

<b>CABINET</b>	<b>AGENDA ITEM No. 6</b>
<b>13 June 2011</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Cllr Seaton – Cabinet Member for Resources Cllr S Dalton, Cabinet Member for Environment Capital	
Contact Officer(s):	John Harrison, Executive Director – Strategic Resources	Tel: 452398

**PETERBOROUGH ENERGY SERVICES COMPANY (ESCO) & OTHER ENERGY RELATED PROJECTS**

R E C O M M E N D A T I O N S	
<b>FROM : Executive Director – Strategic Resources</b>	<b>Deadline date : not applicable</b>
1. To authorise the Executive Director – Strategic Resources to establish a limited company as an energy services company (ESCO) to be wholly owned by Peterborough City Council	
2. To authorise the Executive Director – Strategic Resources to approve the business case for the ESCO in consultation with the relevant cabinet portfolio holders before trading commences.	
3. To authorise the Executive Director – Strategic Resources to award the contract for design, supply, installation and maintenance of Solar Photovoltaic (PV) panels on the roof of the former Freemans building at Ivatt Way, Westwood, Peterborough, PE3 7PA.	
4. To authorise the Executive Director – Strategic Resources, in consultation with the relevant cabinet portfolio holders, to establish additional organisations such as limited companies, or limited liability partnerships, either wholly owned or in partnership with investors and other public and private sector organisations, as required, to pursue other energy related projects.	

**URGENCY – relating to recommendation 3 above**

*The contract decision is not included in the current forward plan because at the time the forward plan was published, the potential viability of this project had not been established.*

*The decision is urgent and cannot wait until the publication of the next forward plan because to do so would prejudice the Council's interest, in that the delay would mean that the contract could not be let in time for installation to commence prior to the anticipated reduction in Feed-In-Tariff from 1 August 2011. See paragraph 4.6.2.4 below for more detail.*

*The Monitoring Officer and the Chair of the Sustainable Growth Scrutiny Committee have been advised of the intention to invoke the urgency procedure.*

## 1. ORIGIN OF REPORT

This report is submitted to Cabinet following a referral from Cllr Seaton and Cllr S Dalton, and the Executive Director – Strategic Resources.

## 2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to obtain Cabinet's approval for recommendations set out above.

2.2 This report is for Cabinet to consider under its Terms of Reference 3.2.1, to take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.

## 3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	No
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## 4. ESTABLISHING AN ENERGY SERVICES COMPANY (ESCO)

### 4.1 Background.

4.1.1 On 15 December 2008 Cabinet made a decision "Peterborough's Growth & Regeneration: Securing the Future".

4.1.2 That decision authorised the Deputy Chief Executive in consultation with the Leader, to establish special purpose vehicles (SPVs) if so required in partnership with investors and other public and private sector organisations to pursue functional or site specific growth & regeneration projects to achieve the delivery of executive functions in the Major Policy and Budget framework.

4.1.3 Although it is arguable that the previous decision authorises the actions now required, Cabinet is asked to reconsider this, given the time that has elapsed and the change of leader and cabinet members in the interim. Further, the previous decision related primarily to growth and regeneration projects, although it did make reference to energy related projects. However, the previous decision does firmly establish this council's willingness to adopt appropriate alternative forms of delivery vehicle.

### 4.2 What is an ESCO?

4.2.1 Energy Services Company (ESCO) is a broad term used to describe an independent agency that develops, installs, and finances projects designed to improve energy efficiency, usually featuring sustainable energy sources. ESCOs are becoming an increasingly important tool for local authorities to take a more active role in developing the UK's low carbon infrastructure.

4.2.2 An ESCO usually takes the form of a limited company, although other delivery vehicles are possible. It may be wholly owned by the public or private sector, or a joint venture. A greater degree of local authority ownership allows the authority to secure additional objectives such as the alleviation of fuel poverty, rather than pure profit.

### 4.3 Why establish an ESCO?

4.3.1 It is generally accepted that large, centralised energy generating stations waste a considerable amount of the energy they produce. By locating energy production close to where it is used, energy can be produced more efficiently, reducing the impact on the environment. Changes to regulations, concern about climate change, growing costs of

traditional energy, together with the opportunity to make money from low and zero-carbon energy are increasingly focussing attention onto decentralised energy.

