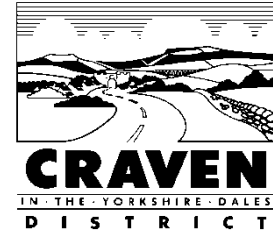


## Policy Committee – 3<sup>rd</sup> March 2015

### TERMINATION OF THE COUNCILS' MEMBERSHIP TO THE YORKSHIRE ENERGY PARTNERSHIP



Report of the Director of Services

Ward(s) affected:

1. **Purpose of Report**

Seek approval to terminate the Councils' membership of the Yorkshire Energy Partnership.

2. **Recommendations**

2.1 That Members approve the termination of membership to the Yorkshire Energy Partnership Ltd – Company Number 03337712.

2.2 That authority is given to Environmental Health & Housing Manger to terminate this membership by giving three months' notice to the company in writing a period of notice that is defined in the 'Articles of Association'.

3. **Background**

3.1 The Council has for nearly 20 years been a 'member' of the Yorkshire Energy Partnership a company which is registered under the Companies Act 2006. The 'members' of the Partnership company are –

- North Yorkshire County Council
- City of York Council
- Ryedale District Council
- Craven District Council
- Hambleton District Council
- Scarborough Borough Council
- Selby District Council
- Richmondshire District Council
- Harrogate Borough Council
- Joseph Rowntree Housing Trust
- Leeds Metropolitan University

3.2 The purpose of the company is to deliver energy efficiency advice to residents to each of the local authorities above. Such advice can lead to the Company enabling energy efficiency measures being installed in dwellings at the customers' expense or should funding be available the installation of measures at no cost (funding from the energy providers 'Energy

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Commitment Obligation') to the individual provided they meet certain means testing criteria.

- 3.3 It should be noted that the Council does not generate revenue from this company and has an annual service level agreement with YEP for the value of £2,563. Working together we have been very successful in the past drawing down funding both for the District and for other North Yorkshire councils. However the recent changes to funding in particular Energy Commitment Obligation and the Grant conditions associated with government funding has resulted in few measures to private homes in the last year in the District.
- 3.4 Members will be aware that we have been part of the Leeds City Region Green Deal Provider procurement exercise. I am pleased to inform Members that this procurement has been successfully completed and that KSW a consortium of Keepmoat and Willmott Dixon has been awarded the contract.
- 3.5 The Council has signed the 'Call off Agreement' (Minute POL. 624 refers), to effect the contractual arrangements. The Green Deal initiative will be marketed as 'Better Homes Yorkshire' a partnership between the Leeds City Region LEP, West Yorkshire Combined Authority, nine Local Authorities in the Leeds City Region and the private sector partners Keepmoat and Willmott Dixon. It will be further marketed in Craven as 'Better Homes Craven'.
- 3.6 Procurement and the awarding of the contract to KSW was on the basis that the Green Deal Provider could demonstrate that it could take advantage of current funding opportunities and was flexible enough to take advantage of any future funding opportunities. However the contractor delivering the 'Better Homes' programme has 'exclusivity rights' which means that Craven District Council cannot work with other contractors to promote energy efficiency in the private housing stock and this will include the Yorkshire Energy Partnership.
- 3.7 The 'Better Homes Programme' will provide energy advice to residents in the City Region and deliver energy efficiency measures in the form of –
  - a) '**Green Deal**' – Where 'KSW will provide a loan (from their own resources or from the Green Deal Finance Company) to pay for some or all of the cost of installing energy improvements in the home, as well as arranging the installation itself. The loan, which will include interest, through a charge will be added to the electricity bill. The loan that can be borrowed is limited by what a typical energy user might save on their energy bills from installing the improvements. KSW may offer an alternative loan option to the householder so that this is not added to the electricity bill.
  - b) '**Energy Commitment Obligation**' (ECO) - Under ECO, the big six energy suppliers are required to help householders save on their energy bills and carbon emissions. KSW has an arrangement with SSE (one of

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the 'big six' energy providers) that enables it to draw down this ECO funding that can be used to deliver the following –

- c)
- i. Carbon Saving Community Obligation (CSCO) – does not currently apply to Craven.
  - ii. Affordable Warmth Obligation - heating and insulation measures to consumers living in private tenure properties that receive particular means-tested benefits, and
  - iii. Carbon Saving Obligation – installation of measures like solid wall and hard to treat cavity wall insulation, which ordinarily can't be financed solely through Green Deal

3.7 There is an option for this Council to remain as an associate member of the Yorkshire Energy Partnership but there is very little benefit in doing so and we would remain at risk of the 'exclusivity' obligation in the LCR Green Deal Provider contract.

3.8 It is understood that some other Members are also considering their involvement in the Yorkshire Energy Partnership, although their position is slightly more complex as they are stock holding authorities and therefore might wish to remain in the company to give advice and funding on their own housing stock.

## 4. **Exit from the Yorkshire Energy Partnership Company**

4.1 Article 21 of the 'Article of Association' specifies how 'members' can terminate membership of the Company.

*'A member may withdraw from membership of the company by giving three months' notice to the company in writing'.*

4.2 When the Council became a 'member' of the company it had the option to nominate a Director to sit on the Board. Throughout its membership the Council has taken advantage of this option and its current Director is the Lead Member for a Greener Craven.

4.3 Should the Council accept the recommendation to terminate membership of the Company then the 'member' whom the Director represents on the Board of Management ceases to be a member of the Company.

4.4 There are liabilities for 'members' should they leave the Company. Article 2 of the 'Article of Association' states –

*The liability of each 'member' is limited to £1, being the amount that each 'member' undertakes to contribute to the assets of the Company in the event of its being wound up while he is a 'member' or within one year after he ceases to be a 'member', for –*

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- a) *Payment of the Company's debts and liabilities contracted before he ceases to be a 'member'*
- b) *Payment of costs, charges and expenses of winding up, and*
- c) *Adjustment of the rights of the contributions among themselves*

## **5. Implications**

### **5.1 Financial and Value for Money (vfm) Implications –**

We have an existing Service Level Agreement with the Yorkshire Energy Partnership (YEP) where we pay an annual fee (1<sup>st</sup> April to 31<sup>st</sup> March) of £2,563 for the services provided. Should Members be minded to terminate this agreement with YEP we would be liable for part payment of annual fee during the notice period.

### **5.2 Legal Implications –** These are included in the body of the report

### **5.3 Contribution to Council Priorities –**Greener Craven

### **5.4 Risk Management –** There are no strategic risk management issues arising from the report.

### **5.5 Equality Analysis –**

No Equality issues arise from this report.

## **6. Consultations with Others –** Financial Services, Legal Services, Director of Services

## **7. Access to Information: Background Documents –** Nil

## **8 Author of the Report –**

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Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

## **Appendices –** None