

CABINET	AGENDA ITEM No. 7
25 MARCH 2013	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr Marco Cereste, Leader of the Council and Cabinet Member for Growth, Strategic Planning, Economic Development, Business Engagement and Environment Capital	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources	Tel. 452520

STRATEGIC PARTNERING WITH BRITISH GAS

R E C O M M E N D A T I O N S	
FROM : Executive Director Strategic Resources	Deadline date : Not applicable
<ol style="list-style-type: none"> 1. That Cabinet approves entering into a strategic partnering agreement with British Gas in respect of energy, green deal, ECO and fuel efficiency projects; 2. That the delivery of future work streams be delegated to the Executive Director of Strategic Resources in consultation with the Leader 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from the Corporate Management Team (CMT) on 5th March 2013.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek Cabinets approval to enter into a Strategic Partnering Agreement with British Gas.
- 2.2 This report is for Cabinet to consider under its Terms of Reference Nos.
- 3.2.3 To take a leading role in promoting the economic, environmental and social well-being of the area.
- 3.2.4 To promote the Council's corporate and key strategies and Peterborough's Community Strategy and approve strategies and cross-cutting programmes not included within the Council's major policy and budget framework.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	
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4. STRATEGIC PARTNERING AGREEMENT WITH BRITISH GAS

- 4.1 The council as part of its energy generation and efficiency work has been in discussion with British Gas on how we can work more closely on energy efficiency work for the domestic sector.
- 4.2 This will be first strategic partnering agreement that British Gas has entered into with any local authority. In essence the council will use its community leadership role to engage with our communities to enable major investment to be brought into the city. This will also create new jobs.

4.3 At this stage it is anticipated that:

- The investment could be up to £20 million
- Jobs created could be up to 600

4.4 British Gas has chosen Peterborough to be its partner of choice on this landmark programme as a result of the council's reputation for energy innovation and forward-thinking in developing strategic programmes that benefit the community across the commercial, public and third sectors.

4.5 This Partnering Agreement will directly support the work the Council is doing to ensure that everybody has a safe, warm and affordable home to live in, and that our communities are sustainable and vibrant places to live. It builds on our work to eradicate fuel poverty and to tackle child and family poverty by introducing significant investment and expertise to work alongside officers and other partner organisations. The Council is also working on its response to the impacts of the reform of the welfare benefits system which may initially place greater pressure on some household budgets. This Agreement provides a significant opportunity to mitigate against these risks by helping to reduce financial outgoings in domestic properties and by providing new employment opportunities for people who otherwise might not be able to take up paid employment.

4.6 The broad outline and benefits from the agreement are expected to be as follows:

4.6.1 British Gas is responsible for one third of the Energy Company Obligation (ECO) statutory energy efficiency targets, and can provide the funding which will enable the communities of Peterborough to meet carbon reduction targets and help to regenerate communities. British Gas is recognised nationally as an outstanding partner for complex multi measure energy efficiency schemes.

4.6.2 They will work closely with the council and our communities to ensure that they adopt a flexible approach, utilising skills and local supply chains to meet the needs of the local economy and deliver an ECO scheme providing an energy efficiency solution for all of Peterborough residents. The work they complete will be at recognisable "best value" which will ensure our funding and delivery acts as a catalyst for training, skills development, community engagement and tackling wider fuel poverty issues across the Peterborough.

4.7 The key features of their approach are:

- Funding and provision of heating and energy efficiency works for low income communities, vulnerable residents and hard to treat properties within our area – with a specific focus on private rented sector.
- Access to their funding for further measures including affordable warmth enabling private households to benefit from new central heating, and providing Energy efficiency funding , providing opportunities to wider communities.
- Integrated end-to-end process for referrals, prioritising vulnerable residents, managed by our experienced staff, in partnership with Peterborough.
- Access to our established in-house resources including technical capabilities and contact centre to ensure streamlined delivery and reporting.

4.8 British Gas plan to deliver success:

4.8.1 Their unique proposition will combine the different funding streams of ECO; Affordable Warmth, Carbon Savings and Community Saving Company Obligation (CSCO) to maximise benefits for the whole community:

Benefit to Peterborough	British Gas scheme delivery
Guaranteed ECO funding to March 2015	We estimate demand to provide up to £20m in ECO funding to subsidise home energy efficiency for 100% funded and whole house Carbon saving measures, dependent on their identification and availability
A long term Strategic Partner	Long term commitment to Peterborough to deliver your ambitions, guiding partners through provision of a pathway in order to maximise future funding and delivery options
Maximum opportunities gained from CSCO and other funding streams	We will be a direct CSCO funding provider and will build on our experience of current CERT, CESP and ECO delivery to assist Peterborough in this exciting opportunity to move to post-2012 energy efficiency delivery
Comprehensive one-step approach to tackling private sector housing fuel poverty and reducing domestic Carbon emissions	In-house delivery of ECO - from initial application to final inspection - encompassing robust financial arrangements and scheme reporting to our highest professional standards
Cost-effective Scheme delivery and consistency of excellent workmanship for Peterborough	We will bring our existing local supply chain relationships, installation capacity and experience of local authority scheme management to maximise funding opportunities and guarantee quality for customers and the Councils. In addition we will work with the council, landlords and Housing associations to provide an innovative installation solution for local residents
Excellent standards in customer care	Trained and experienced Call Centre, Energy Expert and installation staff will guide customers through our streamlined funding and delivery process. This will be supported through an integrated Behavioural Change and Corporate Social Responsibility programme in order to alleviate fuel poverty and increase carbon savings throughout the area.
Building a low carbon economy	Region-wide ECO activity will stimulate private sector growth through encouraging job creation, employment of local supply chain, along with improving housing conditions and reducing fuel bills for residents

