

Body: Cabinet

Date: 14 May 2014

Subject: Sussex Energy Saving Partnership

Report Of: Senior Head of Community

Ward(s): All Wards

Purpose: To report on the progress of the Sussex Energy Saving Partnership and request approval to work with the appointed private sector delivery provider.

Decision Type: Key Decision

Recommendation: Cabinet is recommended to:

1. To approve Eastbourne Borough Council formally signing up as a Strategic Partner to the Sussex Energy Saving Partnership
2. To participate actively in the governance arrangements established to oversee the work to be delivered under contract
3. To support work with the partnership's contractor to identify and, where most beneficial, engage the company in delivering energy efficiency measures across Eastbourne.

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1.0 Introduction

- 1.1 The rising cost of energy is a matter of concern to an increasing number of households. Ofgem estimates that overall fuel bills increased from £965 in 2008 for a typical dual fuel customer to £1,325 in 2013. This is equivalent to a 40% increase.
- 1.2 In Eastbourne, using the 'Low Income High Cost' approach to determining those most affected by high energy costs, 9.2% of households are experiencing fuel poverty. This compares to an average for the south east of England of 8.2%.
- 1.3 The Council's housing strategy 'At Home in Eastbourne' recognises the need to improve energy efficiency – this is one of the strategy's primary outcomes.

- 1.4 Helping people to reduce their fuel costs is therefore both a national and local priority. Reducing the need for energy is the most effective way of helping people to reduce the money spent on fuel. This will in turn allow people to participate more fully in wider social and economic activity and so be able to be part of the Council's corporate aim of a more equitably prosperous Eastbourne. Reducing energy use also has environmental benefits by reducing pollution and safeguarding finite resources for use by future generations.
- 1.7 This report considers what the Council has already done to help people reduce their energy use and proposes an additional approach in which the Council could improve the town's energy efficiency.

2.0 Background

- 2.1 Eastbourne Borough Council has a proven track record of helping people reduce their fuel costs. These include:
- Solarbourne solar panel programme
 - Eastbourne first 'Energy Cafe' event was held in February 2014
 - Supporting Warm Homes and Healthy People
 - Saving Eastbourne's Energy
 - Decent Homes investment programme for Council owned homes
 - Engaging the Building Research Establishment to identify the most appropriate solution to thermal failings in non-traditionally constructed Council houses
- 2.2 However, Eastbourne continues to face a number of challenges that will need to be tackled effectively if people are to be able reduce their energy use and costs. These include:
- The demise of previous energy conservation schemes, that provided a wide range of grants and direct support to make homes more energy efficient
 - The slow roll-out nationally of the Green Deal
 - A degree of confusion and scepticism amongst the public about the way energy is supplied in Britain and the veracity of schemes to save energy.
- 2.3 These problems are not unique to Eastbourne. Local housing authorities across both West and East Sussex have therefore considered how by working together they can come up with a practical way to roll out a programme of energy efficiency measures to help people reduce the need for and cost of energy. This is the Sussex Energy Saving Partnership (SESP) which will be operating under the brand 'Your Energy Sussex'.

3.0 Progress to Date

- 3.1 The SESP has been co-ordinated on behalf of all 14 Local Authorities across Sussex by West Sussex County Council (WSCC). The purpose of the SESP is to help local authorities to work together to reduce fuel poverty, support local economic development via a supply chain helping Sussex businesses to benefit from being involved in energy efficiency work, and cut energy bills for local residents and businesses.

- 3.2 The first stage of this programme involved the procurement on behalf of the partnership of a major private sector delivery partner by WSCC. Officers from all East Sussex local authorities have met regularly to give their input to the procurement process.
- 3.3 This was to allow the authorities to benefit in the most efficient way possible from the opportunities presented by the Green Deal and the Energy Company Obligation (ECO). The procurement, which was conducted in compliance with European Union rules including invitations to tender being placed in the Official Journal of the European Union (OJEU), concluded in early October. The British based multi-national company Carillion was selected to deliver the energy saving programme on behalf of the SESP.
- 3.4 The procurement process was funded by WSCC. It took into account the opportunities arising from the Social Value Act to look for wider outcomes or benefits for residents as well as the technical energy efficiency measures.
- 3.5 The contract between Carillion and the SESP is based upon a total of circa £12 million worth of works being undertaken each in 2014-15 and £16m in 2015-16 with a similar amount in the following two years. There is an option to extend the relationship with Carillion for a further six years. Carillion will be required to continually demonstrate value for money – for example by regularly tendering within the local supply chain.
- 3.6 Carillion is to bring the benefit of its scale, expertise and buying power to invest in the necessary local infrastructure and provide the necessary warranties and other consumer protection safeguards to provide the necessary confidence for people to participate in the initiative.
- 3.7 At the same time, the project will build up the local energy efficiency supply chain as Carillion is contractually bound to develop a local supply chain of Sussex-based businesses. This is designed to support the creation of or the safeguarding of jobs and the creation of training and development opportunities, such as apprenticeships or work experience or educational opportunities with schools. The contract also brings a commitment to work with the Partnership to improve health outcomes for vulnerable residents and to provide evidence that the implementation of energy efficiency measures leads to actual energy saving and supporting behaviour change.
- 3.8 A low-cost borrowing facility valued at £66 million has now been arranged by WSCC to support the SESP. It will pump prime initiatives and establish a revolving fund that as original loans are repaid means resources are available for future schemes. This funding will be available to support projects across both West and East Sussex, including Eastbourne. The intention is for this funding to be accessible to both individual households and organisations such as charitable bodies, landlords and businesses.

