

additional papers 1

Executive Committee

Tuesday 11th June
2013
7.00 pm

Committee Room 2
Town Hall
Redditch



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Welcome to today's meeting.

Guidance for the Public

Agenda Papers

The **Agenda List** at the front of the Agenda summarises the issues to be discussed and is followed by the Officers' full supporting **Reports**.

Chair

The Chair is responsible for the proper conduct of the meeting. Generally to one side of the Chair is the Committee Support Officer who gives advice on the proper conduct of the meeting and ensures that the debate and the decisions are properly recorded. On the Chair's other side are the relevant Council Officers. The Councillors ("Members") of the Committee occupy the remaining seats around the table.

Running Order

Items will normally be taken in the order printed but, in particular circumstances, the Chair may agree to vary the order.

Refreshments : tea, coffee and water are normally available at meetings - please serve yourself.

Decisions

Decisions at the meeting will be taken by the **Councillors** who are the democratically elected representatives. They are advised by **Officers** who are paid professionals and do not have a vote.

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Executive

11th June 2013

7.00 pm

Committee

Committee Room 2 Town Hall

Agenda

Membership:

Cllrs: Bill Hartnett (Chair) John Fisher
Greg Chance (Vice-Chair) Phil Mould
Rebecca Blake Mark Shurmer
Juliet Brunner Debbie Taylor
Brandon Clayton

7. The Green Deal

(Pages 85 - 88)

Head of Environmental Services

To consider the preferred option for moving forwards the Council's participation in the Green Deal and ECO (Energy Company Obligation) as our main delivery mechanism for the Council's previously agreed Home Energy Conservation Act (HECA) aims.

(Report attached)

All Wards

17. Compulsory Purchase Order - 11 Clent Avenue, Redditch

(Pages 89 - 118)

Deputy Chief Executive & Executive Director - Leisure, Environmental and Community Services

To consider a report seeking to provide officers with delegated authority to negotiate a purchase of a property and to compulsorily purchase the property if a purchase by agreement cannot be agreed.

(This report contains exempt information as defined in Paragraphs 1, 2 and 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended. For this reason it has been circulated to Members and relevant Officers only.)

(Report attached)

(Headless Cross & Oakenshaw Ward)

Executive Committee

11th June 2013

THE GREEN DEAL

Relevant Portfolio Holder	Councillor Debbie Taylor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans
Ward(s) Affected	All
Ward Councillor(s) Consulted	n/a
Key Decision / Non-Key Decision	Non Key

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the preferred option for moving forwards our participation in the Green Deal and ECO (Energy Company Obligation) as the Council's main delivery mechanism for the previously agreed Home Energy Conservation Act (HECA) aims.
- 1.2 Across the County, two options have been explored. The first, the preferred option arising from a piece of consultancy work by Encraft (commissioned by Worcestershire County Council) was a Community Interest Company (CIC); this has been discounted as a suitable delivery partner could not be found.
- 1.3 The second option was looking at the Birmingham Energy Savers (BES) contract. Officers from Bromsgrove DC and Redditch BC investigated the BES/Carillion option and are recommending to Members that this option be pursued on the basis that it is preferable to procuring a county wide delivery partner such as British Gas or similar, which is the only other option available at this time.

2. RECOMMENDATIONS

The Committee is requested to RESOLVE that

- 1) **working with Carillion in partnership with Bromsgrove District Council via the Birmingham Energy Savers procurement route, and formalisation of this arrangement by entering into a contract with Carillion, be agreed;**
- 2) **authority be delegated to the Head of Environmental Services and the Head of Legal, Equalities and Democratic Services, following consultation with the Portfolio Holder, to negotiate the contract and to finalise the contract documents and any other associated legal documents; and**

- 3) it be noted that discussions are on-going between Carillion and the other Worcestershire authorities. In pursuing the negotiations for the contract Officers will in the first instance be aiming to secure an agreement with Carillion that is County-wide. In the event that this does not prove possible, that Members authorise Officers to enter into a contract with Carillion on behalf of Bromsgrove and Redditch Councils.

