

REPORT TO EXECUTIVE

PORTFOLIO AREA: SUSTAINABLE COMMUNITIES

Date of Meeting: **19th February 2007**

Public/*

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside/ Policy Framework

Title: PREPARING FOR A SUSTAINABLE ENERGY CENTRE

Report of: Director of Development Services

Report reference: DS.15/07

Summary:

The Energy Savings Trust is proposing to extend the remit of Energy Efficiency Advice Centres into Sustainable Energy Centres (SEC). For Cumbria this would mean being part of a Cumbria and Lancashire Sustainable Energy Network. Cumbria EEAC is therefore proposing to work jointly with Lancashire EEAC to submit a tender. It is proposed that Carlisle City Council would be the lead body for the submission of the tender and the operation of the SEC for Cumbria and Lancashire if the tender is successful.

Recommendations:

The Executive is asked to:

- (i) Support the principle of a working relationship between CEEAC and LEEAC and for Carlisle City Council to submit a tender for an SEC for Cumbria and Lancashire, with further details being the subject of a future report.
- (ii) Consider the options for administration and governance of the SEC and in particular the preferred option of Carlisle City Council being the lead body for the operation of an SEC for Cumbria and Lancashire.
- (iii) Refer the report to Community Overview and Scrutiny Committee.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1.0 **BACKGROUND INFORMATION AND OPTIONS**

- 1.1 Cumbria EEAC (CEEAC) has been hosted by Carlisle City Council as Lead Body for 10 years. CEEAC is funded to provide free, impartial energy efficiency advice by the Energy Saving Trust (EST) and the City Council has a contract and a Service Level Agreement with the EST. CEEAC fulfils three distinct roles.
- Providing free and impartial energy efficiency advice to householders throughout Cumbria.
 - Assisting householders in Carlisle to make their homes more efficient through the utilisation of funding and grants available. This enables Carlisle to meet its targets under the Home Energy Conservation Act (HECA).
 - Thirdly, CEEAC secures funding and project manages a number of large energy efficiency projects.
- 1.2 Everwarm Services Ltd has delivered the insulation service required by CEEAC from a Carlisle based insulation depot since 2003. Part of the informal agreement with Everwarm was that they would employ, wherever possible, local staff to facilitate the delivery of the local insulation service. Today Everwarm employs 22 staff, 15 of which are from Cumbria.
- 1.3 A full description of the current arrangements for the CEEAC is provided in Appendix 1.
- 1.4 The Energy Saving Trust, which provides the primary source of funding for CEEAC, is planning to expand the remit of the EEACs to include the provision of renewable energy advice and transport advice in the form of a Sustainable Energy Network (SEN). There would be three Sustainable Energy Centres (SEC) in the north west with one covering the Cumbria and Lancashire area. Further background to the EST proposal is set out in Appendix 2, together with an assessment of how the new centre might operate in Carlisle, should it continue to be based here.
- 1.5 The EST proposes to go out to tender around June 2007 for organisations to be considered for the running of the new SECs. At this stage the form of the tender process and the level of information required in the tender is not clear. The EST may invite organisations that they consider to be already 'fit for purpose' to apply or

it may be a tender open to all. The EST is aiming for the new centres to be ready for operation by September 2007.

- 1.6 The two EEACs in Cumbria and Lancashire need to work together to be in the strongest possible position to secure an SEC. Over the last 2 years, while EST has been developing the SEN programme, Lancashire EEAC (LEEAC) and CEEAC have worked together to consider the future, and are now looking for a more formal endorsement of this relationship.
- 1.7 Before developing proposals for a way forward it has been necessary to establish some parameters. Preliminary discussions with the Energy Saving Trust have indicated that joint working would be welcomed as a major step forward. The CEEAC has significantly greater capacity than the LEEAC. It is anticipated that the good practice identified within Cumbria EEAC could be relatively easily replicated in Lancashire and Lancashire EEAC is very keen for the joint working to continue. Preliminary consultations with EST and LEEAC have indicated that LEEAC would be comfortable in relinquishing their contract with EST for delivering energy efficiency advice in due course provided the current 3 posts are maintained.
- 1.8 The essence of the proposal is for the CEEAC to work jointly with the Lancashire EEAC and submit a tender to form a new SEC, with its main base in Carlisle and a satellite operation in Lancashire. Its role would be to give advice on energy efficiency, renewables and transport. It is proposed that Carlisle City Council should submit the tender. The question of the governance and administration of a new SEC is discussed below.

