

**To: City Executive Board**

**Date: 4<sup>th</sup> April 2012**

**Report of: Executive Director City Services**

**Title of Report: OXFORD GREEN DEAL PLUS**

## **Summary and Recommendations**

**Purpose of report:** To propose the City Council's approach to the implementation of the "Green Deal"

**Key decision:** No

**Executive lead member:** Cllr John Tanner

**Policy Framework:** Cleaner Greener Oxford

**Recommendation(s): That the City Executive Board:**

- a) endorse the City Council taking a "Partnership" approach in implementing the Green Deal
- b) support the City Council working with appropriate partners to form the Oxford Green Deal Plus arrangements.
- c) authorise officers to make grants available from Green Deal funding in the budget, in line with the relevant selection criteria as detailed in this report.

**Appendices to report:**

- 1 – Risk Assessment
- 2 – Equalities Impact Assessment

## **1. Introduction**

- 1.1 Oxford City Council has demonstrated its commitment to tackling climate change through its award winning programmes "Getting Our House in Order" and the formation of the partnership Low Carbon Oxford  
<http://www.oxford.gov.uk/PageRender/decVanilla/LowCarbonOxford.htm>.

- 1.2 The Council has already reduced its carbon footprint by 25% and is committed to further year on year reductions of an ambitious 5% from 2012/13. Low Carbon Oxford commits partners to a minimum of 3% per annum reductions and the partnership aims to deliver a low carbon economy with a reduction in the city's carbon footprint of 40% by 2020.
- 1.3 The current carbon footprint of the city is estimated in the diagram below:

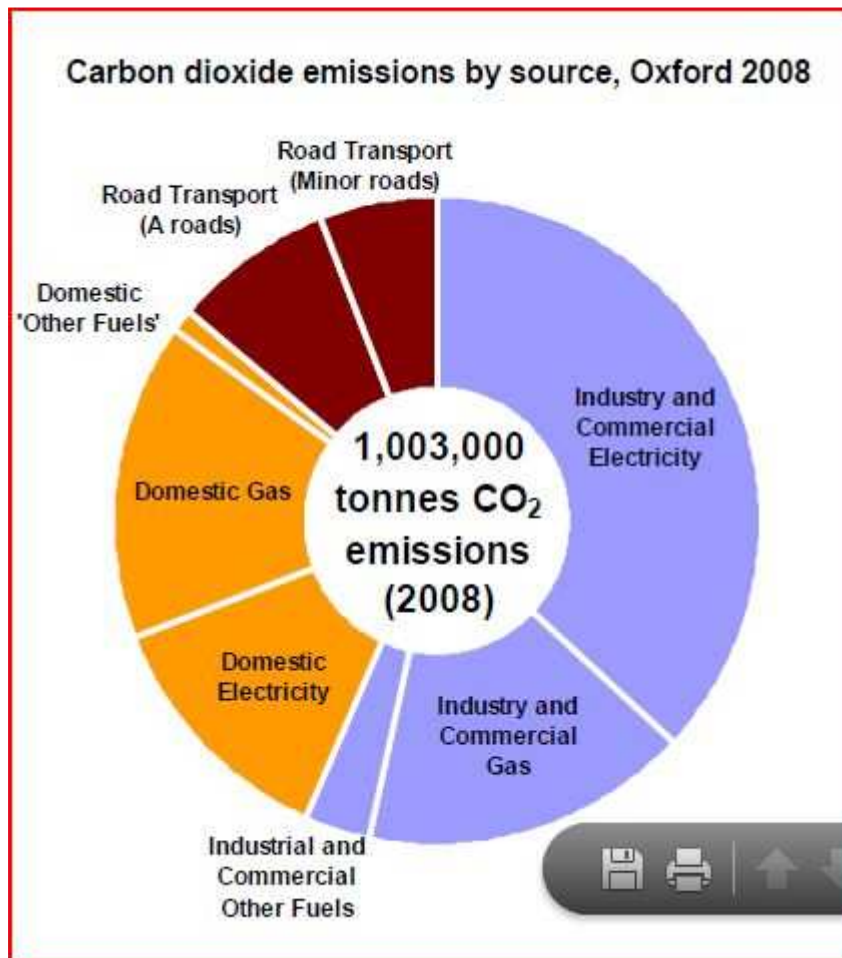


Diagram 1

- 1.4 As can be seen domestic use of fossil fuels is a significant contributor to the overall carbon footprint of the city. Along with other programmes such as sourcing more energy from renewable sources the Council and its partners see reductions in fossil fuels in domestic premises particularly for space and water heating to be a key programme to deliver the targets for the city.
- 1.5 To be successful such a programme must constantly seek to improve the performance of new dwellings but by far most consumption occurs in older dwellings. Therefore successful projects to retrofit energy efficiency in older residential premises are critical to success.

## 2. The Green Deal

- 2.1 This situation is not unique to Oxford and Government's response to this issue is set out in their consultation document on the Green Deal. <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3607-green-deal-energy-company-ob-cons.pdf>
- 2.2 The Council supports the principle behind the Green Deal – energy efficiency measures should be tied to the property and their cost recovered through reduced utility bills for that property.
- 2.3 Oxford City Council also supports the response of the Local Government Association to this consultation. In particular the Council is concerned about the apparent reduction in funding available to alleviate fuel poverty through the Energy Company Obligation. The Council is also concerned that the complexity of the construction of the Green Deal will make it both uncompetitive against other forms of raising finance and as a consequence many upgrade measures will fail to meet its own “Golden Rule” (that investments in energy efficiency must pay back in less than 25 years through reductions in energy usage).
- 2.4 It is likely therefore that a range of alternative means of operating and funding the desired change will need to be facilitated in and around Oxford to meet the city's aims. Officers and the lead member have been exploring with partners how this might be achieved and what the “Oxford Green Deal Plus” might be.
- 2.5 The Department of Energy and Climate change has provided advice on the role of local authorities in the delivery of Green Deal <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3499-local-authorities-green-deal-info.pdf>. This advice is summarised below.

