clear lines of communication.

The announcement by DECC on 2<sup>nd</sup> December 2013 regarding their proposed changes to the ECO regime has created some uncertainty in the market, but is likely to result in a fall in the funding rate under the CERO obligation, particularly for solid wall insulation.

Nonetheless, the recommended approach is still to enter into a bilateral arrangement for ECO funding, whilst ensuring that the agreement provides for the Council to either renegotiate ECO funding rates should they rise in the future and/or terminate the agreement with no financial penalty. The ECO Prospectus also states that the Council is not obliged to accept any bid, unless it meets certain criteria.

## Risk management / assessment:

1. A risk assessment has been completed for the Green Deal and Energy Company Obligation and mitigation measures identified where possible. The significant remaining risks are:
2.
  - The Green Deal/ECO policy framework is withdrawn/significantly amended or the Green Deal is not a success, leading to a loss or significant reduction in ECO funding/retrofit activity in the City.
  - Failure to attract sufficient bidders to be ECO funding partner thereby missing out on attracting ECO funding into Bristol and also obtaining funding from DECC's Green Deal Communities fund.
3. The main risks of not agreeing this course of action are:
  - Inability to deliver on specific projects that require a GDP/ECO partner to be in place and associated loss of DECC funding and reputational damage.
  - Bristol's reputation as a leading sustainable city is damaged.
  - The ELENA leverage target is not met, leading to proportionate claw back of the £2.5m EIB grant.

**FIGURE 1**

**The risks associated with the implementation of the (subject) decision :**

	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES  Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of)	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1.	GD and/or ECO policy framework withdrawn/significantly amended or the Green Deal is not a success, leading to loss or significant reduction in ECO funding/retrofit activity in the City.	High	High	Lobbying of central government via Mayor, Core Cities Climate Change working group and other forums, e.g. LGA. Develop alternative financing mechanisms to support retrofit activity.	High	High	ENERGY SERVICE
2.	Failure to attract sufficient bidders to be ECO funding partner thereby missing out on attracting ECO funding into Bristol and also obtaining funding from DECC's Green Deal Communities fund.	High	High	Discussions with obligated energy companies prior to announcements on 2.12.13 were positive, but now a high level of uncertainty in the market, which will not be resolved until after consultation on proposed changes in Q1 2014.  Design procurement timeframe to ensure other options are available and that BCC is able to revise/withdraw from any ECO agreement to take account of future revisions to ECO regime and/or an uplift in funding rates.  Ensure that the MoU signed with DECC in relation to the Green Deal Communities fund allows grant funding to cover the shortfall in funding should ECO not be available.	High	High	ENERGY SERVICE
3.	ECO funding agreement contains unacceptable clauses, e.g. in relation to financial penalties for non-delivery of carbon, termination with minimal notice.	High	High	Seek to remove unacceptable clauses from ECO funding agreement during contract negotiations.	Medium	Low	ENERGY SERVICE



