



**Haringey Council**

<b>Report for:</b>	<b>Cabinet – 18 March 2014</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Green Deal Communities Bid for North London</b>
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<b>Report Authorised by:</b>	<b>Lyn Garner - Director of Regeneration, Planning and Development</b> 
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<b>Lead Officer:</b>	<b>Jessica Sherlock</b>
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<b>Ward(s) affected: all</b>	<b>Report for Key decision</b>
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### **1. Describe the issue under consideration**

Haringey Council has made a commitment to reduce carbon emissions by 40% by 2020 and in doing so create enterprise opportunities for the borough within the low carbon goods and services sectors. A key opportunity is the building energy efficiency retrofit market which could create 1,000 new jobs within north London by 2020. Residents will also benefit from avoided fuel costs from this work.

Following agreement from the Director and Lead Cabinet Member to bid for funds, the Council has provisional approval for a £4.3m bid and up to a further £1m for north London (Camden, Islington, Hackney, Enfield, Waltham Forest) from the Department of Energy & Climate Change. This will provide financial incentives and support to households to retrofit their homes and funding to develop the local supply chain, contributing to the Council's Corporate Plan priorities. The project is fully funded and does not require any additional Council resources to deliver.



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Cabinet are asked to agree whether Haringey Council should accept the grant and note the milestones for implementation of the project.

### **2. Cabinet Member introduction**

Haringey was the first local authority to sign up to a 40% carbon reduction by 2020 on a 2005 baseline. The Council's expert Carbon Commission Report (endorsed by Cabinet in November 2012) sets out how the Council and partners will achieve goal while raising prosperity and tackling inequality in the borough.

Carbon emissions from energy and gas use in homes accounts for 50% of all carbon emissions in the borough. Reducing carbon emissions from this sector has the potential to create hundreds of new skills jobs in installations of measures and save households money on their fuel bills.

Haringey has led a bid for North London as the Council with the expertise and commitment to ensure successful delivery of this project. The project will provide financial and other support to hundreds of households and create opportunities for local installers, new jobs and training opportunities. The project is being fully funded by Government including funding for staff resources to deliver the project.

In 2013 Haringey supported the development of the UK's first Retrofit Cooperative network. The Coop model creates opportunities for local enterprises and drives up demand for services through the involvement of the local community. The coop is also being supported by the DECC grant fund.

### **3. Recommendations**

It is recommended that Cabinet:

- 1) Agree to accept the grant and enter into the funding agreement with DECC.
- 2) Note the milestones for implementation of the project

### **4. Background information**

The Government has launched a new policy framework involving a market mechanism called the "Green Deal" to drive energy retrofit. The Green Deal is a certification system for building energy upgrades and also enables households to install energy efficiency measures at no upfront cost, provided that they achieve the "Golden Rule". This means that the repayment costs over 10-20 years are equal to the expected fuel cost savings. Repayments are collected through a charge on the energy bill.

The DECC Green Deal Communities fund aims to kick start the market for the Green Deal; particularly 'hard to treat' e.g. solid walled homes that are typical of north London and 'hard to reach' properties e.g. the private rented sector and develop local supply chains for energy retrofitting.



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The RetrofitWorks cooperative was established in 2013 and is network of SMEs, community groups and other governance members such as trade associations and local authorities. A cooperative model was recommended by the Carbon Commission to retain value from this activity in the local economy. It is currently being piloted in Haringey and forms a part of Durham Universities' research interests in Haringey.

Haringey has delivered a number of successful grant funded retrofit projects such as the Muswell Hill Low Carbon Zone and Green Deal Pioneer Places project and developed a successful model of working with the local community to drive uptake.

Specific benefits beyond carbon reduction and fuel costs saving for residents and businesses include:

- A subsidy of up to approx £5k (total £3.4m), provided that households contribute to retrofit costs and install solid wall insulation for approx one thousand homes and seventy five businesses across North London by March 2015, with the largest share (approx 400) being in Haringey as the lead borough.
- Potential additional £1m funding targeted to improving F&G energy rated properties in the private rented sector.
- Subsidies towards the costs of retrofit of non-domestic buildings up to a total value of £285k.
- £50k towards the costs of discounted Green Deal training and accreditation for fifty SMEs.
- Funding of £75k for RetrofitWorks cooperative to develop fully commercial scale processes thereby creating a sustainable model to drive the growth of this market.
- A street-by-street approach to delivery of the scheme will provide opportunities for community involvement. The project will drive uptake in particular in the wards of Hornsey, Harringay and Stroud Green (selected on the basis of existing support for this activity and the suitability of housing).
- Funding of £125k to create a revolving loan fund at a low interest rate, to be administered by the Credit Union supporting low income households.

Haringey will set up and deliver the project. The indicative project milestones are provided below.