Options To Be Considered

- 1.9 This section examines the implications of the proposal by the CEEAC and LEEAC for Carlisle City Council and for Carlisle district, and assesses what other alternatives there might be. The following options are set out for Members to consider:
 - (i) Carlisle City Council could extend the current Lead Body status for CEEAC to cover the advice role given across Lancashire and Cumbria. The Council could be ultimately responsible for employing the staff to provide the advice and hosting the funding that would flow through the SEC although in the interim at least it is proposed that they remain in the employment of Blackburn with Darwen Council and are seconded/contracted to the SEC.

The SEC would not be responsible for producing or delivering any strategies, for Carlisle or any other local authority area.

- (ii) Carlisle City Council could facilitate the setting up of a “not for profit” company that would have the Lead Body status itself.
- (iii) Carlisle City Council could seek another agency to take on responsibility for Lead Body status, although none have been identified to date.
- (iv) A fourth option would be to do nothing. In this case, when the EST sets up the SECs it would withdraw funding from existing EEACs, and the CEEAC would cease to exist. Another agency might submit a tender for an SEC but there is no guarantee it would be based in Carlisle.

Assessment of the Options and Associated Risks

- 1.10 A risk assessment is attached at Appendix 3. The main elements associated with the various options are set out below.
- 1.11 Option (i) – A tender is submitted by Carlisle City Council as Lead Body for a new SEC to cover the advice role given across Lancashire and Cumbria. The work of the new SEC and the proposed practical arrangements are set out in Appendix 2. The EST would audit the use of the funding and should a grant application be handled incorrectly in another local authority area it would be the responsibility of that local authority, not Carlisle City Council. This would need to be made clear in any new contract. Neither would Carlisle City Council have any direct involvement with the Housing Strategies of other local authorities. The SEC would not deliver these strategies nor Decent Homes Targets. It is unlikely that there will be any extra cost for extending the area covered by the Accountable Body Status because the turnover of CEEAC already fluctuates between £250,000 and £1,800,000 dependent on what funding is available at any given time. Currently all external funding is either subject to Audit Commission checks or in the case of Utility funding, is claimed retrospectively after installation of measures and is audited by the Utility Company.
- 1.12 The work done to alleviate fuel poverty and bring homes up to Decent Homes standard would be as a result of work carried out by the SEC. The SEC will maintain a database and provide each local authority annually with the data it needs to develop its strategies and assist in meeting the HECA targets. If other local authorities wished to operate projects in their own areas then they would have to

put in match funding and take responsibility for those projects. An example of such a project is the work done in Carlisle on improving thermal comfort.

- 1.13 The existing staff team at Blackburn of 3 fte posts would remain in the interim with Blackburn with Darwen Council. They could transfer eventually to the employment of Carlisle City Council or could remain with Blackburn with Darwen Council and be seconded or sub contracted to the SEC. This would need to be the subject of negotiation. The management and support for these additional staff may need to be offset by an increased level of internal recharge, depending on the final arrangement agreed. This would need to be resourced by the external funding from EST. The City Council would only take on the risk of meeting the redundancy costs of those staff should the SEC have to close or reduce its staffing in the Lancashire area if Carlisle City Council was the employer, but in any event the costs would be need to be built in to the cost of running the SEC. CEEAC already carries this risk for Cumbria.
- 1.14 The team in Blackburn occupy a local base within Blackburn with Darwen Council offices and this would need to be maintained, with the leasing, occupation, and management of the building remaining the responsibility of that Council but funded through the SEC.
- 1.15 The methods of delivering the additional role for the new SEC of providing renewable energy and transport advice will need to be considered further.
- 1.16 There would be reputational risks to the City Council should the SEC not deliver what it is set up to do, if customers do not benefit and HECA targets are not met. These risks exist at present and are managed by effective monitoring. Amended monitoring systems for financial and performance management would be put in place for any new SEC.
- 1.17 **Option (ii) – establish a ‘not for profit’ company.** Although this option is achievable, the amount of time it takes to establish a ‘not for profit’ company would undoubtedly result in the services provided by CEEAC being reduced in the short to medium term. This is a particularly sensitive time when any agency wanting to tender for the SEC will want to build on the strengths of the service not reduce them. The experience of other local authorities following this option has been considered and it would appear that there can be substantial staff resource implications and a significant timescale involved. For example Stockton Borough Council took 12 months to convert its EEAC to a not for profit company and a high level of support from senior officers in the local authority was required. Inevitably,

some momentum in terms of project delivery was lost along the way. Finally as the company is starting from scratch it would have difficulty in demonstrating the track record likely to be required by the EST, nor would it be able to provide evidence of previous accounts needed in any tender process. In this option, the City Council would have limited control over the Company's work programme and the new SEC could be located elsewhere in Cumbria or Lancashire.