4.	Failure to attract sufficient bidders for the GDP partner tender and consequently being unable to deliver DECC scheme or city-wide retrofit offer.	<b>High</b>	<b>High</b>	Widely advertise opportunity to GDPs following issue of tender document to encourage bids.  Hold Suppliers' Day prior to issuing PQQ.	<b>Medium</b>	<b>Low</b>	ENERGY SERVICE
5.	Winning GDP not able to achieve some of BCC's key aims for the city and local supply chain due to restrictions placed on what can be specified in procurement documentation.	<b>Medium</b>	<b>High</b>	Work with procurement colleagues to ensure procurement documents clearly set out BCC's main aims and objectives and related requirements for tenderers. Ensure robust performance management is undertaken to ensure GDP commitments are met.	<b>Medium</b>	<b>Low</b>	ENERGY SERVICE
6.	Cabinet approval not received for future energy efficiency programmes brought forward by Landlord Services.	<b>Medium</b>	<b>Medium</b>	Bring alternative projects forward. Ensure that ECO contract is flexible to accommodate varying volumes of work.	<b>Medium</b>	<b>Low</b>	LLS
7.	Limited uptake of energy efficiency measures as result of market-led approach.	<b>High</b>	<b>High</b>	Focus on innovative homeowner engagement strategies with flexibility to adapt to changing requirements and in line with experience gained. Work with trusted brands (involvement of community groups, local energy champions, Council-led schemes).	<b>Medium</b>	<b>Medium</b>	ENERGY SERVICE
8.	Chosen GDP partner attracts negative publicity due to e.g. bad quality installations, poor customer service, reflecting negatively on BCC's reputation.	<b>Medium</b>	<b>High</b>	Stringent quality assurance processes and regular progress reviews, including home owner feedback, clear communication of the Council's objectives. Robust project management, reporting and resolution processes to identify and resolve issues early	<b>Low</b>	<b>Low</b>	ENERGY SERVICE
9.	Failure by GDP partner to accurately calculate carbon reductions and/or misreporting leading to loss of ECO funding for specific projects.	<b>Medium</b>	<b>High</b>	Contract conditions allowing for penalty payments to BCC where reporting failures occur.	<b>Low</b>	<b>Low</b>	ENERGY SERVICE
10.	Challenge to the procurement processes	<b>Medium</b>	<b>Low</b>	EU compliant process for GDP, and open competition in accordance with council rules for ECO funding partners	<b>Low</b>	<b>Low</b>	PROCUREMENT

**FIGURE 2**

**The risks associated with not implementing the (subject) decision:**

No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES  Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1.	Inability to deliver on specific projects that require a GDP/ECO partner to be in place and associated loss of DECC funding and reputational damage.	<b>High</b>	<b>High</b>	Seek to promote Green Deal and retrofit measures to residents wherever possible. Encourage GDPs to operate in the City.	<b>High</b>	<b>High</b>	ENERGY SERVICE
2.	Bristol's reputation as leading sustainable city negatively damaged	<b>High</b>	<b>High</b>	Identify alternative funding streams to support investment in renewable energy and energy efficiency programmes.	<b>High</b>	<b>Medium</b>	ENERGY SERVICE
3.	Failure to deliver on targets set out in Bristol's Green Capital programme	<b>High</b>	<b>High</b>	Identify alternative funding streams to support investment in renewable energy and energy efficiency programmes.	<b>Medium</b>	<b>Medium</b>	ENERGY SERVICE
4.	ELENA leverage target not achieved, leading to	<b>High</b>	<b>High</b>	Identify alternative funding streams to support investment in	<b>Medium</b>	<b>Medium</b>	ENERGY SERVICE

	proportionate claw back of ELENA grant funding by EIB.			renewable energy and energy efficiency programmes.			
5.	Significant delay in delivery of city-wide retrofit agenda.	<b>High</b>	<b>High</b>	Seek to promote Green Deal and retrofit measures to residents wherever possible. Encourage GDPs to operate in the City.	<b>High</b>	<b>Medium</b>	ENERGY SERVICE
6.	BCC is unable to obtain ECO funding in relation to eligible energy efficiency projects within the Council's housing stock and private housing stock.	<b>High</b>	<b>High</b>	Work with GDPs/contractors to bring ECO funding with them as part of tender bids where applicable.	<b>Medium</b>	<b>Low</b>	ENERGY SERVICE
7.	Limited contribution towards carbon reduction targets set out in Bristol's Climate Change and Energy Security Framework.	<b>Medium</b>	<b>High</b>	Identify alternative funding streams to support investment in renewable energy and energy efficiency programmes.	<b>Medium</b>	<b>Medium</b>	ENERGY SERVICE
8.	Unable to effectively access ECO funding designed to provide free low cost insulation measures to residents on low incomes and/or living in deprived areas, thereby having minimal impact on levels of fuel poverty amongst residents	<b>High</b>	<b>Medium</b>	Encourage and work with private Green Deal Providers to identify and reach residents qualifying for free energy efficiency measures.	<b>Medium</b>	<b>Low</b>	ENERGY SERVICE
9.	Lack of growth in the retrofit market, resulting in no growth in the local supply chain and Bristol companies not being able to access a rapidly growing market	<b>Medium</b>	<b>Medium</b>	Seek to promote Green Deal and retrofit measures to residents wherever possible. Encourage GDPs to operate in the City and make use of local labour.	<b>Medium</b>	<b>Low</b>	ENERGY SERVICE

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## **Public sector equality duties**

Following completion of an Equality Impact Relevance Check it has been concluded that a full Equality Impact Assessment is not required.