4.0 Next Steps

- 4.1 The SESP is working with Carillion on a mobilisation plan, so that local

residents and businesses can start to gain benefits as quickly as possible. The launch will be phased over the year, with delivery of tangible projects and support for those in fuel poverty taking place as each element of the SESP moves ahead.

- 4.2 To make sure that the SESP programme is delivered successfully, there will be a contract between WSCC and Carillion, overseen by a Partnership Board. Day-to-day management of the project will be undertaken by an Operational Board.
- 4.3 For Eastbourne to be able to have the best opportunities to benefit from the SESP, the Council needs to be in a position whereby it has a leading role in the initiative.
- 4.4 There are two grades of membership for the SESP.
- Affiliate Member: this grade requires a commitment to signpost to the SESP and Carillion those who need or wish to explore and procure energy efficiency works.
 - Strategic Partner: Strategic Partners are full members in their own right of the Partnership Board. This grade adds to the affiliate role that of taking a more active role in steering and directing the work of the SESP. Strategic Partners are not required to commit any funds to the initiative but are expected to provide officer resources to provide strategic direction for and oversight of the SESP. This amounts to circa one day per month.
- 4.5 A Strategic Partner commits to use its best endeavours to develop the pipeline of work, for example by giving first consideration to the SESP contract when placing energy efficiency works. This will help make sure that Partnership is successful by there is giving sufficient volume Carillion to Sussex-based employment and training opportunities.
- 4.6 Signing up to the Partnership does not however carry any obligation to put energy efficiency works on the Council's own properties through the contract. There may be good reasons why it is not possible to do use the SESP – for instance, the presence of an existing contract for maintenance work on the Council's own buildings.
- 4.7 The Council's Housing Services team has already played an active role in developing this project, working as part of the East Sussex Energy Partnership. The duties and responsibilities that arise from being a Strategic Partner will not add to the current workload being taken on by the Council of the Housing Services Team.
- 4.78 The Council's role will now develop to include
- Working with Carillion to effectively and proactively engage with residents, community groups and local businesses to drive the take-up of measures to deliver the benefits set out above
 - Consider the delivery of energy efficiency improvements to our own property estate with Carillion being offered the opportunity to tender for such works, using existing budgets. This will demonstrate to residents and businesses the Council's leadership role in supporting energy efficiency

- Engage with social housing providers, including our own landlord service as well as locally operating housing associations, to work with Carillion by offering the company the opportunity to deliver energy efficiency works.
- Refer residents who could benefit from energy efficiency improvements and/or renewable generation to Carillion
- Act as advocates for the SESP
- Adopt a joint approach to marketing and use of the Your Energy Sussex brand.

4.9 Members are recommended:

1. To approve Eastbourne Borough Council formally signing up as a Strategic Partner to the Your Energy Sussex Partnership
2. To participate actively in the governance arrangements established to oversee the work to be delivered under contract
3. To support the work with the contractor to identify and where most beneficial engage the company in delivering energy efficiency measures across Eastbourne.

5.0 Consultation

5.1 Resident and stakeholder engagement will continue to be a priority when developing and delivering the programme of energy efficiency works. This is to make sure that we continue to understand and address the energy efficiency and fuel poverty issues which are important to our communities and identify and deliver the most effective investment to improving homes and buildings in Eastbourne.

6.0 Resource Implications

6.1 There are no direct financial implications for the Council from the recommendation in this report.

6.2 Allowances have been made as part of the Service and Financial Planning process to cover all expected costs arising from officer participation in Your Energy Sussex

7.0 Equality and Fairness Implications

7.1 An Equality and Fairness Assessment is currently being undertaken by the Council's Housing services team and will be reported to the Corporate Equality and Fairness Planning Group when completed.

7.2 Preliminary work does however suggest that the Council's active participation in the SESP will help support vulnerable and minority groups to take up opportunities to reduce the risks of fuel poverty.

8.0 Other Implications – Environmental, Human Rights, Community Safety

8.1 Participation in Your Energy Sussex will give the Council greater scope to deliver its wider role of improving the quality of Eastbourne's environment.

9.0 Youth and Anti-Poverty

9.1 Reduced energy costs are a major contribution towards reducing poverty.

10.0 Conclusion

10.1 The greatest risk to the Council delivering its strategic outcomes around energy efficiency and improving the environment, including the commitments made in At Home in Eastbourne, are that residents do not take up energy efficiency measures.

10.2 Participation in Your Energy Sussex provides mitigation for this risk by allowing the Council and Eastbourne to benefit from a programme built on strong community engagement, access to a wide range of funding for energy efficiency measures and stringent quality assurance requirements. The involvement of the Council as a public service organisation with a remit to serve the community will encourage take-up, with the benefits to local businesses and lower energy bills for residents.

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Background Papers: None