- 1.18 A subset of this option would be to work with the North East SEC so that it, as an existing 'not for profit' company, could take on responsibility for Cumbria and Lancashire. Terms would need to be agreed to protect the interests of Carlisle and Lancashire as far as possible. However the degree of support given to Carlisle would be put at risk if the Lead Body role moves elsewhere. The North East SEC would also be free to submit a tender to deliver services in Lancashire and Cumbria outside of any negotiations for joint working. There is also an issue with this option of a move away from a NW focus. CEEAC and LEEAC are being supported by NW regional organisations and a move to the NE would unlikely to be considered favourably by those organisations.
- 1.19 **Option (iii) Another agency in Cumbria or Lancashire to take on the Lead Body role.** Initial enquiries have not revealed any potential contenders locally in Cumbria. Blackburn with Darwen has not expressed an interest formally. There would be similar risks to option (ii) regarding levels of control. The level of project management carried out on behalf of the Council by CEEAC could be threatened if another agency takes on this status and would be unlikely without a significant financial contribution from the Council. This would make achieving the Home Energy Conservation Act (HECA) targets and local fuel poverty targets extremely difficult for the Council. The Council currently contributes £19,400 towards the cost of employing a HECA Officer. This cost only covers a part time role, the extra staffing and overheads (including substantial marketing costs) are covered by external funding from the EST.
- 1.20 **Option (iv) Do nothing.** When the new SEC for Cumbria and Lancashire is tendered the CEEAC would be unable on its own to submit a tender. There would be a significant risk that there would be no SEC for Cumbria and Lancashire. The programmes in Carlisle for Decent Homes, addressing fuel poverty and 'Improving Cumbria's Energy' would not be delivered. There would be no contribution to regional targets. This would result in the deterioration not only of the condition of the housing stock but would severely reduce the quality of life for those vulnerable people living in the worst housing conditions. There would be no Local Area

Agreement to tackle fuel poverty. All this would impact on the council's ability to demonstrate commitment to the 'Cleaner Greener Safer' priority.

- 1.21 The closure of the CEEAC would result in the loss of 11 jobs and 10 further contracting staff employed by the local installer. Part time funding would remain for the Manager's post but the role would clearly have to be reconsidered.
- 1.22 The first option and possibly the second (depending on the nature and remit of a stand alone Company) would be likely to result in continued project delivery in Carlisle and employment for the existing staff. The third option would mean that the City Council would have to find an alternative source of funding to deliver important projects in Carlisle if the Council is to meet HECA targets (and this could also be the case with the second option). The fourth option would mean that the City Council would have no route to secure any funding from the EST, unless there is another successful tenderer that is minded to consider Carlisle favourably.
- 1.23 At present, Eden DC is the only other LA apart from Carlisle that is putting any funding into the CEEAC, providing approx. £2,800 a year. Cumbria wide, Carlisle received the most work done, with Eden having about 10% and about 5% to remaining Cumbrian authorities. If the SEC comes to Carlisle it is envisaged that this level of support would continue, but would depend on the amount of funding for the installation of insulation measures in this area.
- 1.24 There is no guarantee that CEEAC will be successful in the tendering process for the SEC. However, the more formalised joint working relationship between the two EEACs would not only extend the good practice and reputation of CEEAC into Lancashire but would also place them in a strong position for delivery of the SEC service. It is crucial that the area is increased in size by the inclusion of Lancashire for the tender to be considered. The EEACs have the support of the key stakeholders in the region, NWDA, NWRA, DEA and of course EST are very supportive.

2.0 CONSULTATION

- 2.1 The three Sustainable Energy Centres in the North West would cover Merseyside and Cheshire, Manchester, and the Cumbria and Lancashire area. Regional consultation has taken place over the last 9 months with key stakeholders in the North West. This culminated in a regional consultation event in Wigan in July where the clear consensus was for the SEN in the North West to be through the existing EEAC network.

