



## **Executive Summary of Agenda Item No.9**

**Report title:** Warm Up Bristol – Capital Loan Scheme

**Wards affected:** Citywide

**Strategic Director:** Barra Mac Ruairi

**Report Author:** Sarah Sims

### **Recommendation for the Mayor's approval:**

1. That authority is delegated to the Director, Energy Service, to transfer unspent capital grant (circa £2m) to WRCIC upon DBEIS's approval; WRCIC will use the funding to coordinate and provide revolving loans on behalf of the Council and members of the Local Authority consortium, to residents in need of installation of energy savings measures to their properties.
2. That authority is given to reshape the current loan schemes managed by WRCIC (on behalf of BCC) to ensure that the offer is comprehensive and makes energy efficiency improvements accessible to all.

**NOTE:** Delegated authority was approved 16<sup>th</sup> January 2014 for the Commercial Director – Energy to negotiate and sign the necessary contracts to maximise the uptake of Green Deal measures in the private housing sector. See cabinet report in background papers.

### **Key background / detail:**

#### a. Purpose of report:

*To enable a long term, accessible and sustainable loan mechanism to improve the energy efficiency of the domestic housing market – with no capital or revenue implications to the Council.*

*The proposal is to invest approx. £2m of unspent capital grant funding awarded to Bristol City Council in 2014 into an ethical revolving loan scheme.*

*Should either the Department for Business, Energy and Industrial Strategy or (DBEIS) or Cabinet decline this proposal, the unspent capital grant funding will have to be returned to the central government treasury.*

*The change of use will allow loans to be established through Wessex Resolutions CIC (WRCIC) on behalf of the Council, these will be targeted at improving the energy efficiency of the domestic housing market to work towards becoming carbon neutral by 2050 and tackle fuel poverty.*

#### b. Key details:

1. In 2014, the Department of Energy and Climate Change (DECC), awarded Bristol City Council £7.3m for two energy efficiency schemes; £2m specifically targeting inefficient properties in the Private Rented Sector (PRS) across Bristol, South Gloucester and North Somerset and £5.3m specifically targeting hard to treat properties on a street by street basis, combined this was known as the Green Deal Communities (GDC) project.
2. It is forecasted that at the end of GDC project, on 30<sup>th</sup> September 2016 there will be a surplus of Bristol City Council's capital grant funding, anticipated to be approx. £2m, which can be attributed to a number of mitigating factors, which include but are not limited to:
  - the inconsistencies in and changes to national policy since 2014 which had supported a wider Green Deal scheme, specifically:



- i. cancellation of government finance into the Green Deal Finance mechanism (a pay as you save loan model that was recovered via the household electricity meter)
    - ii. discontinuation of the Green Deal Home Improvement Fund vouchers (which subsidised energy efficiency measures)
    - iii. government policy stipulating privately rented properties having to be an EPC rating of E or above are not enforceable due to the exemptions
  - the delivery partner for Warm Up Bristol ceasing to trade at short notice in 2015 and going into administration:
    - i. picking up and handling data from the delivery partner which was found to be inadequate
    - ii. setting up of an operational team within the council to manage the continued delivery of the scheme to completion for customers through with a high resource requirement focused on damage limitation
3. In order to capitalise on the unspent grant funding and ensure that it is invested in the South West, a proposal to invest the surplus capital grant funding into a revolving loan fund has been presented to DBEIS, and should this be accepted, this proposal is for grant funding to be transferred to WRCIC who has been working with BCC and a consortia of other LAs since 2005, will administer the loan funds.