4.9 Their commitment to Peterborough's objectives:

4.9.1 British Gas are committed to the objectives of Peterborough's Energy Efficiency programme. British Gas will play a vital role in meeting the Peterborough's energy efficiency targets and stimulating growth in the local economy. We will become a long term and committed partner to Peterborough and we are able to provide a sustainable business mechanism to develop the council's ambitions for a low carbon economy.

4.10 Mobilising our delivery:

4.10.1 They will provide a comprehensive one-step in-house delivery of each scheme, - from initial application to final inspection - encompassing our installation capacity, excellence in customer service, advanced electronic scheme reporting and consistency of quality workmanship.

4.10.2 Assuming Cabinet approve the agreement, they will quickly agree funding, reporting and financial arrangements with Council to ensure a comprehensive scheme delivery plan is in place. We will integrate each scheme into our existing in-house procedures and delivery capacity to ensure rapid mobilisation and guarantee proven quality of delivery. To mobilise each contract they will:

- Finalise the delivery plan.
- Map data integration activities to agree appropriate use of data and reporting requirement.
- Develop Scheme marketing and activities as required by British Gas to ensure we support the Council in a timely launch and community engagement activities.
- Tailor the customer survey and handheld pentablet content to meet the Council's data capture requirements. We are able to adjust electronic fields in the energy assessment survey, review the outputs and presentation of the data.
- Agree end to end Scheme processes to ensure the Council and residents of gain maximum benefits.

4.11 The initial work streams that have been drawn up are as follows:

4.11.1 to identify, assess and undertake the repairs and/or installation of boilers to meet, ECO and Affordable Warmth criteria until 31 March 2015;

4.11.2 to introduce a community purchasing tariff for the residents of the Area, providing a competitive unit rate, along with additional benefits to be agreed with PCC;

4.11.3 to consider (as part of the community tariff) developing long term sustainable measures to reduce the energy consumption using a commitment to provide Green Deal Assessments and ECO (carbon saving and community saving carbon obligations); and

4.11.4 to consider the possibility of a Green Deal project for the Area, including, but not limited to, the introduction of smart metering, data management technologies, smart devices and Green Deal packages.

5. CONSULTATION

5.1 As part of the preparation and delivery of individual work streams there will be consultation with:

- Internal service providers such as the Housing team
- Private sector landlords and Registered Social Landlords
- Other voluntary sector partners such as PECT and Age concern
- The relevant Cabinet members

6. ANTICIPATED OUTCOMES

6.1 Approval to enter into a strategic partnering agreement.

7. REASONS FOR RECOMMENDATIONS

7.1 The investment in the city seeks to further enhance the policy around the home of the environment capital. It also will generate new jobs.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The council could not enter into such an agreement

9. IMPLICATIONS

9.1 Financial

9.1.1 The Council's costs will be recovered from British Gas as part of the agreement.

9.2 Legal

- 9.2.1 The Strategic Partnership Agreement is not a contract for the supply of goods, works and services, and the Public Contracts Regulations 2006 (as amended) (“the Regulations”) do not therefore apply to it. Similarly, the Contract for procurement of ECO works would also fall outside the Regulations, providing the works are fully funded by British Gas, because it would then not be a contract for consideration.
- 9.2.2 The Strategic Partnering Agreement is a two year agreement to work together to identify any projects relating to energy Green Deal, ECO and fuel efficiency. The intention is that where a project is identified, the Council will consider the viability of the project (as well as consider the procurement status of the contract) and run a procurement competition if necessary. If a project is considered to be of interest and the procurement rules do not apply, the Council’s role is limited to promotion of the scheme.
- 9.2.3 This relationship is designed to be exclusive, i.e. the Council is not permitted to promote similar projects in conjunction with another energy supplier. That said, a supplier is not prevented from making contact with residents in Peterborough directly.
- 9.2.4 The ECO works contract is one of the projects envisaged under the strategic agreement, in light of British Gas’s Energy Company Obligation. The Council will not be paying for any of the works carried out under this agreement; nor will the beneficiaries of the work (i.e. the residents) be liable for the works carried out. It is not envisaged that other works will be carried out to properties at the same time.

10. BACKGROUND DOCUMENTS

None.