- 4.3.2 Decentralised energy forms an important part of the government's localism agenda. For the first time, communities, local authorities and other public sector organisations are being actively encouraged to become energy producers as well as consumers. There are increasing opportunities to make money and put assets to more productive use, whilst at the same time meeting wider social and environmental objectives.
- 4.3.3 It is recommended that the council establishes an ESCO to pursue the provision of low and zero-carbon energy schemes. The intention is to produce and supply energy, of various types, but initially the main supply source would be through photovoltaic cells (PV), commonly known as solar energy. In the future the council will look at other sources, for example wind. The energy produced will be made available for use in the Peterborough area, both by domestic and business users. One key advantage of this is that it allows everyone to potentially have access to energy from renewable sources, including those for whom domestic solar panels are not an option, for example those who live in flats, or whose roofs are unsuitable. This is an important benefit that supports Peterborough's status as Environment Capital.

#### **4.4 Carbon Challenge**

- 4.4.1 The UK government has identified the local authority sector as key to delivering carbon reduction across the UK. In 2008 it passed The Climate Change Act, the world's first long-term legally binding framework to tackle climate change. The Local Authority Carbon Management Programme was designed, to assist councils in saving money on energy and putting it to good use in other areas. Peterborough City Council was selected to take part in this programme in 2009, and produced its Carbon Management Action Plan as a result. This was approved by Council on 14 April 2010 following recommendation from Cabinet on 29 March 2010.
- 4.4.2 The Carbon Management Action Plan formally commits the council to achieving a stretching, yet realistic target to reduce carbon emissions by 35% of 2008/9 levels by 2014 and formalises the Council's commitment to lead by example and create the UK's Environment Capital.
- 4.4.3 The plan sets out how the council intends to work towards these commitments, primarily actions relating to the council's properties, but also including work relating to street lights, and implementing the Travel Plan. The provision of sustainable energy will further enhance the council's ability to meet its targets for carbon reduction.

#### **4.5 Feed-In Tariffs (FITs)**

- 4.5.1 The Department of Energy and Climate Change (DECC) used powers in the Energy Act 2008 to introduce a system of feed-in-tariffs to incentivize small scale (less than 5MW), low carbon electricity generation.
- 4.5.2 The FITs scheme went live on 1 April 2010. Through the use of FITs DECC intended to encourage additional low carbon electricity generation, particularly by organisations, businesses, communities and individuals who were not traditionally engaged in the electricity market. This "clean energy cash-back" was to allow investment in small scale low carbon electricity, in return for a guaranteed payment both for the electricity generated and exported to the national electricity grid.
- 4.5.3 Unfortunately the FIT scheme, particularly for large scale solar PV (i.e. those sites over 50kW) is being reviewed under a fast track procedure, and new tariff bands for solar photovoltaic (PV) over 50 kW are to come into effect on 1 August 2011, through amendments to standard conditions in electricity supply licenses. DECC is expected to provide clarity on the new banding levels by 19 July 2011 for large scale PV and smaller scale schemes also. Although it is yet to be confirmed, it is widely anticipated that DECC will reduce the FIT to 8.5p/kWh for installations commissioned from 1 August 2011 between

250kW to 5MW. However, for installations above 50kW operational prior to 1 August 2011 the current higher FIT rate of 29.3p/kWh would continue to apply.

#### **4.6 The ESCO's initial projects.**

##### **4.6.1 Photovoltaic Panels (PV) - "Solar Panels" on the roofs of the Town Hall and the Regional Pool.**

4.6.1.1 In May 2011 the council entered into a contract with Prescient Power Ltd for the supply and installation of Solyndra Photovoltaic Systems to both the Town Hall and Regional Pool roofs, for the sum of £319,908.00. The feed in tariff is currently set at 32.3p/kWh (including the export tariff associated with the FIT). This price will rise with inflation and is fixed for a period of 25 years (the FIT rate for smaller installations such as this is not set to reduce on 1 August). The installation is to commence in June 2011 and be completed by the end of August 2011. The estimated annual return on the initial layout is £28,418.00. The installation will also reduce carbon emissions from both buildings by 35 tonnes resulting in further savings from the carbon tax (currently set at £12 per ton) of £420, resulting in an overall saving of £28,838.00 per annum. The new systems will not only generate electricity but also an income stream for PCC for the next 25 years.

