



Report of: Executive Member for Environment and Transport

Executive	Date: 29 9 2016	Ward(s): ALL
-----------	-----------------	--------------

Delete as appropriate		Non-exempt
-----------------------	--	------------

SUBJECT: Community Energy – Executive Member’s response to the Environment & Regeneration Scrutiny Committee’s recommendations

1. Synopsis

- 1.1 The Environment & Regeneration Scrutiny Committee’s report on Community Energy was agreed on 1.2.16 and received by the Executive on 21.4.16. The Scrutiny Committee’s recommendations are directed towards several services across the Council and this report summarises the response of these and actions being taken to address the recommendations.

2. Recommendations

- 2.1 To note the actions being taken forward to address the recommendations of the Environment & Regeneration Scrutiny Committee on Community Energy.

3. Background

- 3.1 Between October 2014 and January 2016, the Environment & Regeneration Scrutiny Committee explored the concept of Community Energy within Islington, the existing policies and strategies to encourage it, and the opportunities for the Council to provide assistance and support to both residents and local groups.
- 3.2 Community Energy is defined by Department of Energy and Climate Change’s (DECC) Community Energy Strategy as “community projects or initiatives focused on the four strands of reducing energy use, managing energy better, generating energy or purchasing energy”.
- 3.3 Since the commencement of the Community Energy Scrutiny, central government has made a number of significant changes which have greatly reduced the likelihood of community groups undertaking community energy projects.

These include changes to the finance of projects such as:

1. Reducing payments for generation FiTs (Feed in Tariffs) by two thirds
2. Removing or reducing three tax allowances
 - Enterprise Investment Scheme (EIS) allowances
 - Seed Enterprise Investment Scheme (SEIS) tax relief
 - Social Investment Tax relief (SITR)

On top of this, there had been considerable uncertainty until the end of March 2016, about whether VAT on energy efficiency and renewable works would increase from 5% to 20%. HMRC has however confirmed that this is now not the case and the EU has also spoken about being more flexible in this regard.

Although it will not have a large bearing on Islington, the DCLG have also changed rules to make the installation of wind turbines harder.

All the above has led to the current atmosphere around community energy being rather negative with the financial incentives largely removed.

- 3.4 The Scrutiny Committee concluded that there were various different things that the Council could do to both promote and support Community Energy, co-ordinate action by various groups, and help offer a gateway for communities to participate in Community Energy projects.
- 3.5 The recommendations cover general information provision, co-ordination within the Council, and specific project schemes.

4 Response to the recommendations

- 4.1 **Recommendation 1: That the Council continues to apply for any available funding to undertake energy efficiency measures in the borough.**

Response: The Council continues to look at various sources of funding from regional, national and European sources. Previously the Council has been successful and joined with other borough partners to bring funding to the borough and where possible, will continue to do so in the future. The Council will look into providing specific resources to enable bidding on available funding, and therefore this recommendation may have a funding implication. In particular, the Council will look for external funding that promotes and enables Community Energy projects to emerge.

- 4.2 **Recommendation 2: That more information on community energy could be provided to councillors, staff, and tenants and residents' associations so they could provide residents with information.**

Response: the Energy Advice Team have published web pages and drawn up fact sheets for dissemination to the public as well as staff and councillors. Coordination is ongoing with the Communications Team to make sure that the messages get to the right groups and that they are timed to the best effect.

Recommendation 7 (below) further deals with practical support to get Community Energy schemes up and running.

- 4.3 **Recommendation 3: That work take place to ensure there was a joined up approach between different departments dealing with energy issues for residents.**

Response: Internally, the Council has set up the Affordable Energy Board (AEB), which is chaired by the Executive Member for Environment & Transport, and also attended by the Executive Member for Housing and Development. The AEB seeks to provide a joined up approach across the Council and facilitates such coordination.

The AEB is fully reflective of Directors and Senior Managers across key areas of the Council including Environment and Regeneration, Housing, Finance, Legal, Media and Communications. As well as enabling key energy projects to develop, the AEB provides clear direction and facilitates policy and specific energy recommendations to emerge.

The AEB will continue to co-ordinate energy projects across the Council and will oversee the implementation of the Council's renewed efforts to provide a more joined up approach between different departments dealing with energy issues for residents. In particular, it will monitor the Council's efforts to promote and encourage Community Energy.

