

# ENVIRONMENT AND COMMUNITY SAFETY OVERVIEW AND SCRUTINY COMMITTEE

## Agenda Item 18

Brighton & Hove City Council

<b>Subject:</b>	<b>Response to the recommendations of the Overview and Scrutiny Commission's Panel on Renewable Energy Potential</b>		
<b>Date of Meeting:</b>	<b>Cabinet 14 July 2011 (Item 41) ECSOSC 5 September 2011</b>		
<b>Report of:</b>	<b>Strategic Director, Place</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Thurstan Crockett</b>	<b>Tel:</b> 29-2503
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<b>Key Decision:</b>	<b>No</b>		
<b>Wards Affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

*This response to the scrutiny review is being presented to 5 September ECSOSC for information at the request of 4 April ECSOSC during endorsement of the scrutiny report.*

- 1.1 A cross-party scrutiny panel on renewable energy potential for the city was established to investigate how best the council and its partners could develop renewable and sustainable energy resources, taking best advantages of the incentives on offer and working to grow emerging renewable energy business in the city.
- 1.2 It's report was agreed by Environment & Community Safety Overview & Scrutiny Commission on April 4, 2011. This report sets out the Council's initial response to the findings of the Commission and the scope of further work.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the responses in Appendix 1 and the timetable, subject to further reports identifying the business cases and funding etc., as set out in paragraph 3.3.1 below.

#### 3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Renewables Scrutiny Panel was chaired by Dr Adrian Smith, of the Science and Technology Policy Research Unit, University of Sussex. Other panel members were Councillors West, Morgan, and Watkins.

3.2 The Panel held four public meetings, hearing from 26 expert witnesses, including council officers, representatives of city partner organisations, experts on renewable energy, sustainable energy businesses and local residents.

3.3 The Commission made far reaching and challenging recommendations. Progress in implementing these to date is set out in Appendix 1. The findings and recommendations have Council, public sector and City-wide implications relating to the administration's stated priorities for this work:

- Create an ambitious programme to insulate every home in the city and install renewable energy technologies - To cut fuel poverty and energy bills, make homes healthier and slash carbon emissions.
- Help older people access grants and loans to make their homes more energy efficient and reduce excess winter deaths
- Ensure that at least 30% of energy consumption in public buildings is generated through renewable sources by 2015.
- Use the feed-in-tariff for renewable energy generation to fund core services.
- Create a council-owned Energy Services Company to retrofit public and private sector homes.
- Employ the Energy Services Company to develop low and zero carbon heat and electricity networks, supply council buildings and businesses in the city.
- Push for ambitious targets for energy efficiency, sustainable energy and sustainable building design and materials.
- Ensure new buildings in the city are zero-carbon by 2014 ahead of the national target of 2016.
- Adopt local carbon budgets, reported alongside the financial budget.

3.3.1 The degree of potential investment and technical complexity should not be underestimated. Hence, in taking the initiative forward, the Cabinet Member for Environment & Sustainability has asked officers to undertake a review of how the recommendations may be implemented in the context of:

- The 'One Planet Living' framework;
- Setting a 'Return On Investment' methodology;
- The Council's Medium Terms Financial Strategy (MTFS);
- Identifying co-investment opportunities with other key agencies, businesses and funding streams;
- Establishing a governance framework to drive a delivery programme; to allocate resources (to be agreed in relation to the Council's MTFS) and to assemble the necessary technical expertise.

3.3.2 These considerations (not least investment resources) are critical in establishing the capacity of the Council, the public sector and the City as a whole to deliver on the bold objectives and desired outcomes of the Scrutiny Panel report. In this context, the role and membership of the City Sustainability Partnership could be important in forging a strong investment plan which secures commitment from a range of stakeholders and investors and managing expectations of the pace and degree of change realistically possible.

3.3.3 There has been good progress in other key areas; in summary

- In 2010-11 the Private Sector Housing Renewal programme in Brighton & Hove invested nearly £1m and delivered the following key outputs in relation to energy efficiency: 737 energy efficiency measures installed; including 25 renewable energy solar thermal hot water systems; 392 tonnes of CO2 saved.
- The council has moved quickly to assess the benefits of the Feed in Tariff scheme. In addition to FIT Housing is exploring other options to increase investment in home energy efficiency across the city. These are summarised in Appendix 1
- The council's substantial PV programmes planned for deployment by April 2012
- Property and Design work on renewables in new builds and refurbishments
- the setting up of a city Sustainable Energy Working Group of practitioners keen to progress the recommendations with the council
- background studies on solar and wind resource
- planning policy changes prepared to boost renewables through Core Strategy changes and wider work
- an improved monitoring system through planning for renewables in new builds
- mapping of council buildings with ageing oil-fired boilers in areas of the city with energy and heat demand - lending themselves to potential combined heat and power networks
- advice to Shoreham Port and help to get Brighton Energy Co-op close to contract signing on a large PV scheme for the roof of a business centre; and on managing a wider PV programme
- exploration of council investment in a Finance South East community energy fund which finances hard-to-fund feasibility and start up for community energy projects
- Property services work to explore Brighton Energy Co-op developing a large scale PV project and in the potential for wind energy projects.