4.6.1.2 The award of the contract was made by the Executive Director – Strategic Resources, within his delegations.

4.6.1.3 If the council retains responsibility for the PV installations on these two roofs, it will be able to use the energy generated, to lower its own energy costs. It will also be able to sell unused energy back to the national electricity grid at a minimum rate of 3p/kWh. This would produce an income from the feed-in-tariff explained in para 4.5 above, but the opportunities to fully exploit this opportunity would be limited, because to have the power to trade energy, by selling to other domestic and business users, the council must set up a limited company, as explained in para 9.2.4 below. If the council is unable to trade in surplus energy this means that a valuable potential income source is lost.

4.6.1.4 It is therefore recommended that the contract with Prescient Power Ltd for PV panels on the roofs the Town Hall and the Regional Pool, be transferred to the ESCO as soon as possible once it is established as a limited company. Any such transfer will be compliant with the regulations explained in para 8.1.3 below, relating to cross-subsidisation.

##### **4.6.2 Photovoltaic Panels (PV) – "Solar Panels" on the roof of the former Freemans building.**

4.6.2.1 The council is the owner of the freehold of the former Freemans building at Ivatt Way, Westwood, Peterborough, PE3 7PA. The majority of the building is leased to Tesam Ltd, and there are also 2 licenses to occupy smaller areas of the site with other individuals.

4.6.2.2 The council wishes to take advantage of the very large roof space on the Freemans building (in the region of 900 000 m<sup>2</sup>) to generate energy from PVs in the region of 4.6MW. It is recommended that the council enters into a design, supply, installation, and maintenance contract for PV panels at this location. The size of the available space means that this is likely to be a contract of a value in the region of £12m to £15m, including the value of the annual operation and maintenance costs (in the region of £50k per year).

4.6.2.3 The value of the contract requires that EU procurement rules are followed, and on 20 May 2011 the council issued an OJEU notice inviting tenders in respect of the contract. The council is using the accelerated time procedure on the basis that this will boost the local economy through rapid execution of the contract and allow the council to deliver the contract before the decrease in Feed-In-Tariffs.

- 4.6.2.4 It should be noted that the issue of the OJEU notice does not in any way “tie the cabinet’s hands” and the council may withdraw from the process at any stage up to the award of the contract, (which is expected to be at the end of June 2011) if cabinet decides not to accept the recommendations in this report. It was necessary to commence the procurement process prior to the cabinet meeting because of the very tight timescales involved prior to the expected decrease in the FITs. Assuming the contract is awarded by the end of June 2011 this allows the contractor until 31 July 2011 to complete as much of the installation as possible and obtain the accreditation for the completed installation at the higher rate FIT. This is a very tight, but achievable timescale. It was not possible to bring this matter before cabinet at an earlier stage, because the potential viability of this project has only very recently been determined.
- 4.6.2.5 The advice from the council’s planning team is that as the PV panels are hidden by the parapet of the roof then their installation does not constitute “development” under s.55 of the Town & Country Planning Act 1990, as they are additions that do not materially affect the appearance of the outside of the building. Planning permission is therefore not required, but in view of the size of the installation, to give comfort both to the council and the contractor, an application for a certificate of lawful development has been made. This will specify the precise use that is considered permissible without planning permission.
- 4.6.2.6 It is likely that substantial supplies of energy will be generated from this project, and traded in the Peterborough area with energy consumers.
- 4.6.2.7 The Freemans site is subject to a lease with Tesam Ltd, which ends in March 2020, subject to a tenant’s break clause after 5 years. The lease allows the installation of PV panels on the roof without requiring the tenant’s agreement. The council’s Site Allocation document submitted for consideration on 4 May 2011 to the Secretary of State for Communities and Local Government, identifies the former Freemans site for housing, for an indicative 460 dwellings. Housing development cannot proceed until the lease comes to an end, so at that stage there would need to be an assessment of whether it was more beneficial to free up the site for housing, or allow the PV panels to remain on the roof. The contract is being let with a suitable break clause to allow the PV panels contract to be terminated, and the housing option to proceed, if so required.

## **5. ANTICIPATED OUTCOMES**

- 5.1 The anticipated outcome is that a limited company wholly owned by the council is established immediately, and that other projects are developed as the need arises.
- 5.2 It is worth noting that, in general terms, the public procurement obligations to which a local authority is subject will not be avoided by the creation of a wholly owned ESCO. In the majority of cases the ESCO will have to follow the same procurement rules as the council would, for the contracts which it lets.
- 5.3 It is anticipated that the contract with Prescient Power Ltd will be transferred to the ESCO, as will any contract entered into for the supply of PV panels at the former Freemans site.