The Council has led on some significant and innovative energy work in recent years that have won awards, been highly commended or otherwise recognised as outstanding. These include, the Bunhill Energy Centre, providing cheaper, more affordable and efficient energy to heat homes locally and the work of SHINE, providing clear energy advice, advocacy, intervention and support to residents. The range of work that the Council undertakes in the field of Energy is extensive and includes, for example, the high rise insulation project, solar panel installation and a programme to eradicate the scourge of pre-payment meters.

Under the leadership of the Executive Member for Environment & Transport, the Council has now embarked on a simple branding exercise to pull together the various strands of work on Energy to provide a more joined-up approach that recognises the Council's expertise and communicates better with residents, community groups and other key stakeholders.

The outcome of the 'branding' work will act as the basis for enabling a more holistic approach, providing better communication and improving information to residents.

- 4.4 **Recommendation 4: That the Council should look to provide a retail offering to residents, however, the committee did not feel the Council currently had the expertise in-house, and therefore should undertake initial discussions with 'White Label' providers who could run the back office elements of the Islington offering.**

Response: The Council has been proactive in approaching potential partners and exploring the best way to implement this recommendation. A paper was approved by Executive on the 10.3.16, allowing the Council to enter in to a strategic partnership with a white label provider. Negotiations covering the detail of any such offer (including the factors in Recommendations 5 &6) are ongoing.

- 4.5 **Recommendation 5: That any final decision of provider should be based against, Council control of tariffs, which should include a green tariff, a resident focused debt process, and the long term economic sustainability of the company.**

And;

Recommendation 6: That any retail offering should be looked at holistically, with residents encouraged to switch tariffs, but also include the installation of smart meters, energy efficiency measures, and where possible, community energy generation. This would be more cost-effective, save residents more money, and should be done on street by street, estate by estate basis.

Response: Both when choosing and negotiating with potential partners, the Council has and will continue to get the best deal for residents bearing in mind the factors listed above.

These are both effectively subsidiary recommendations to Recommendation 4.

- 4.6 **Recommendation 7: That the Council should do more to encourage community energy and that consideration be given to working with an organisation such as Repowering London to provide a community energy scheme in Islington, or in-house capacity be found to help schemes get off the ground.**

Response: Informal discussions on solar panels have taken place with Repowering London and the Council has looked into providing this service in-house, though the general uncertainties and recent changes to the financing of community energy projects have had a detrimental effect on the numbers of communities looking to set up community generation projects.

It is currently considered unlikely that there will be significant expressions of interest from community groups without the Council largely funding any projects and providing buildings or land for community generation. Typically, before the recent changes, Councils would pay ~£50k per system installed on a Council block for community development, and then run a project to raise ~£60k from the public (some local residents and some out of borough sources) to pay for a system and deliver community benefit. This is the model that was for example used for Banister House in Hackney.

The Council has had a programme of placing solar panels on its own properties and housing estates, and so most of those prime and economically viable sites already have installations.

The Council will look at other ways to support residents and community groups carrying out energy improvements and setting up Community Energy schemes.

The Council will continue to monitor the policy environment around Community Energy, and should national policy become more favourable again, this may be the point at which further action may be possible.

There is a funding implication to this recommendation.

5. Implications

Financial implications:

- 5.1 Several recommendations suggest that tasks are undertaken that would require either procuring the services of an organisation or employing staff directly to undertake functions.

Initial estimates are that £100k-£120k would be required to fulfil these recommendations and further work on identifying possible sources of funding will be undertaken as appropriate.

Legal Implications:

- 5.2 Any legal implications will be included within the relevant decision reports.

Environmental Implications

- 4.3 Community Energy schemes generally take the form of energy efficiency interventions which reduce carbon emissions or generation of electricity via renewable means which de-carbonise the grid.

Resident Impact Assessment:

- 4.4 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

As this report is for noting only, a formal EIA will be carried out when any further decision reports are required involving changes to services. In general, measures to increase community participation in energy matters are most likely to have a beneficial effect on those who tend to be more economically disadvantaged or vulnerable.

Signed by:



19.9.16

Executive Member for Environment and Transport Date

Appendices: None

Background papers: None

Report Author: Andrew Ford, Energy Advice Manger
Tel: 020 7527 2022
Email: andrew.ford@islington.gov.uk