To deliver the Green Deal locally there are broadly three approaches local authorities might choose to adopt:

- Provide – the Green Deal directly to their local residents and businesses, co-ordinating finance and delivery;
- Partner - work in partnership with commercial Green Deal providers and community partners to deliver and facilitate delivery; or
- Promote – by acting as advocates for the Green Deal locally.

- 2.6 The Carbon and Natural Resources Board has considered this advice in the context of its experience in this and similar fields and the likelihood of success of the Green Deal as presented by the Government.

- 2.7 The Board concluded that the Green Deal as currently constructed will not deliver the ambitious targets that Low Carbon Oxford has set for itself and that more imaginative and collaborative approaches to engaging households and raising finance at appropriate costs are required.
- 2.8 The Council by itself is unlikely to become a Green Deal “provider” such as the schemes provided by Birmingham City Council and other larger authorities. This may be a possibility in time as part of a consortium of local authorities if the need arises to raise large sums of capital (in excess of £30M) and there is the business case to support that approach.
- 2.9 Being a mere promoter is unlikely to lead to the step changes required to meet local targets.

### **3. Taking the Green Deal Forward in Oxford**

- 3.1 Oxford has been fortunate in that there has been significant and successful community engagement in the tackling of climate change at a local level. Low Carbon West Oxford <http://www.lowcarbonwestoxford.org.uk/index.php> paved the way in linking action at a local level with successful bids for funding to support ambitious projects.
- 3.2 Similar groups have sprung up across Oxford supported through funding under the Local Carbon Frameworks and the creation of OXCO2 which seeks to support effective and sustainable community action to tackle climate change. This approach includes capacity building in areas where there may not be the skills and experience to start up action groups. The programme has supported the spawning of new groups such as Low Carbon Barton.
- 3.3 In response to the need for “up-scaling” of such initiatives across the City and the immediate city region a new Community Interest Company, Low Carbon Hub CIC, has been formed. <http://www.lowcarbonhub.org/>
- 3.4 The aim of the LCH is to both improve the energy efficiency of domestic premises and increase the supply of renewable energy through providing effective and affordable schemes of improvement.
- 3.5 In view of this local experience and activity it is recommended that the Council’s approach be to continue and build the partnership approach to the Green Deal to provide a local fair and flexible variation of the Green Deal, the Oxford Green Deal Plus.
- 3.6 In taking this forward, the Council will respond to proposals from potential partners in line with the aims of Low Carbon Oxford.

3.7 As such the Council will be selecting partners and projects, rather than contractors, where the Council's Contract Rules would otherwise apply.

3.7.1 For the selection of partners and projects to deliver Oxford Green Deal Plus, it is therefore important to have clear and transparent criteria. The criteria proposed are set out below.

**Pump Priming and Multiplier Effect**

Green Deal Plus grants to partners are not intended to fund mainstream programmes. Priority will be given to funding that will support innovative ideas that have the potential to bring forward substantial improvements and additional investment and further clarify the Oxford Green Deal Plus.

**Local**

The Council would prefer its partners to be locally based with commitments to local communities and driving a low carbon future for Oxford, developing skills and jobs locally.

**Diversity**

Partners should recognise the diversity of the city and be able to deliver appropriate solutions and be prepared to take positive actions to drive equality of access and equitable outcomes.

**Cost effective**

Solutions should be cost effective to householders and the public purse with a minimum of overheads and administrative costs.

**Governance**

Preference will be given to the non-profit distributing organisations and Community Interest Companies who reinvest in the community.

**Fuel Poverty**

Partners should be committed to the eradication of fuel poverty in the city and must offer a balance between making progress to meet carbon reduction targets with reducing fuel poverty even where this means diverting resources.

#### **4.0 Risk Assessments**

4.1 With appropriate mitigation the risk of this approach is judged to be low. See appendix 2 for risk assessment.

#### **5.0 Climate Change**

5.1 This approach has the specific intention of tackling energy usage in residential premises which are a significant contributor to the city's carbon footprint.

#### **6.0 Equalities Impact**

6.1 Paragraph 3.6.1 makes diversity and equality a specific requirement in the selection of potential partners. The impact of individual proposals will be assessed. See appendix 3 for equalities impact assessment.

#### **7.0 Legal Implications**

7.1 The grant awarding process proposed is outside of procurement arrangements and appropriate steps need to be taken to ensure that grant giving is transparent, free from bias and that grants are made to bodies with legal personality. The Council has power to award grants.

#### **8.0 Financial Implications**

8.1 Any spending will be in line with the Council's approved Green Deal budget of which £54k (over two years) was approved in the budget for 2012/13

#### **Name and contact details of author:-**

Name: Tim Sadler  
Job title: Executive Director City Services  
Service Area / Department: City Services  
Tel: 01865 252101 [tsadler@oxford.gov.uk](mailto:tsadler@oxford.gov.uk)

**List of background papers: None**

**Version number: 2**