## **6. REASONS FOR RECOMMENDATIONS.**

- 6.1 The Council’s Medium Term Financial Strategy reflects the priorities of the Sustainable Community Strategy, to combine ambition for growth with the need to improve the quality of life for residents. The Medium Term Financial Plan Proposals approved by council in February 2011 contained a commitment to the Environment Capital agenda by pursuing new income streams from solar energy and wind farm developments, and also to deliver services at a neighbourhood level.
- 6.2 The council wishes to optimise commercial opportunities for production of energy supplies, particularly “green energy” in keeping with its status as Environment Capital. In addition it wishes to maximise potential benefits for communities. Setting up a limited company would enable the council to optimise both of these opportunities.

- 6.3 Installing PV panels at the former Freemans site will enable the council to maximise the production of green energy, and also obtain a valuable source of income.

## **7. CONSULTATION**

Consultation with the relevant Cabinet members has taken place. No further consultation is anticipated or necessary at this stage.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

### **8.1 Alternatives to setting up an ESCO.**

- 8.1.1 The council could retain the status quo and not pursue energy supply or other energy related products. This has been rejected as the council continues to pursue its Environment Capital agenda, and wishes to optimise both community based projects and its own income generation to mitigate the effects of the recession and budget cuts.
- 8.1.2 The council could operate some projects in house, but this option has been rejected because it would prevent the council from trading for a “commercial purpose”, for the reason set out in paragraph 9.2.4 below. The council would have no power to trade in supplies of energy to domestic and business users.
- 8.1.3 An ESCO could alternatively be established in partnership with another party, as a joint venture, with the council as either the majority or minority shareholder. If the council has less than 20% of the shareholding, the ESCO need not be subject to local authority constraints and duties. Although the council may still exert control if it the company is not wholly owned, this option has been rejected at this stage. EU procurement rules require procurement of the joint venture partner, and the procurement process would cause delays in setting up the company. As there is a tight deadline of 31 July 2011 for any installation to be operational, to ensure that the council obtains maximum Feed-In-Tariffs, an additional procurement process would severely jeopardise the ability to meet this target.

### **8.2 Alternatives to transferring the contract for PV panels on the roofs of the Town Hall and Regional Pool**

- 8.2.1 The council may retain the contracts and not transfer them to the ESCO. This has been rejected because that would mean that although the council could obtain some income from the Feed-In-Tariff, it would lose the income opportunity available from trading energy supplies, by selling to domestic and business customers, which it may only do through a limited company.
- 8.2.2 A joint venture with another partner has been rejected for the reasons set out in para 8.1.3 above.

### **8.3 Alternatives to not entering into a contract for the supply of PV on the roof of the former Freemans building, and subsequently transferring it to the ESCO.**

- 8.3.1 The council could decide not to pursue this project. If it did it would lose the opportunity to generate a large amount of renewable energy, which would make a significant addition to the council’s intention to lower its carbon emissions. Further, a potentially valuable source of income would be lost. The income is expected to be significant, and an important contribution to the council’s ability to offset some of the recent budget reductions, and protect its ability to continue provision of front-line services.
- 8.3.2 The council could enter into a contract for the supply of PV panels, but retain the contract with the council. This would allow it to benefit from the Feed-In-Tariff income, but not from the much greater income opportunities of trading in electricity supplies. As the anticipated energy to be generated from this contract is very substantial, potentially up to 4.6mW, the income lost would be significant, and this option has therefore been rejected.

8.3.3 A joint venture with another partner has been rejected for the reasons set out in para 8.1.3 above.

## **9. IMPLICATIONS**

### **9.1 Financial**

9.1.1 The costs of establishing the company will be minimal, and restricted to the costs of producing company documentation and registration at Companies House. A small “start up” fund in the region of up to £50 000 will be allocated to the company to cover these and other necessary ancillary costs. This will be funded from the capacity fund and is likely to be on a draw down basis so that costs are allocated only when they are incurred.

9.1.2 No specific staff costs will be incurred initially as all the work of the company will, in the first instance, be carried out by council staff, to whom no additional remuneration will be paid. Similarly, there will be no additional accommodation costs, as activities will be carried out from council properties.