See Appendix 2 for the signed Equality Impact Relevance Checklist.

## **Eco impact assessment**

See Appendix 3 for the completed Eco Impact Assessment Checklist.

The significant impacts of this proposal are:

- Anticipated CO<sub>2</sub> savings of some 17,900 tonnes per year.
- Emissions and consumption of raw materials from production and transport of the materials
- Waste from packaging and installation

The proposals include the following measures to mitigate the impacts:

- Works to the council's own housing will be considered in detail in future Cabinet reports.
- The tendering process will assess the environmental impacts of manufacturing, transport and waste management arrangements. Scoring from the assessment will form part of the overall evaluation.
- Planning applications for Listed properties.

The net effects of the proposals are:

Long-term improvements to the energy efficiency of these buildings will far outweigh the short-term environmental impacts associated with these works. The project will therefore result in a significant net reduction in carbon emissions.

## **Resource and legal implications:**

### ***Finance***

#### **a. Financial (revenue) implications:**

There are no direct additional costs required within this report. As stated, this scheme will be managed by officers within the Energy Service who are paid for from the ELENA grant

This ECO funding and DECC grants will be eligible to count towards the leverage that the Council has to secure in order to avoid paying back the ELENA grant.

Where any additional subsidies are available (that is beyond that anticipated within the current budgets for the project) this would be available for use on other energy efficiency and renewable energy projects or elsewhere within the council. In the case that Landlord Services projects generate additional ECO income, monies will be allocated to other projects/initiatives within the HRA account.

**Advice given by** Shahida Nasim, Finance Business Partner  
**Date** 5<sup>th</sup> December 2013

**b. Financial (capital) implications:**

Any schemes mentioned herein that might deliver ECO funding in relation to energy efficiency schemes within the Council's housing stock, that have not previously received Cabinet approval for the associated capital investment, will be subject to separate Cabinet reports as appropriate.

**Advice given by** Shahida Nasim, Finance Business Partner  
**Date** 5<sup>th</sup> December 2013

**c. Legal implications:**

Two procurement exercises are involved in the project. The selection of a Green Deal Provider partner will need to follow the Public Contracts Regulations 2006. It is not considered that the selection of the ECO funding partner(s) falls within the Regulations (as it does not involve a regulated contact), though a competition is recommended to ensure fairness and best value. The selection of a Green Deal Provider partner will need to comply with the Council's own procurement rules. Suitable contracts will need to be prepared for both.

**Advice given by** Eric Andrews, Senior Solicitor  
**Date** 27<sup>th</sup> November 2013

**d. Land / property implications:**

Not applicable.

**Advice given by** N/A  
**Date** N/A

**e. Human resources implications:**

- In order to deliver the DECC project, there will be a requirement to recruit a Project Co-ordinator and Technical Support Officer. Duration – 15 months for the total duration of the project from March 2014 to May 2015. These posts will be fully funded by the project management element of the grant funding received from DECC.
- The resource required to deliver the Able-to-Pay scheme will be found within the existing Energy Service team, as will senior management time.
- The resource required to manage the ECO funding arrangement on behalf of the Council will be funded by taking a small margin from the ECO.
- The resource required to manage the relationship with the Green Deal Provider partner and its delivery of the city-wide retrofit scheme will be found within the existing Energy Service team.
- The resource required to deliver future Landlord Services energy efficiency projects will be detailed in the relevant Cabinet Report(s) brought forward by Landlord Services.