3. KEY ISSUES

Financial Implications

- 3.1 At this stage officers can advise on the financial implications as follows:-
- Carillion are offering to cover the audit costs of ensuring KPI's established under the contract are achieved.
 - Carillion will make a payment towards staffing costs which can be utilised to fund a post to manage the contract; if a County Wide agreement is reached this will be maximised.
 - Carillion estimate that the inward investment value of the contract will be £21,000,000 for Redditch over 8 years.
 - There may be scope for applying for EU funding (2014-2020) to help deliver or promote the Green Deal or offer top up finance packages (likely to require match funding though).
- 3.2. With regard to procurement, as both Authorities are already signatories to the BES contract framework, there will be no need to go out to procurement on the contract with Carillion and the costs of any procurement exercise will be saved. Carillion will pay a "finders fee" to BES.
- 3.3 Whilst there may not be any direct costs or direct benefit forthcoming as a result of this contract, the Council is keen to ensure that indirect economic benefits such as boosting the local supply chain, and creating jobs and apprenticeships as a result of this procurement exercise, is maximised.

Legal Implications

- 3.4 It is for Members to decide whether they wish to pursue the option of entering into a contract; under the rules governing the Green Deal the Council is not under any statutory obligation to contract with a supplier.
- 3.5 If Members agree to the recommendations in this report, the Council will be entering into a contract with Carillion. As referred to at 2.3, this will either be on the basis of all the County authorities joining together to enter into the contract, or on the basis of only Redditch and Bromsgrove contracting with Carillion.
- 3.6 The proposal is that the Council enters into an 8 year contract with a break clause at Year 3. This will need to be further addressed as part of the contract

negotiations. In terms of duration of the contract, Officers are mindful that the contract will need to deliver maximum benefit to the authorities as well as ensuring confidence in the supply chain to allow for growth and investment.

- 3.7 The contract will impose a system of penalty payments to be made by Carillion to the authorities if certain KPI's are not met. Officers would aim to use any such payments received to invest back into the scheme.

Service / Operational Implications

- 3.8 The Council has been exploring how it might best interact with the Government's Green Deal programme, formally launched on 28th January 2013 since Autumn 2012. While there is no statutory duty on the Council to participate, the likely benefits from economic development and reducing fuel poverty within the district is represent strong incentives to ensure that the Green Deal and its associated Energy Company Obligation (ECO) are taken up as widely as possible and that the Council removes any barriers to take up across all tenures and communities.
- 3.9 The Council is fully engaged with tackling the key issues of fuel poverty, economic development and climate change; and has documented this in its 2013 Home Energy Conservation Act report (March 13) It specifically commits the Authority to undertake its obligations in relation to domestic home energy efficiency to tackle fuel security, combat fuel poverty, and contribute to mitigation of carbon emissions locally. The Council will need to set HECA targets once the delivery mechanism is known and final contract negotiations have been completed.
- 3.10 This proposal could continue to utilise an existing working relationship and use Act on Energy in some way e.g. for referring customers; but this may depend on costs, as these costs may be passed onto the customer.
- 3.11 The KPI's and targets for Bromsgrove and Redditch will have to be different to reflect the differing needs of the areas served by the two Authorities. The same principle will apply if a Worcestershire based Carillion offer is negotiated, and this will result in separate KPI's and targets for each individual Authority.

Customer / Equalities and Diversity Implications

- 3.12 Although the Green Deal and ECO will be available for all domestic and commercial business premises, the Council is specifically committed to improving home comfort and working with those who are currently or likely to be suffering from fuel poverty. These are cross tenure, community wide issues.
- 3.13 The Councils will commit to leveraging in as much money under ECO as possible, and this covers target groups under affordable warmth (Home Heating Cost Reduction Obligation (HHCRO)); hard to treat cavities and solid walled properties

(Carbon Emission Reduction Obligation CERO) and deprived and rural areas (Carbon Saving Community Obligation CSCO), although BDC does not have any areas in the top 15% most deprived areas in England and Wales.

4. RISK MANAGEMENT

- 4.1 Although many of the big utilities are still working improve their green deal proposals; it is felt that the BES contract offers the Authority a safe and flexible method of delivering Green Deal and ECO. A further risk mitigation is provided by the inclusion of a break clause to allow for flexibility.
- 4.2. If the Authority is approached with a good offer by any other company or utility; the Council will be obliged under the terms of its agreement with Carillion to allow Carillion the opportunity to match or better the offer in relation to the Council's own housing stock. If they cannot, the Authority can proceed with another partner, although might have impacts on the long term supply chain.
- 4.3 Despite developing an exclusive working arrangement with Carillion; there is opportunity for any supplier to market and undertake Green Deal work in the area. While the majority of these will be legitimate companies; there is a risk that because the Green Deal is new and complex, some less reputable people may get involved without understanding the full implications on financial payback etc. This may require the support of Trading Standards in the future.

5. APPENDICES

None

6. BACKGROUND PAPERS

None listed.

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