9.1.3 However, a trading company may not be subsidised by the council, as this is considered to distort market competition and is prohibited under article 2(3) of The Local Government (Best Value Authorities) (Power to Trade) England Order 2009, which provides that the authority must recover the costs of any accommodation, goods, services, staff, or any other thing that it supplies to the company. Therefore any financial assistance, in cash or in kind, given by the local authority should be for a limited period, against the expectation of later profits. Any assistance should be provided under a formal agreement with the company, using a robust methodology for assessing the costs, and this will be drawn up after the company has been established. The agreement may provide for grants, loans or guarantees.

9.1.4 Interests in companies and other entities need to be encompassed in arrangements for financial reporting, particularly group accounts in the Statement of Accounts. The council will also need to be mindful of the requirements to report financial instruments & ensure adherence to capital finance regulations. In considering the impact of this expenditure on the Prudential Indicators, as contained in the council’s Treasury Management Strategy, this arrangement is not anticipated to go over and above the indicators set. The council will refresh the Treasury Management Strategy as part of the Medium Term Financial Plan to update all future indicator levels.

9.1.5 The following information is based on an initial assessment of the likely costs and income associated with the proposal for solar panels on the former Freemans building at Ivatt, Way, Westwood, and further validation is necessary before letting a contract.

9.1.6 At the optimum development level of 4.6MW delivered by 31<sup>st</sup> July 2011 it is estimated that the scheme could generate on average a net income (FIT income less costs of operating and financing capital expenditure) to the council of some £500,000 per annum over 25 years. The level of capital investment required may be up to £15 million.

9.1.7 Any level of scheme below the optimum may still be profitable, but it is difficult to predict what the level of profitability may be at this stage. If all factors remained constant then any level of delivery of the scheme that attracts maximum FIT rates may be profitable as typically the costs of investment and running costs are less than the income generated under the FIT.

9.1.8 However, as the scheme is under a fast track delivery timescale it is possible that not all of the panels will be accredited by 31<sup>st</sup> July 2011. This would mean that there may be a point, where as a function of the ability of the contractor to deliver on site, the cost of the scheme (both capital and revenue) and the necessary accreditation of the FIT to take place, the Council would not enter into a contract as the scheme would not be viable.

## 9.2 Legal

9.2.1 Local authorities are established and governed by statute, and can only act where they have a relevant statutory power. Powers must be exercised reasonably to avoid a legal challenge on the grounds that an action is “ultra vires”. This applies to the setting up of an ESCO.

9.2.2 A local authority has a number of statutory powers which establish its right to trade:

9.2.2.1 The Local Authorities Act (Goods & Services) Act 1970 gives powers to provide services to other public bodies;

9.2.2.2 The Local Government Act 2003, s.93 provides best value authorities with the power to charge for discretionary charges which it is under no statutory duty to provide (providing there is neither a similar power, nor a prohibition on charging, under other legislation);

9.2.2.3 The Local Government Act 2003, s.95 provides a power to trade for commercial purposes (providing there is no statutory duty to provide the services and no other statutory power to trade).

9.2.3 The power to trade commercially under s.95 is the most relevant, and is the power that will be relied upon to set up an ESCO.

9.2.4 There are a number of constraints on the s.95 power, the most significant of which is that to trade commercially, the council must establish a company to provide a level playing field to the private sector.

9.2.5 In addition, The Local Government Act 2000 s.2 (1) may be used in support of setting up an ESCO. This gives authorities a wide ranging “well-being” power which enables the authority to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of their area. In using the power the authority must have regard to its Community Strategy.

9.2.6 The meaning of “anything” defines the boundaries of what can be done to deliver an ESCO. There is no definition in the Act but at s.2 (4), there is an illustrative list of actions which come within the meaning of “anything”. This list is not exhaustive, but enables a local authority to:

- incur expenditure
- give financial assistance to any person
- enter into arrangements or agreements with any person
- co-operate with, or facilitate or co-ordinate the activities of, any person
- exercise on behalf of any person any functions of that person, and
- provide staff, goods, services or accommodation to any person.

The power is wide enough to cover the setting up and participation in a company for well-being purposes, provided the power is exercised for proper purposes, and provided that when considering this report Cabinet gives full consideration to the well-being objectives likely to be achieved.

9.2.7 Well-being” as such is not defined by the 2000 Act. However, the well-being to be promoted or improved must be economic well-being, social well-being or environmental well-being, and it likely that the delivery of an ESCO will be capable of such classification.