- 1 Direct job typically leads to approximately 1.5 indirect jobs, although the number of indirect jobs created is likely to be far higher in this instance, as the supply chain required to deliver the anticipated number of solid wall insulation installations is much larger than that which currently exists in the City.
- Economic multiplier effect is estimated at a spending of £1.50 in the local economy for every £1 of new salary.

**Advice given by** Sandra Farquharson, HR People Partner, Neighbourhoods and  
Regeneration  
**Date** 22 November 2013

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## **Appendices:**

Appendix 1a (exempt) – Energy Company Obligation: Detailed overview of projects

Appendix 1b (exempt) – Energy Company Obligation: Market intelligence and contractual issues

Appendix 2 – Equality Impact Assessment

Appendix 3 – Eco Impact Assessment Checklist

## **Background information**

2013 Home and Energy Conservation Act Report



BCC HECA March  
2013 v2.pdf

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## Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

<b>What is the proposal?</b>	
Name of proposal	Green Deal and Energy Company Obligation
Please outline the proposal.	It is proposed that the Council procures a Green Deal Provider partner and ECO funding partner to support the delivery and obtain ECO funding for a series of defined projects. In combination these projects form the Council's overall work programme targeted at improving the energy efficiency of the city's housing stock. See Appendix 1 for additional information (not repeated here, refer to main Report for details).
What savings will this proposal achieve?	N/A
Name of Lead Officer	David White

<b>Could your proposal impact citizens with protected characteristics?</b> (This includes service users and the wider community)
Please outline where there may be significant opportunities or positive impacts, and for whom.
The main opportunity in terms of positive impact is in relation to the delivery of energy efficiency measures and the impact that these can have on citizens' fuel bills. These measures are available to all under the Green Deal, with additional help available for private households on certain qualifying benefits - see attached infographic in Appendix 2 - and those residents living in areas designated as being in the lowest 15% of Lower Super Output Areas according to the Indices of Multiple Deprivation.
Please outline where there may be significant negative impacts, and for whom.
In the context of the project overall, there is a strong commitment by all partner organisations and Bristol City Council to minimising any negative impact for all protected groups, particularly those from LGBT communities, transgender people, disabled people, BME communities and women.  This will be safeguarded through ensuring the pilot uses people who will not discriminate in the delivery of the project, and adhere to the policies and principles of the Local Authority. Any instances of discrimination or treating citizens unfairly will be dealt with using the council's own procedures. Further, the partner organisations will

need to demonstrate they have appropriate equality and diversity processes such as (as a minimum) an Equalities Policy.

The main way in which there may be negative impacts is in differences in the relative uptake of energy efficiency measures amongst different groups of citizens with protected characteristics as a result of the communication routes used to promote the energy efficiency measures available under the scheme.

We are testing different communication/promotion strategies in across three areas of the city with different socio-economic and demographic characteristics as part of the DECC project that will be undertaken in 2014, as follows:

Location	Easton / Lawrence Hill	Windmill Hill	Horfield / Bishopston
Total dwellings	9,848	3,212	4,223
Solid wall private (uninsulated)	5,517	2,035	2,858
% Private Rental Sector	46%	39%	36%
% BME	37.9%	13.9%	18.8%/10.4%
% Muslim	15.0%	3.7%	4.2%/2.0%
% Main language not English	17.5%	7.9%	9.8%/5%
Average IMD rank	6,104	11,102	24,090
Engagement strategy	Existing community group	New community group	Green Deal Provider partner

Bristol City Council have developed a list of local groups in conjunction with the local Neighbourhood Partnership teams in each location to access their community communication routes. A full list of the routes identified to date in Easton can be found attached in Appendix 3. Lastly, the project team has spoken with the Council's Public Health team regarding the Council's *Bristol Ageing Better* Big Lottery bid and asked that the team advise them of any communication routes that the pilot scheme could use to promote itself.

The lessons learned from taking these different approaches will then inform the marketing strategy for the subsequent roll-out of the city-wide energy efficiency scheme.

**Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

There are two new roles being created within Bristol City Council's Energy Service team,



a Project Co-ordinator and Technical Support Officer, who will be primarily responsible for delivering the DECC project. These roles will be advertised in accordance with Council policy and are open to all eligible staff.