### **Key project milestones**

- Jan-March 2014: Project set up (e.g. PID, project board) and procurement.
- March 2014: Haringey Cabinet key decision to accept the grant.



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- March 2014/April 7th: Soft launch of the grant online/print media/social networks.
- June 2014: outreach work to start, e.g. print media, door knocking events, open homes events.
- June 2014 to February 2015: installation of works
- March 2015: completion of the project.

### **5. Alternative options considered**

1. Do not take forward the project: this would not support the Council's policies and mean that households do not benefit from the incentives and support.
2. Invite another borough to lead the project: Haringey Council has a skilled and experienced team in place to deliver the project and by leading the project can secure the largest share of capital funding for the borough.
3. Seek to join the GLA led bid: local SMEs likely would not have the opportunity to bid to deliver works. The Council's share of the funding would be far less than the current bid and RetrofitWorks Coop model would not receive start up funding.

### **6. Key risks and issues**

- Green Deal policy risk: The Green Deal policy framework has been criticised for a number of reasons which could impact on take up of the scheme. Engagement with households will need to be carefully managed to ensure they are aware of these issues can be managed and the alternative finance options available.
- Technical installation of works: solid wall insulation is a technically complex measure to install and has implications for local Planning policies. The quality of works will be ensured through employing the services of a Retrofit Coordinator to oversee works and specific planning guidance will be produced.
- Supply chain capacity: delivery of solid wall insulation in private households has not previously happened on the scale proposed by this project. Delivery capacity will be assessed as part of the procurement process. In addition, Haringey has already "warmed up" the market to this opportunity through a number of initiatives.
- Availability of Energy Supplier Obligation funding for households: Delivery of works will be through a concession contract whereby one or more contractors are recommended by the Council, subject to further legal and procurement considerations. This will enable the council to gain a commitment of ECO funding.
- Timetable for delivery of the project by March 2015: this timetable is challenging, however, it is likely that some flexibility will be offered to continue delivery of the



fund into FY15/16. In addition, if the project targets are not achieved (i.e. uptake of the fund is low) the grant funding can be returned to DECC.

- Staff resources: the grant includes funding for project management and delivery, match funded by existing staff resources in Haringey/north London boroughs.

## **7. Comments of the Chief Finance Officer and financial implications**

The works outlined in this report and the staff resources required to manage the programme can be contained within the grant funding allocated by DECC. If sufficient properties cannot be identified and thus the grant is not fully spent, the surplus funding will be returned to DECC. The funding of £125k for support for local businesses will enable the retrofit coop to be developed further at no cost to the Council.

## **8. Comments of the Assistant Director of Corporate Governance and legal implications**

The Assistant Director of Corporate Governance Comments as follows:

The funding agreement with DECC is non negotiable and the Council will be required to comply with terms of the funding agreement.

The recommendations in relation to the project implementation will require consideration of specific issues when these arise, for example compliance with EU Competition requirements on procurement and State Aid would need to be considered.

## **9. Equalities and Community Cohesion Comments**

Any household in Haringey will be eligible for the grant however community engagement will be targeted to specific streets, (to be identified) because intensive outreach on a borough wide scale would not be practical and the bid requires concentration of uptake to be achieved.

## **10. Head of Procurement Comments**

Whilst grant funding for the delivery of Green Deal and ECO works is provided to Haringey residents (as they are responsible for the financing of any works), the Council has deemed it appropriate to secure a dedicated, and Council endorsed provider. It is anticipated that this will drive greater uptake of energy efficiency works as the Council provides a trusted brand and residents will not be discouraged by having to undertake a market assessment of suitable providers.

There is an opportunity to generate income for the Council, through a concession arrangement whereby the Council refers residents to a single provider in return for a referral fee. This income could provide a sustainable model for driving uptake in the



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future. Concession contracts currently fall under Part B Services, meaning that the spirit of competition must be adhered to without the requirement for full EC Procurement Directive compliance. However the regulation relating to concessions is currently under view and therefore subject to change. The Council will competitively offer this contract via request for quotation on acceptance by Cabinet of grant funding.

### **11. Policy Implication**

Haringey Council signed a commitment to reduce carbon emissions by 40% by 2020 while also delivering economic and social outcomes as set out in the Carbon Commission Report adopted in 2012 and reflected in the Corporate Plan 13/14.

### **12. Reasons for Decision**

The project will provide financial and other support to households to improve their home and reduce fuel costs and carbon emissions. In addition, the project will deliver local economic benefits through works delivered, the opportunity to grow RetrofitWorks cooperative which is a Corporate Plan priority, and kick start the market for energy retrofit of homes that could create hundreds of new skilled jobs.

### **13. Use of Appendices**

N/A

### **14. Local Government (Access to Information) Act 1985**

N/A