9.2.8 Local authorities are not entitled to use the wellbeing power for the primary purpose of raising money, which is not, in itself, a purpose which falls within s.2 of the Act. This does not prevent receipt of any dividend payments received by the council as a shareholder participating in a company.



- 9.2.9 As a result of s. 95 of the Local Government Act 2003, activities under section 2 (1) of the 2000 Act, such as the provision of goods and services can now be traded, that is made available at a commercial rate in connection with a well-being purpose. An activity undertaken in connection with the exercise of the well-being function is to be regarded as something which local authorities are 'authorised to do for the purpose of carrying on any of their ordinary functions' (see s. 95 (1) (a) of the Act).
- 9.2.10 When considering the delivery of an ESCO, local authorities must have regard to the duty to seek Best Value, which is set out in section 3 of the Local Government Act 1999, as amended by s.137 of The Local Government and Public Involvement in Health Act 2007. The general duty is that an authority must secure continuous improvement in the delivery of its functions, having regard to a combination of economy, efficiency and effectiveness.
- 9.2.11 In deciding whether and how to exercise the s.95 trading power, authorities must still have regard to their own procedural rules, Wednesbury principles of reasonableness, proper purposes and fiduciary duty. A business case and risk analysis will be required, and this must be approved by the executive before trading starts, hence the recommendation that Cabinet delegates this approval to the relevant portfolio holders.
- 9.2.12 The Local Government (Miscellaneous Provisions) Act 1976 as amended, allows local authorities to:
- (a) produce heat or electricity or both;
  - (b) establish and operate such generating stations or other installations as the authority thinks fit;
  - (c) buy or otherwise acquire heat;
  - (d) use, sell, or otherwise dispose of heat produced or acquired or electricity produced by virtue of this section:
  - (e) without prejudice to the generality of the preceding paragraph, enter into and carry out agreements for the supply by the authority, to premises within or outside the authority's area, of such heat as is mentioned in the preceding paragraph and steam produced from air and water heated by such heat.
- 9.2.13 However, an important restriction was contained in s.11(3) of 1976 Act, which provided that local authorities may not sell energy which is produced otherwise than in association with heat. They could not sell surplus energy back to the national grid. As this prevented local authorities being full participants in the government's decentralised energy policy, the government made Regulations in exercise of the powers conferred by the Local Government (Miscellaneous Provisions) Act 1976.
- 9.2.14 On 18 August 2010 The Sale of Electricity by Local Authorities (England and Wales) Regulations 2010 (SI 2010/1910) came into force. This allows local councils to sell energy they produce from renewable energy sources back to the national electricity grid. "Renewable energy sources" includes energy from wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogases, so the power given by these Regulations is sufficient to cover a very wide range of options.
- 9.2.15 The activities of the ESCO as a trading company will fall within the scrutiny remit of the Sustainable Growth Scrutiny Committee, although the detail of the terms of the Committee's terms of reference in respect of the company are yet to be finalised.

### **9.3 Corporate Priorities: Environment Capital**

Providing sustainable and renewable energy projects, either through an ESCO or other vehicle, is entirely in keeping with the council's environment capital objectives. Sustainable and renewable energy projects can do more than help meet targets for carbon reduction. They can also be used to generate revenue, fund community improvement, create employment, and address issues such as fuel poverty. By the local authority taking a pro-

active role, and initiating its own low-carbon energy projects, it can ensure maximum benefit to local communities.

#### **9.4 Crime and Disorder / Community Safety & ICT**

No implications.

#### **9.5 Discrimination and Equality**

No implications.

#### **9.6 Human Resources**

The limited company is not expected to employ staff at this stage, its work will be carried out by council staff. There will be neither a transfer of staff, nor any secondment. Instead council officers will provide services to the company under a formal agreement between the council and the company, identifying the services to be provided, and the charges to be made to the company in consideration for these services.

#### **9.7 Property**

No implications – the company will be operated from existing council buildings and no additional accommodation or office space within council buildings is required. The lease of the former Freemans building causes no restriction on these proposals.

#### **9.8 Procurement**

No procurement process is necessary for the council to set up a wholly owned company. Any subsequent procurement processes carried out by the company will be carried out in accordance with appropriate procurement legislation and regulations.

### **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Peterborough City Council Carbon Management Action Plan (Approved by Council on 14.04.10)