

Report of: Corporate Director for Environment and Regeneration

Meeting of:	Date	Agenda item	Ward(s)
Environment and Regeneration Scrutiny Committee	25 April 2017	B2	All

Delete as appropriate		Non-exempt
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SUBJECT: Report back on community energy scrutiny**1. Synopsis**

- 1.1 The Environment & Regeneration Scrutiny Committee report on Community Energy was agreed on 1 February 2016 and received by the Executive on 21 April 2016. The scrutiny committee's recommendations are directed towards several council services and this report summarises progress against these recommendations.

2. Recommendations

- 2.1 To note progress against the recommendations made by the committee as of April 2017.

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, support to both residents and local groups.
- 3.2 Community energy is defined by the government's Community Energy Strategy as "community projects or initiatives focussed on the four strands of reducing energy use, managing energy better, generating energy or purchasing energy." Whilst the UK government has tended to make a clear distinction between community and municipal energy this distinction is typically not viewed as important in comparable countries such as Germany or Canada.
- 3.3 Since the start of the scrutiny, the UK government made a number of significant changes which have greatly reduced the likelihood of community groups undertaking community energy projects. These include changes to project financing such as:

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

Although it will not have a large bearing on Islington, the government also changed the rules to make the installation of wind turbines harder. All the above led to the financial and regulatory climate for community energy becoming rather unsupportive.

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. The committee's recommendations cover general information provision, co-ordination within the council, and specific schemes.

4. Implications

4.1 Financial implications:

Some recommendations suggest that tasks are undertaken would require either procuring the services of an organisation or employing staff directly to undertake functions. Estimates remain that up to £120k would be required to fully fulfil these recommendations and work on identifying possible sources of funding will continue.

4.2 Legal Implications:

The report on the progress on the recommendations as set out in Appendix A does not have any specific legal implications.

4.3 Environmental Implications:

None identified. Energy efficiency interventions reduce carbon emissions.

4.4 Resident Impact Assessment:

There are no additional resident impacts.

5. Conclusion

- 5.1 The committee is invited to note progress against its recommendations.

Appendices

Appendix A: The Committee's Recommendations and Progress

Final report clearance:

Signed by:



Kevin O'Leary
Corporate Director for Environment &
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Date 13 April 2017

Received by:

Head of Democratic Services

Date

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APPENDIX A: THE COMMITTEE'S RECOMMENDATIONS AND PROGRESS

RECOMMENDATION 1: That the council continues to apply for any available funding to undertake energy efficiency measures in the borough

PROGRESS – The Council consistently scans and reviews all available sources of external funding to make appropriate funding bids to undertake energy efficiency measures in the borough. Funds are being pursued to deliver on Phase 2 of Bunhill and the service is working with partners across Europe on the THERMOS project, aiming to accelerate the development of low carbon district energy across the EU. The service has received funding to explore the feasibility of using heat from the City Road Basin of the Regent's Canal. The local carbon offset scheme, approved by the Executive in September 2016, is also being utilised to deliver a number of programmes such as the extensive high rise insulation programme scheduled to commence in 2017 and Islington's Warmth on Prescription health and fuel poverty programme.

In April 2017, the new phase of the Energy Company Obligation began and for the first-time local authorities will have a formal role in certifying eligibility for heating and insulation funding. The Council intends to fully participate in this.

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.

PROGRESS – Information on community energy has been published on our Energy Advice site (www.energyadvice.islington.gov.uk) and factsheets are being developed. The Council via its internal Affordable Energy Board is producing a Community Energy Plan for Islington, which will develop a more detailed communications proposal.

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

PROGRESS – The Affordable Energy Board is chaired by the Executive Member for Environment & Transport and among its membership also includes the Executive Member for Housing & Development and senior officers across Environment & Regeneration, Housing and including senior officers from finance, legal, communications and media. The board seeks to provide a joined-up approach across the council to energy issues. Officers across the council regularly co-operate in the delivery of programmes such as those for decentralised energy, insulation and SHINE.

In December 2016 the Council launched an overarching energy brand for the Council's various work around energy. After working with residents and others, 'On Energy' has been developed as the brand the Council will use to cover and bring together all its various energy activities, whether from helping residents to save money on their energy bills or providing expert advice to others or to pioneering projects like the Bunhill Energy Centre. This will be used on all information pertaining to the council's energy projects, on all communication to residents specifically about energy matters and on all external reports and presentations carried out by elected members and officers.

Also in December 2016, the an organisational restructure brought together teams that had previously sat separately across two divisions into a unified Islington Energy Service in Public Realm. This has strengthened the service and provided clearer shared purpose.

RECOMMENDATION 4: That the council should look to provide a retail offering to residents, however the committee did not feel the council currently has 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.

PROGRESS – In November 2016 the Executive agreed to enter a strategic partnership with Robin Hood Energy under an Islington-owned brand for the marketing of gas and electricity at agreed tariffs to Islington residents. This is anticipated to launch in advance of the peak autumn supplier switching season.

RECOMMENDATION 5: That any final decision of provider should be based against, council control of tariffs, which should include a green tariff, a resident focussed debt process, and the long term economic sustainability of the company.

PROGRESS – The council took into account a range of factors when negotiating with potential partners and we believe that Robin Hood Energy offer a good deal. Whilst we cannot impose any control over tariffs we are insisting on a competitiveness clause in our agreement with the company. We will work with Robin Hood Energy to ensure that any vulnerable or indebted Islington customers are offered support from our own Energy Advice Service, who have an excellent track record in negotiating debt relief. Robin Hood Energy do not currently offer a green tariff. They have recently taken on a large number of customers due to taking over supply to the white label company Ebico from SSE so are steadily becoming a more significant player.

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.

PROGRESS – The new white label tariff will be promoted to residents through all appropriate means, including through all Council Services. A well prepared communication and marketing plan is being developed to enable engagement street by street, estate by estate. Everyone switching to the new white label offer will be offered a 'smart meter' as standard and promotion materials will be developed to encourage the take up of energy efficiency measures. However, smart meters will be promoted to prepayment meter customers in particular as a more convenient means of both paying for energy and keeping track of it use. Prepayment meter users will be able to top up online or by phone as well as using existing PayPoints.

Our approach to community energy will be outlined in the Islington Community Energy Plan (see below)

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.

PROGRESS – Informal discussions on solar panels took place with Repowering London and the council has looked into providing such a service in-house, although the general uncertainties and recent changes to the financing of community energy projects had a detrimental effect on the number of communities looking to set up community generation projects. Whilst we have engaged with a local community energy group in N7 and Powering Up North London It is currently considered unlikely that there will be significant expressions of interest from community groups or TMOs without the council largely funding any projects and providing buildings or land. The Affordable Energy Board will develop a Community Energy Plan in 2017 and consider potential sources of funding such as the local carbon offset fund however additional resource will be required to deliver an ambitious community energy strategy.