There will also be several roles created at and who will likely be employed by the existing community group as a result of this project. The Energy Services team will have approval over the related job descriptions and will participate in the recruitment process to ensure that a fair and open recruitment process is followed.

Please outline where there may be negative impacts, and for whom.

This project does not impact on existing Bristol City Council staff, as described previously. New Council roles will be recruited in accordance with the Council policy and are open to all eligible staff.

The Energy Service will also have oversight of the recruitment process for new roles in partner organisations involved in the DECC project and will ensure that a fair and open recruitment process is followed.

#### **Is a full Equality Impact Assessment required?**

Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living)?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

No.

The project team will ensure that comprehensive and inclusive outreach plans are put in place for all three pilot schemes to ensure that all protected groups have access to the benefits that the project can provide.

In addition, the risk of low relative take up of energy efficiency measures by groups of citizens with particular characteristics is mitigated by the trialling of different engagement strategies in the pilot project.

The lessons learned from the implementation of the outreach plans and different engagement strategies will be used to inform the subsequent city-wide energy efficiency scheme to ensure fair and equal access for all

	citizens.
Service Director sign-off and date:	Equalities Officer sign-off and date: <b>Andrew McLean</b> 31 <sup>st</sup> October 2013

## Appendix 2 – Qualifying criteria for HHCRO ECO funding

### **HHCRO qualifying criteria**

Householder member in receipt of:

- ✓ Pension Credit
- ✓ Child Tax Credit AND a yearly household income of £15,860 or less

Or one of the following benefits AND one of the criteria in the **blue** box below:

- ✓ Income related employment and support allowance
- ✓ Income based job seekers allowance
- ✓ Income support
- ✓ Working Tax Credit AND you have a yearly household income of £15,860 or less

- ✓ Work related activity or support component
  - Work related activity: this is where you have to go to regular interviews with an advisor.
  - Support component: this where you don't have to go to interviews. You're usually in this group if your illness or disability severely limits what you can do.
- ✓ Parental responsibility for a child under the age of 16 (or under the age of 20 and in full-time education. Higher education such as University is not included)
- ✓ Child tax credit which includes a disability or severe disability element
- ✓ Disabled child premium
- ✓ Disability premium, enhanced disability premium or severe disability premium
- ✓ Pensioner premium, higher pensioner premium or enhanced pensioner premium

### Appendix 3 – Easton outreach routes

Community Organisation	Status of previous EE related projects
<b>Religious</b>	
Stapleton Road Chapel	
Sikh Resource Centre	
Kensington Baptist Church	
St Marks Road Baptist Church	Already has PV
St Marks Road Mosque	
Bristol Central Mosque	We have had conversations with them about doing an energy audit, need to have further conversations about GD/Islam
<b>Health</b>	
Wellspring Healthy Living Centre	
Charlotte Keel Health Centre	
Lawrence Hill Health Centre	
Dhek Bhal	
Bethesda Methodist Church	
<b>Age</b>	
Evergreens Club	Over 60s club at ECC
Over 55s Bike Group	Already have strong links
LinkAge	
Golden Agers	
<b>Debt &amp; Advice</b>	
Bristol Debt Advice Centre	They already work a bit with energy advice and have a lot of connections with people in the area.
Citizens advice	Worked with them around switching energy supplier campaign they ran in 2012. Potential for working with them around tenant rights on energy efficiency.

<b>Community Centres</b>	
Easton Community Centre	Plenty of links with local organisations, newsletter, space at the centre
Barton Hill Settlement	
Trinity Centre	
<b>Business or Area associations</b>	
Old Market Community Association	
Church Road Town Team	
Stapleton Road Working Group	
<b>Associations with 'Green' affiliations</b>	
Permaculture group	Sustainability focused
Eastside roots	Food and sustainability focused
Transition Easton	
Easton Community Allotment	
Barton Hill Walled Garden	Community garden, permaculture and woodworking skills
Kebele	Community Activist Coop
<b>Other</b>	
Somali Resource Centre	
Somali Development Group	Further discussions needed on Islam and GD but good for outreach within the Somali community
Pakistani Welfare Organisation	

**Title of report: Green Deal & Energy Company Obligation**

**Report author: William Edrich**

**Anticipated date of key decision: 16<sup>th</sup> January 2014**

**Summary of proposals:**

Procurement of a Green Deal Provider partner and appointment of ECO funding partner to support delivery of energy efficiency measures in public and private housing.

