

HAMPSHIRE COUNTY COUNCIL**Executive Decision Record**

Decision Maker:	Executive Member for Environment and Transport
Date:	5 March 2013
Title:	Strategic Arrangements for Energy
Reference:	4767
Report From:	Director of Economy, Transport and Environment

Contact name: Alan Williams

Tel: 01962 846827

Email: alan.williams@hants.gov.uk

1. The decision:

- 1.1. That authority be given to proceed with investigations and a market dialogue process to develop an understanding of the role and requirements of a strategic partner/adviser for energy.
- 1.2. That authority be given to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Environment and Transport and the Head of Legal Services to proceed with discussions with Woking Borough Council to explore joint working arrangements for the development and potential delivery of the Winchester District Energy project.
- 1.3. That authority be given to proceed with investigations, including discussions with interested parties, into a potential partner/provider for the Energy Company Obligation and the Green Deal in Hampshire.

2. Reasons for the decision:

- 2.1. Following the approval of the Corporate Energy Strategy in October 2012, the County Council needs to progress with delivering against the strategic objectives as laid out in the Strategy. Expertise is required to guide the County Council to deliver the right projects, structures and outcomes to maximise benefits and opportunities arising from energy. The County Council would benefit greatly from a strategic partner/adviser to support existing resource and to provide technical and policy guidance.
- 2.2. The Winchester District Energy project is a key deliverable arising from the Corporate Energy Strategy. In order to progress this project expertise is now required to guide the County Council through the next stages of work including technical, legal and financial modelling and the development of a Final Business Case. The County Council is keen to pursue a public sector

delivery model but requires expertise to help achieve this. Woking Borough Council is one of the few local authorities with the broad range of experience, expertise and capacity required to provide this specific guidance. Woking Borough Council has experience of delivering District Energy schemes that are public sector led and financed and also has experience of setting up Energy Services Companies to deliver energy projects. A joint working arrangement with Woking Borough Council is therefore being explored to allow transfer of intellectual property to the County Council to assist with the development and potential delivery of the Winchester District Energy Project.

- 2.3. The Energy Company Obligation (ECO) focuses on providing energy efficiency measures to low income and vulnerable consumers and those living in 'hard to treat' properties, such as period homes. The funding for these energy efficiency improvements is worth around £1.3 billion every year. Following the success of Insulate Hampshire, authority is being sought to investigate the potential to draw down ECO funding in Hampshire. The delivery of ECO in Hampshire could bring multiple benefits such as reduced fuel poverty and increased job creation. To achieve this the County Council will need to engage with energy suppliers with a view to establishing some form of strategic arrangement or agreement on how to best deliver ECO Hampshire. Part of this work would also include investigating the potential and options for Green Deal delivery in Hampshire.

3. Other options considered and rejected:

- 3.1. To deliver the Energy Strategy without the guidance of a strategic partner/adviser which could open the County Council up to a number of financial, reputational and operational risks resulting from the failure of projects, investments and partnerships.
- 3.2. To proceed with the Winchester District Energy project without engaging with Woking Borough Council which could increase the risk of project failure, loss of capital and reputational risks.
- 3.3. To proceed with the Winchester District Energy project with another local authority. Advice from the Department of Energy and Climate Change is that Woking Borough Council is the best placed authority to offer the support required for this scheme in a public sector model approach. Other local authorities operating district energy schemes are currently operating with different approaches, e.g. with a commercial partner or do not have sufficient capacity/capability to support the County Council at this time.
- 3.4. To allow ECO and Green Deal to be delivered in Hampshire by third parties without any agreement or arrangement with the County Council which could result in loss of potential funding to low income and vulnerable consumers in Hampshire, and the loss of potential multiple benefits to be gained through a strategic arrangement/agreement.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker: None.

4.2. Conflicts of interest declared by other Executive Members consulted: None.

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:	Date:
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Executive Member for Environment and Transport Councillor M J Kendal	