

HOUSING CABINET MEMBER MEETING	Agenda Item 30 Brighton & Hove City Council
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Subject:	CESP- Community Energy Saving Programme		
Date of Meeting:	7 July 2010		
Report of:	Director of Housing, Culture & Enterprise		
Contact Officer:	Name	Martin Reid	Tel 29-3321
	Email	Martin.Reid@brighton-hove.gov.uk	
Key Decision:	No		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 One of the key strategic priorities outlined in the recently adopted City-wide Housing Strategy 2009-14 is to improve housing quality, to make sure that residents are able to live in decent homes suitable to their needs. Our strategic goals under this priority include, reducing fuel poverty, minimising CO2 emissions and improving tenants' homes ensuring they are of high quality and well maintained.
- 1.2 This paper seeks to update the Housing Cabinet Member Meeting on our response to date to the potential opportunities offered by the Community Energy Saving Programme (CESP) as part of our wider strategic housing vision of making best use of the City's assets by improving and increasing investment in our homes for the benefit of tenants and residents of the City as a whole.
- 1.3 The Community Energy Saving Programme (CESP) has been established to target home energy efficiency and renewable energy measures at geographical areas across Great Britain that have been identified as having significant levels of low income households. It is intended that a 'whole-house' approach will be applied, securing a range of different measures to homes within the target areas.
- 1.4 The paper outlines the background to the Community Energy Saving Programme (CESP), the discussions and project work currently underway with an energy company to assess the potential benefits of this programme to residents of the City and the likely timescale for seeking a decision on whether to progress any offer of additional funding arising from the current negotiations.
- 1.5 The paper also notes the importance of continuing to work with potential partners such as energy companies to explore means of maximising investment to meet our strategic housing goals of improving the quality of housing in the City, reducing fuel poverty and minimising CO2 emissions. The CESP programme has the potential to help us engage with energy companies, not only to deliver key energy efficiency work on the City's housing stock, but also to open up potential funding routes for future investment.

2. RECOMMENDATIONS

- 2.1 That the Cabinet Member for Housing note the current project work and negotiation being undertaken with an energy provider to assess and maximise the potential investment opportunity arising from Community Energy Savings Programme as a means of meeting strategic housing goals of improving energy efficiency and reducing fuel poverty.
- 2.2 That the Cabinet Member for Housing note any final decision on any funding offer from the energy provider is likely to be subject to further Cabinet Member approval given the potential nature and scope of the programme.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS;

- 3.1 The Community Energy Saving Programme (CESP) has been devised to target home energy efficiency measures at areas across Great Britain that have been identified as having significant levels of low income households. It is intended that a 'whole-house' approach will be applied, securing a range of different measures to all homes within the target areas, irrespective of housing tenure. The obligation to deliver CESP will rest with energy supply and generation companies, who will be required to invest an estimated total of £350 million (nationwide).
- 3.2 The target areas that have been identified are those Lower Super Output Areas (LSOAs) in the lowest income decile of the Indices of Multiple Deprivation. Fifteen LSOAs in Brighton & Hove are in this category, which means that all or any of these LSOAs could potentially qualify for funding under CESP.
- 3.3 Subject to the details of any offer from the energy supply and generation companies, CESP may provide an opportunity to secure additional external investment that could secure real improvements in living conditions and reductions in fuel costs for council and private sector tenants and owner occupiers living in deprived parts of the City. It may enable improvements to be made to the fabric of council housing stock within the areas included in the scheme in addition to any current capital programmes
- 3.4 CESP provides the opportunity to strengthen existing partnerships with contractors and council tenant groups and for developing partnership working with energy companies. Funding obtained through CESP would be additional to funding currently available through the Council Housing Capital Programme and the BEST Private Sector Renewal Programme.
- 3.5 Whilst it is not possible at this time to provide a clear estimate of the value of a Brighton & Hove CESP, an energy company has approached BHCC with a view to making an offer of capital funding for energy efficiency measures under the CESP programme.