<b>Will the proposal impact on...</b>	<b>Yes/ No</b>	<b>+ive or -ive</b>	<b>If yes... Briefly describe impact</b>	<b>Briefly describe Mitigation measures</b>
Emission of Climate Changing Gases?	Yes	+ve	CO <sub>2</sub> savings of approx. 17,900 tonnes/ year. For context, this is equivalent to 49% of BCC's annual carbon emissions from its own buildings and 5% of Bristol's annual citywide domestic gas consumption.	See summary
		-ve	Climate changing gases will be produced during the manufacture, transport and installation of materials such as insulation.	
Bristol's vulnerability to the effects of climate change?	Yes	+ve	Reduced dependency on fossil fuel generation	N/a
		-ve	Improving insulation levels creates the potential for increased overheating during heat wave conditions.	Overheating will be considered during the design and specification of individual schemes
Consumption of non-renewable resources?	Yes	+ve	Reduced consumption of fossil	N/a

			fuels through improved energy efficiency in homes.	
		-ve	Transport activities during construction and installation; manufacturer of materials	Tender specification to consider supply chain impacts
Production, recycling or disposal of waste	Yes	-ve	Packaging of materials and waste from installation, for example offcuts from insulation	Packaging and waste materials from installation will be recycled where possible.
The appearance of the city?	Yes	-ve	External insulation will alter the appearance of buildings.	To be considered as part of the design and through planning where necessary.
Pollution to land, water, or air?	Yes	-ve	Some local air pollutants will be produced from transport.	Transport arrangements will be considered within the tender process.
Wildlife and habitats?	Yes	-ve	Works are likely to create dust and may create noise. It is possible for works associated with this contract to: <ul style="list-style-type: none"> <li>• Impact upon legally protected species or habitats</li> <li>• Impact on priority species or habitats listed in the UK or Bristol Biodiversity Action Plan.</li> <li>• Remove or damage trees.</li> </ul> Materials such as timber can have a detrimental effect on	Work must comply with the Council's duty under the Natural Environment & Rural Communities Act, 2006 (Section 40). Guidance on protecting species & habitats will be sought from BCC's Nature Conservation and Arboricultural Officers before the contract commences to ensure that any impacts are mitigated. Timber and wood-derived products for supply or use in this contract comply with UK Government

wildlife and habitats if policy (CPET).  
not carefully  
sourced.

**Consulted with: Steve Ransom (Environment Co-ordinator), Matt Sands (Housing Technical Officer), Becky Coffin (Nature Conservation Officer)**

**Summary of impacts and Mitigation - to go into the main Cabinet/ Council Report**

The significant impacts of this proposal are....

- Anticipated CO<sub>2</sub> savings of some 17,900 tonnes per year.
- Emissions and consumption of raw materials from production and transport of the materials
- Waste from packaging and installation

The proposals include the following measures to mitigate the impacts ...

- Works to the council's own housing will be considered in detail in future Cabinet reports.
- The tendering process will assess the environmental impacts of manufacturing, transport and waste management arrangements. Scoring from the assessment will form part of the overall evaluation.
- Planning applications for Listed properties.

The net effects of the proposals are....

Long-term improvements to the energy efficiency of these buildings will far outweigh the short-term environmental impacts associated with these works. The project will therefore result in a significant net reduction in carbon emissions.

**Checklist completed by:**

Name:	David White
Dept.:	Energy Service
Extension:	23926
Date:	21 <sup>st</sup> November 2013
Verified by	Steve Ransom
Sustainable City Group	