3.3.4 The Private Sector Housing Team is also launching a GP and Health Professional referral pathway that will identify patients, whose housing conditions put them at greater risk of poorer health outcomes, including the effects of fuel poverty. This will allow GPs & Health Professionals to directly refer patients onto available and appropriate support such as grants and a range of other support and advice options

3.3.5 The city's current £12.5m government funded Private Sector Housing Renewal Programme is coming to an end. To date £4m of this has been invested in home energy efficiency in the city. Local businesses and contractors have been utilised significantly in carrying out assistance works. As delivery of the renewal assistance programme is subject to availability of resources, it is now proposed to review our private sector Housing Renewal Policy based on likely future funding.

3.3.6 Key Housing Commissioning goals include: reducing fuel poverty; minimising CO2 emissions; improving private sector & social housing tenants' and eligible owner occupied homes. Housing has a strong background in investment &

delivery of home energy efficiency improvements across both the council housing stock and the private sector:

- The £1m invested in 2010-11 the Private Sector Housing Renewal.
- The use of local businesses and contractors for both decent homes and energy efficiency measures in the private sector.
- Across the council housing stock we have invested significantly in insulation & heating. The current SAP Energy Rating of 76.4 puts us in the top quartile of performance in this indicator. We are investing £3.5 million in boiler & heating replacements and upgrades, installing high efficiency condensing boilers.

3.3.7 Housing continues to aim to maximise home energy efficiency investment to meet our strategic Housing Commissioning goals, identifying funding and investment opportunities to maintain the current programme and opportunities for Brighton & Hove residents.

#### **4. CONSULTATION**

4.1 Consultation has taken place with the Energy Team, Carbon Management Board, Property Services, Planning, Housing, the City Sustainability Partnership chairs, the partnership's working group on revising the city's Climate change Action Plan, and with the emerging city Sustainable Energy Working Group.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

5.1 The Council and partners will need to examine the funding options available to support the development of the recommendations within the Executive Response and consider financial investment in the context of the Medium Term Financial Strategy. Opportunities will be explored alongside the City Sustainability Partnership. The PV solar panel procurement process is underway and funding options available for non housing buildings were considered by Cabinet on 9 July 2011.

5.2 Initiatives will be reported back at which stage detailed financial implications alongside investment strategies and included within considerations for budget strategies.

*Finance Officer Consulted: Anne Silley / Rob Allen*

*Date: 28/06/11*

##### Legal Implications:

5.3 It is a constitutional requirement that Cabinet consider the Commission Panel's recommendations, and respond to the Environment and Community Safety Overview & Scrutiny Committee (ECSOSC), indicating what, if any action it proposes to take.

5.4 If ECSOSC has published the Panel recommendations, Cabinet must likewise publish its response.

5.5 Cabinet's response must be reported to full Council for information.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 27/06/11*

Equalities Implications:

- 5.6 Recommendations in this report are in line with the Council's approaches to equalities and inclusion. Tackling fuel poverty and fuel bills to help reduce inequality should be a core aim of any renewables programme, especially for the city's housing, and is the approach being adopted.

Sustainability Implications:

- 5.7 Sustainable energy development in the council and the city meets sustainability objectives environmentally, socially and potentially economically, if well designed and implemented.

5.8 Crime & Disorder Implications:

None

Risk & Opportunity Management Implications:

- 5.9 The biggest strategic risk is that the city misses the opportunity to make the most of the renewable energy resource and the financial incentives available.
- 5.10 The key short term risk is that delays in implementation will mean the council and others across the city missing out on the highest level FIT payment rate which has a deadline of April 2012; this is still very demanding and will need mobilisation across procurement, property and design, housing and planning to meet this.
- 5.11 FIT rates are partly designed to decrease as the capital costs of systems reduces and there has been a significant reduction in costs over recent years, bearing this out. So FITs and Renewable Heat Incentive (RHI) do present an ongoing opportunity, provided government doesn't change them again.
- 5.12 There is a risk relating to this uncertainty created by the government through the FIT review process, which has made it hard to publicise the FIT to the public with confidence – as evidenced by the government's failure itself to do so.
- 5.13 The big opportunity is to derive a programme which takes account not just of the FIT and RHI, but also of the likelihood that energy prices will rise rapidly: analysts suggest anything between 25 and 40% over the next 18 months to 2 years; this itself is a big incentive to deploy renewable energy more quickly.
- 5.14 There is a risk that the council has not geared up for this, may not have the skills sets required in depth and breadth, and has a big challenge to catch up with good practice in this area by other local authorities and organisations and to work effectively in partnership with new and established energy companies, households, landlords and commercial property owners.

- 5.15 There is also a risk that with limited resources, the panel recommendations place too much emphasis on renewables when demand reduction – energy efficiency – is the first priority: the two need to sit side by side in any strategy and implementation.
- 5.16 A focus on renewables alone may also work against carbon reducing transitional technologies like gas-fired combined heat and power, which offer the opportunity of deep carbon reductions through more efficient systems while the cost of renewables comes down.

Corporate / Citywide Implications:

- 5.17 Stronger co-ordinating leadership is required to enable a step change in implementation of these actions and to ensure the administration priorities for renewable energy are addressed. People with the skills, finance, spaces, technologies and plans need to be brought together more effectively. The focus to date has been largely on council property and support for much better partnership working on a wider city programme of renewable energy development is required. The city commissioning programme is an opportunity to address this, following the process set out at 3.3.1.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 No alternative options have been explored at this stage that are not set out in this report and the appendix.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The scrutiny panel reported more than six months ago and this is the first practical opportunity to bring this report forward.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Table of Recommendations with responses
2. Report of the Environment and Community Safety Overview and Scrutiny Panel  
*(not included with this report to 5 September ECSOSC)*

**Documents in Members' Rooms:**

None

**Background Documents:**

None