- 2.2 A consultation event by the Council and Partners on 'Decent Homes' took place on 18th December 2006 to raise the profile of what is on offer in Carlisle to enable decent homes standards to be met.
- 2.3 The Portfolio Holder has been fully involved in recent developments.
- 2.4 It is recommended that Members take a clear position for the Council in time for the tender process to begin at the end of March. This report to Executive would be followed by a report to Community O&S on 29th March, before going back to the Executive and on to Council.

3.0 RECOMMENDATIONS

- 3.1 The Executive is asked to:
- (i) Support the principle of a working relationship between CEEAC and LEEAC and for Carlisle City Council to submit a tender for an SEC for Cumbria and Lancashire, with further details being the subject of a future report.
 - (ii) Consider the options for administration and governance of the SEC and in particular the preferred option of Carlisle City Council being the lead body for the operation of an SEC for Cumbria and Lancashire.
 - (iii) Refer the report to Community Overview and Scrutiny Committee.

4.0 IMPLICATIONS

- **Staffing/Resources**

If the SEC is established satisfactorily then the existing staff would continue their employment.

Securing the SEC for Carlisle would ensure that the energy efficiency projects delivered on behalf of Carlisle City Council, by the EEAC without of charge, could continue.

- **Financial**

The Council presently contributes a total of £50,600 pa to the work of the CEEAC. This includes £31,300 allocated to the budget by way of central recharges that would not in all probability result in savings elsewhere if the EEAC were to be terminated. The central recharges are a recognition of the

personnel, IT and financial support that the EEAC receives from the City Council. The adjusted net cost is therefore £19,400 pa and the budget for 2007/08 has been prepared on a continuation of the same level of service.

As is made clear in the report, the current CEEAC has a turnover which ranges between £250,000 and £1,800,000 pa and in this context the City Council's contribution is relatively small. Assuming that the Council is not minded to increase its net contribution, care needs to be taken to ensure that this proposal does not entail any additional financial commitments falling upon this authority and that all resulting costs will be met from other sources. Other Cumbrian authorities contribute relatively little towards the work of the CEEAC and while it may be that Carlisle benefits proportionately from this state of affairs, the authority needs to be sure that this benefit will not be compromised in the proposed joint working proposal with LEEAC.

Any fuller financial appraisal would have to await a more detailed assessment of the costings and any prospective liabilities e.g. relating to insurance that might be incurred under this proposal.

- **Legal**

The Director of Legal and Democratic Services comments: The Council has power to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well being of its area under section 2 of the Local Government Act 2000. In deciding whether or how to exercise such power, it must have regard to its own community strategy and any relevant guidance issued by the Secretary of State. The power is wide and includes the ability to enter into arrangements with third parties and to do anything in relation to an area outside its own if it considers it likely to achieve one or more of the above objectives. On the face of it, the power is wide enough to encompass the various options set out in the report. As an overriding consideration, the Council has a duty to determine whether any proposals are in the interests of its local taxpayers and this necessarily involves an assessment of the costs, benefits and risks inherent in any particular course of action. In this case, it will be necessary to identify (amongst other factors) the precise nature of the obligations which will fall on the Council as the Lead Body for a project covering the breadth of the area now under consideration and the potential liabilities arising from any increase in staffing levels, and whether arrangements can be put in place to share or offset some of the risks which may arise to other participants and beneficiaries if the Council proceeds to adopt any of the options.

- **Corporate** – The Housing Strategy is a corporate document as is the delivery of the targets within it. The delivery of the HECA and fuel poverty targets will be impossible without EEAC support.

Risk Management – The proposals have been assessed under the Council's Partnership Policy and the potential new remit is not considered to constitute a partnership under the terms of the policy. A risk assessment is set out in Appendix 3.

- **Environmental**

HECA targets require a saving of 30% of domestic carbon dioxide by 2010 and it is likely that higher targets will follow when the Home Energy Conservation Act is reviewed.

The Energy White Paper has clearly identified a 20% saving by 2020 across all sectors and 60% by 2050 across all sectors. As the commercial sector is more difficult to reduce it is inevitable that the domestic sector will be expected to pick up greater savings. National figures show a clear increase in energy use annually despite the energy efficiency savings being made and without the services of CEEAC the carbon dioxide savings required to reduce the impact on climate change are not going to be made.

Securing the SEC would mean residents in Carlisle would have access to local information about their home and transport energy use.