- 3.6 Following preparatory work undertaken by council officers, our Home Energy Efficiency Managing Partner, Climate Energy, and Mears, the energy company have been provided with information about housing within the qualifying LSOAs.
- 3.7 Following this we are now involved in further discussion around an initial offer by the energy company for capital funding for energy efficiency measures to be carried out in Brighton & Hove under CESP.
- 3.8 It is important to note that any CESP scheme would require an investment of capital by the council as a proportion of the full capital costs as no energy company is considered likely to offer the full level of funding required for the necessary measures. This means that the council will need to carefully consider: the proportion of capital funding being offered by the energy company; whether this is acceptable; and, if so, the funding options available within the existing Council capital programme to enable any additional funding to be secured from CESP. It is also hoped that CESP management costs, incurred by Climate Energy and Mears, will be fully funded by the participating energy company.
- 3.9 It should also be noted that at this time it is likely that the energy company offer is to be restricted to council-owned properties. This is a result of a lack of specific data about the privately owned properties in the LSOAs. Whilst CESP provides scope for schemes to be developed on a cross-tenure basis, the inclusion of privately owned properties at this time would be problematic in that it is very difficult to calculate the potential need for additional funding by the council in order to persuade or enable private householders/owners to take up the measures. In addition, a clear indication has been received that Ofgem will approve CESP schemes that are based on measures carried out on a single tender basis. Consequently, it is proposed that a Brighton & Hove CESP initiative should initially be specifically targeted at council tenants. Private sector renewal assistance under the Council's existing BEST housing renewal programme remains available to private householders, covering energy efficiency and fuel poverty measures for those meeting eligibility criteria.
- 3.10 Following an initial City wide review of eligible LSOA's identified some are considered by council officers and the energy company to be a higher priority for opening discussion than others, primarily based on the type of properties, the numbers of particular measures that have been identified and the relative proportions of council housing.
- 3.11 The following LSOAs have been identified as the initial highest priorities for any CESP scheme: Whitehawk; Hollingdean / Bates Estate; North Moulsecomb.
- 3.12 Property surveys have been carried out in the above areas. The surveys have been conducted at no cost to BHCC. Once the survey analysis is complete, the council officers, Mears and Climate Energy will work together on the cost of energy efficiency works. The energy company will then propose their contribution rate for the works for the area based on survey results and analysis. This will form the basis for a formal offer.

- 3.13 We expect receipt of a formal offer from the energy company in July. Once an energy company contribution offer is received the Council will then assess the social and financial benefits of the scheme.
- 3.14 If proven to be acceptable, and subject to further member approval as required, we would envisage proceeding with the scheme in the first area, and review and roll out to other areas if successful.

4. CONSULTATION

- 4.1 The Council's Housing Strategy was established following a comprehensive consultation exercise conducted both within the Council and with external stakeholders.
- 4.2 Any proposed work on council tenants' homes will be subject to full consultation.

5. FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

- 5.1 This report details the current negotiation being undertaken with an energy provider to deliver energy efficiency improvements to council housing. Any funding offer from an energy provider will require the council to fund a proportion of the agreed works. It is not possible at this stage of the negotiation to assess the financial implications.
- 5.2 Therefore, once the final offer is known and evaluated, subject to this being beneficial to the council, a further report will be submitted to Cabinet detailing the full financial implications of the proposal.

Finance Officer Consulted: Sue Chapman Date: 24 June 2010

Legal Implications:

- 5.3 Based on the level of detail currently available, it is not possible to identify all the legal issues that may arise. However, procurement related issues are likely to be an issue. The Council's current contract with Climate Energy expires in July 2011, so it is not clear how the programme will be managed after that date. Further, if a management cost is payable to Climate Energy, there is a risk that the Council might exceed the advertised financial limit for the contract (£75,000 per annum.)

Lawyer Consulted: Liz Woodley Date: 24 June 2010

Equalities Implications:

- 5.4 An equality impact assessment has been carried out on the Citywide Housing Strategy during its development with the strategy containing a summary of the assessment. Additional Equality Impact Assessments will be required as the strategy action plans are implemented over the next few years. The CESP

programme, should it be developed as part of Council's Housing Strategy, would provide help and assistance to disadvantaged households.

Sustainability Implications:

- 5.5 Housing is one of the key objectives in the Council's sustainability strategy which aims 'to ensure that everyone has access to decent affordable housing that meets their needs'.
- 5.6 The Council's housing renewal activities help to prevent ill-health, provide for basic needs by ensuring that dwellings are fit for habitation and are energy efficient and help to reduce the level of fuel poverty in the City.

Crime & Disorder Implications:

- 5.7 Ensuring appropriate housing and support is essential in helping to reduce antisocial behaviour and other crime and also to support the victims of crime

Risk & Opportunity Management Implications:

- 5.8 Policy development in this area is undertaken with due regard to appropriate risk assessment requirements.

Corporate/Citywide Implications:

- 5.9 Our housing aims support the priorities and aims of the 2020 Community Strategy. Housing is a fundamental aspect of people's wellbeing affecting the daily lives of residents in Brighton & Hove. Poor or inappropriate housing has a direct impact on the ability of residents to maintain their health and independence, this has implications for social care, education and the health services.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The Housing Strategy is supported by a detailed needs analysis that considers the wide range of housing issues faced by local people. Our strategic priorities and actions have been developed in response to those needs and refined over time through consultation.
- 6.2 This report outlines our response to date to the potential opportunities offered by the Community Energy Saving Programme (CESP) as part of our wider strategic housing vision of making best use of the City's assets by improving and increasing investment in our homes for the benefit of tenants and residents of the City as a whole.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The paper outlines the background to the Community Energy Saving Programme (CESP), the discussions and project work currently underway with an energy company to assess the potential benefits of this programme to residents of the City and the likely timescale for seeking a decision on whether to progress any offer of additional funding arising from the current negotiations.

- 7.2 The report is for noting on the basis that any final decision on any funding offer from the energy provider is likely to be subject to further Cabinet Member approval given the potential nature and scope of the programme.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. City-wide Housing Strategy 2009 -14