- **Impact on Customers**

The service currently delivered to customers in Carlisle would continue with the establishment on an SEC based in Carlisle. If there was no SEC the service could not be delivered.

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APPENDIX 1

The Cumbria Energy Efficiency Advice Centre (CEEAC)

Background and Current Position

Carlisle City Council has hosted the CEEAC for 10 years. The Home Energy Conservation Act (1995) (HECA) required each Energy Conservation Authority (ECA) to make energy efficiency improvements in housing stock (both public and private) of 30% by 2010. The estimated cost of this programme of work in Carlisle was £200 million. In response to the requirements of the Act, the City Council secured funding for a 10 month, part time post of HECA Officer, based within the Environmental Service Business Unit.

The Energy Saving Trust (EST), which was set up by the Government in response to the Rio Earth Summit in 1992, encouraged the establishment of Local Energy Advice Centres (LEAC) and funding was secured through the Council's HECA work to run a LEAC in Carlisle. The LEAC was part of a national pilot to see whether there was a need for the provision of energy efficiency advice delivered at a local level, but supported from central government. The pilot was very successful and as a result the City Council was asked to extend the area covered to the whole of Cumbria. At the time EST suggested that the north of Lancashire could also be included. However funding at the time only supported 2.5 staff and to extend the area by such a large geographical amount would have been detrimental to the service received by householders in Carlisle.

Although the advice centre remit had to be extended, EST was sympathetic to the needs of an area such as Cumbria and a very strong argument was made about the financial cost of covering such a sparsely populated area. An agreement was reached to cover Cumbria with allowances made because of the rurality of the area. Carlisle & County Energy Efficiency Advice Centre (CACEEAC) evolved and now covered 210,000 houses; Carlisle was retained in the name in recognition of the input of the City Council. The name was later changed to Cumbria EEAC (CEEAC). Although the other 51 EEACs cover areas with at least 500,000 houses, CEEAC attracts one of the largest funds from EST in recognition of the success of the service.

Very few EEACs are currently hosted by local authorities, 5 out of the remaining 47 EEACs are hosted by local authorities the rest are either not for profit companies or hold charitable status. CEEAC is funded to provide free, impartial energy efficiency advice by the Energy Savings Trust. It fulfils three distinct roles.

- Providing free and impartial energy efficiency advice to householders throughout Cumbria. EST contributes in excess of £112,000 per annum to provide this service. EST has also provided software and marketing support that has enabled over half of the households in Carlisle to receive energy efficiency advice free of charge.
- Assisting householders in Carlisle to make their homes more efficient through the utilisation of funding and grants available. This enables Carlisle to meet its HECA targets. CEEAC produces an annual HECA report for the Council to submit to GO North West, detailing the improvements made to the energy efficiency of the housing stock in Carlisle. Carlisle City Council contributes £19,400 per annum for this service.
- Thirdly, CEEAC secures funding and project manages a number of large energy efficiency projects. This is achieved at no additional cost to either EST or Carlisle City Council. The economies of scale achieved when expanding to cover the whole of Cumbria have resulted in funding opportunities that would otherwise not have been achievable. Residents of the Carlisle District have benefited with over 10,000 homes being insulated to date in Carlisle. For the current Decent Homes project, 2200 surveys have been completed and a further 600 are planned. Finance for the installation of the measures has come from the Council but CEEAC has covered the cost of the marketing, management and administration. This is equivalent to 4 full time posts and approximately £20,000 of marketing funding so far. Typically, if another agency were to manage this project the costs would be between 12 - 15% of the budget (£120,000 - £150,000) not including the initial cost of marketing to customers and receiving the first applications.
- Contracting companies make a contribution to the marketing and administration of the scheme via a levy system and this is offset by some of the funding that EST provides CEEAC with to provide energy efficiency advice. There is a natural synergy between the provision of energy efficiency advice and the installation of energy efficiency measures and Carlisle City Council has benefited significantly from this. Some costs are covered by grants/discounts from utility companies but this funding is sporadic and cannot be guaranteed.
- CEEAC manages the whole process from securing funding, identifying areas in need and marketing to them, tendering for work, managing contractors, monitoring response rates and adapting marketing accordingly, "handholding" the customer through the whole process and carrying out market research with all customers to maintain high service standards.

- If another agency was responsible for hosting the CEEAC it is unlikely that the project management provided by CEEAC for the Council would be possible without a significant financial contribution from the Council.

CEEAC operates from an office and depot base at Kingmoor Park. Members of the public make contact by telephone, in writing and by e mail and face to face contact is made through home visits. (check) Currently CEEAC employs 10 full time equivalent staff. Only 2.5 of those staff are employed on a permanent basis. The rest are employed on rolling twelve month contracts. This staffing level is supplemented with further staff employed through the Council on a casual basis and through agencies to deal with short term needs.

In July 2003 Everwarm Services Ltd set up a Carlisle based insulation depot to deliver the insulation service required by CEEAC. Part of the informal agreement with Everwarm was that they would employ, wherever possible, local staff to facilitate the delivery of the local insulation service. Today Everwarm employs 22 staff, 15 of which are from Cumbria.

Assessment of Economic Impact

Aside from the jobs created by the service, and the multiplier effect of those jobs on the local economy, making homes more energy efficient has a direct economic impact . Not only does it make homes more comfortable and reduces the impact of CO2, but also results in increased disposable income for those who implement the measures. The table below clearly identifies the estimated number of measures installed per annum and the subsequent lifetime financial savings made as a result.

Insulation Installations

Measure	No Installations	Lifetime financial savings to householders
Cavity wall insulation	800	£4,160,000
Loft insulation	300	£1,30,000
Draft Proofing	50	£20,000
CFLs	2000	£200,000
Total Annual Impact		£5,680,000

Lifetime savings estimated by EST @ 40 years for cavity wall insulation & 25 years for loft insulation. CFLs have an anticipated lifespan of 10 years.

Reduction of Fuel Poverty

It is difficult to estimate the number of homes in fuel poverty because of the volatile nature of fuel prices at the moment. Although the cost of natural gas should stabilise over the next 12 months as the ability to store gas and therefore buy at cheaper prices comes into practice, the circumstances relating to oil are less certain. The government currently estimates that there are in excess of 1.5 million households in fuel poverty. This is certainly an underestimation as it fails to take into account the recent price rises that will undoubtedly have pushed many more people into fuel poverty.

It has become extremely difficult to identify specific homes that may be in fuel poverty. In many cases those homes that are identified do not have people living in the house that are in receipt of the relevant benefit that will allow the energy efficient improvements required to take them out of fuel poverty.

It is accepted within the industry that the most cost effective way to approach the problems with fuel poverty is to take an area-based approach. This has worked well in Carlisle. CEEAC has run two “hotspot” areas where there are indications that fuel poverty may be prevalent. Working with housing associations, Eaga, (EXPLAIN) utility companies and local installers everyone in the area was offered insulation free of charge. Funding was secured to allow all social housing providers to insulate homes free of charge. Eaga is a profit sharing company delivering £200 million/per annum Warm Front project on behalf of DEFRA. It owns several insulation and heating installers and works with partners to provide energy efficiency solutions to householders in UK.

The value of the work was £297,343 with 464 cavities being filled and 647 lofts insulated. 1417 householders were provided with energy efficiency advice and CO2 amounting to 787t is now saved **every** year. Reduced fuel savings mean a real saving to householders who have had measures installed of £130,000 every year – a real investment into the local economy.

None of this would have happened without CEEAC. No management fees or marketing costs were covered by Carlisle City Council. Hotspot areas have now been extended and the full allocation of Decent Homes funding is committed.

Over 10,000 householders in Carlisle have had cavity wall insulation installed as a direct result of contact with CEEAC. Many thousands more have had loft insulation installed and hundreds of people have been given advice about renewable energy. The part time funded post has been the catalyst for these significant outcomes. Carlisle is often identified as a model of good practice nationally, because of the speed and quality of

service as a result of the “hands on” work with contracting partners and the successful approach to project management.

A recent example of how effective the work of CEEAC in Carlisle is a householder in receipt of benefit who had been without hot water for some months. He had been referred by another agency to the national Warm Front scheme that had this customer “in their system”. At the end of October he contacted CEEAC for help. CEEAC was able to clarify and pin down the timescale but also identified that the householder had a very old inefficient heating system. He was helped with quotes for a full replacement central heating system as well as having cavity wall insulation and loft insulation installed.

Without CEEAC being able to access various other grant funding sources and having the staff to co-ordinate the grants available this customer may well have had to go 12 months without hot water. This customer is not the “norm” but neither is he unusual. The Centre has had several similar cases in the last 6 months.

Appendix 2

Sustainable Energy Centres: Purpose and Operation

In response to the challenge laid down in the Government's Energy White Paper, the Energy Saving Trust has been piloting a network of Sustainable Energy Centres since April 2005 in Anglia (Norfolk, Suffolk and Cambridgeshire), the North East and in Northern Ireland. The pilot will run until March 2007.

Funded by Defra and the DTI, these centres have been given the **three key roles**:

- Develop the infrastructure in their region to make it easier and simpler for people to take sustainable energy action in their homes and in their transport choices
- Provide a one stop shop sustainable energy information and advice service
- Provide leadership and a focal point for regional sustainable energy initiatives

If the pilot is successful, EST plans to roll out the concept across the UK between 2007 and 2008.

EST published an assessment of progress with the pilot in September 2006. The pilot sustainable energy centres continue to progress well. In total they were ahead of their year to date target for the number of customers advised by approximately 33% and assumed carbon savings by approximately 22%. As well as assessing the performance of the pilots against their key performance indicators, phase three of the qualitative operational evaluation activity has also been taking place. Interviews with sustainable energy centre staff, their stakeholders and selected project partners revealed positive results. Sustainable energy centres are considered to have built and maintained excellent relationships with their stakeholders, and to be collaborating well with energy efficiency and renewables partners. Stakeholder feedback also consistently indicated that sustainable energy centres are acting more strategically with respect to relationship building and project development than the energy efficiency advice centres.

EST identified some key highlights of the work as follows:

- The Anglia centre launched their 'Top up, up top' campaign in September, employing media relations activity across the region to encourage uptake of loft insulation top up.

- The Northern Ireland centre has been working with their local authorities, adopting the Energy Saving Trust piloted key account management approach, which works with key senior council staff on their energy strategy and supporting action plans. To date the centre has senior buy in from all 13 councils.
- The North East centre is developing partnerships with heating installers and building control officers with an aim to increase consumer awareness on the most efficient way to use heating controls. They are also encouraging heating installers to sign up to a customer charter, ensuring efficient heating controls are installed with suitable measures and offering advice.
- The centres are beginning to look across the network to share good practice, for example the Northern Ireland centre is looking to replicate the North East Home Insulation Partnership.

A SEC for Cumbria and Lancashire

The EST envisages three SECs for the NW Region, one covering Cumbria and Lancashire. Although the funding for the SEC is substantially more than that of the combined EEACs, the targets for provision of advice and the number of referrals required are very high. This requires a substantial investment in staffing, IT systems and marketing, leaving little for any other expenditure. The EST estimates that in order to be sustainable, approximately 1,000,000 households require to be serviced by an SEC (Lancashire 550,000, Cumbria 210,000, with rurality making up the remainder). The Cumbria area alone would be considered to be too small.

CEEAC is currently the most proactive of the EEACs in the North West. Lancashire EEAC has struggled under different hosts for a number of years and despite having 2.5 times the number of households in the area has not developed to the capacity levels in terms of advice provided, project management or innovation of CEEAC. A new SEC for Cumbria and Lancashire, as required by the EST, could be provided by joint working between the two EEACs for Cumbria and Lancashire to submit a tender through Carlisle City Council. The work of the new SEC would involve the same 3 elements as the CEEAC, namely:

- Providing free and impartial energy efficiency advice to householders.
- Assisting householders in Carlisle to make their homes more efficient through the utilisation of funding and grants available.

- Enabling a number of large energy efficiency projects.

The advice would be given to householders across Lancashire as well as Cumbria. Grants would be given to householders across both areas. The EST would audit the use of the funding and should a grant application be handled incorrectly in another local authority area it would be the responsibility of that local authority.

Neither would Carlisle City Council have any direct involvement with the Housing Strategies of other local authorities. The SEC would not deliver local Housing Strategies nor Decent Homes Targets, these would remain the responsibility of the local authorities. However the work done to alleviate fuel poverty and bring homes up to Decent Homes standard would be as a result of work carried out by the SEC. The SEC will maintain a database and provide each local authority annually with the data it needs to develop its strategies and assist in meeting the HECA targets.

If other local authorities wished to operate projects in their own areas then they would have to put in match funding and take responsibility for those projects. An example of such a project is the work done in Carlisle on improving thermal comfort.

Currently Cumbria EEAC generates £112,000 and Lancashire EEAC generates £86,000 annually from the Energy Saving Trust, in return for providing 36,000 new customers energy efficiency advice. The anticipated continuation to SEC is likely to result in an increase to £750,000 annually for the whole of the Cumbria and Lancashire area in return for providing advice to an estimated 95,000 householders per year.

The methods of delivering the additional role for the new SEC of providing renewable energy and transport advice will need to be considered further. The CEEAC is already involved in new technological developments for renewable energy. For example Innovation Funding has been used to support the installation of air source heat pumps in non-gas areas. As a result of the work CEEAC has been doing in this field it has been actively supporting other local authorities with advice about the potential pitfalls of using this technology. The Northern Ireland Housing Executive is contemplating using ASHPs as the extent of their gas mains is extremely limited. They have been in regular contact with the Carlisle office during their decision making process. Officers from Highland Council have also travelled to Carlisle to visit some sites where the ASHPs have been installed. CEEAC is now leading the way with independent monitoring of the units to confirm their efficacy.

					<u>APPENDIX 3 RISK ANALYSIS SUMMARY</u>
Ref	Risk Description	Impact	Likeli-hood	Risk Score	Current Action Status/Control Strategy
1	<p>Trigger/cause: A tender is not submitted for Cumbria/Lancashire</p> <p>Consequence: EEAC closes, advice/projects/external funding ceases, decent homes/fuel poverty targets not met, jobs lost</p> <p>Reputation: Government and public do not see Carlisle City Council delivering on the ground or meeting aspirations of Housing Strategy</p> <p>Financial: External funding ceases, no multiplier effect of home improvements, no multiplier effect of local jobs</p>	4	1-3	4-12	Depends whether a decision is made to submit a tender and whether the tender is successful
2	<p>Trigger/cause: Alternative option not for profit company fails in tender or in delivery</p> <p>Consequence: SEC unlikely to be run from Cumbria</p> <p>Reputation: Will impact on City Council as founder</p> <p>Financial: External funding ceases, no multiplier effect of home improvements, no multiplier effect of local jobs</p>	4	2-3	8-12	<p>Resource the setting up of the company effectively (skills and finance)</p> <p>Robust business plan</p> <p>Robust monitoring systems</p> <p>Demonstrate continuity from City Council operation to new company to enhance track record</p>
3	<p>Trigger/cause: Alternative option not for profit company downgrades Carlisle as a</p>	3	3	9	<p>Maintain good relationship with new company</p> <p>Maintain good track record for delivery</p>

					<u>APPENDIX 3 RISK ANALYSIS SUMMARY</u>
Ref	Risk Description	Impact	Likeli -hood	Risk Score	Current Action Status/Control Strategy
3 cont	<p>priority</p> <p>Consequence: Projects reduce/cease, decent homes/fuel poverty targets not met</p> <p>Reputation: Will impact on City Council as founder</p> <p>Financial: Externally funded resources limited or cease, no multiplier effect of home improvements, no multiplier effect of local jobs</p>				

Table 1: Risks associated with tendering for and setting up and SEC

Ref	Risk Description	Impact	Likeli-hood	Risk Score	Current Action Status/Control Strategy
1	<p>Trigger/cause: Lancashire based operation has operational difficulties</p> <p>Consequence: Cannot deliver outreach and development work in Lancashire</p> <p>Reputation: Reflects on Carlisle City Council as lead agency</p> <p>Financial: Depends on the scale of activity at the time</p>	3	2	6	<p>Limit liability for property by using local authority premises in Blackburn, Blackburn with Darwen Council taking responsibility.</p> <p>Activity monitoring system gives early alert to potential problems so they can be remedied.</p> <p>Staff management systems give early alert to potential problems so they can be remedied.</p>
2	<p>Trigger/cause: External funding ceases</p> <p>Consequence: SEC closes, advice, projects and external funding ceases, decent homes targets not met</p> <p>Reputation: Government and public do not see Carlisle City Council delivering on the ground or meeting aspirations of Housing Strategy</p> <p>Financial: Centre is not sustainable, redundancy costs</p>	4	2	8	<p>Exit strategy in place</p> <p>Monitoring system gives alert early to problems</p> <p>Maintain good relationship with funders</p> <p>Robust contracts</p> <p>Maintain good monitoring and reporting systems so that funders are satisfied with outcomes</p> <p>Set aside contingency funds</p>

Table 2: Risks associated with an SEC once it is established