

Single Member Cabinet Decision

Executive
Forward Plan
Reference**E2920****Energy Services: Local Energy Tariff**

Decision maker/s	Cllr Martin Veal, Cabinet Member for Community Services Cllr Tim Warren, Leader of the Council
The Issue	There is an immediate opportunity to work in partnership to create a local energy tariff backed by the Council. The local energy (electricity and gas) tariff project has the potential to benefit: all local residents; the fuel poor; local communities and the Council through: savings on energy bills; retaining economic benefits locally and generating a return for the Council that will, at minimum, cover marketing and contract management costs.
Decision Date	12 th January 2017
The decision	The Cabinet Members agree to: <ul style="list-style-type: none">• Approve the principle of commissioning a partner to create a Council endorsed local energy tariff offer for electricity and gas in order to gain a range of community benefits.• Note that there will be a further report to Cabinet prior to contract award, having tested the business plan and marketing approach through the procurement process.
Rationale for decision	<p>A B&NES local energy supply model has the potential to contribute to a longer term vision of making the district more energy resilient and independent, and offers the following benefits to B&NES district:</p> <ul style="list-style-type: none">• Reduced energy costs for residents, helping to alleviate the impact of local fuel poverty, improving health and wellbeing. Assuming an uptake of 3,000 households per year, the value of the energy savings delivered for our local residents would be up to £4.5 million after 5 years.• Retention of a greater proportion of the region's c.£153m electricity and gas expenditure within the local economy,• Better return for local renewable energy generators, by enabling better matching between local generation and demand, increasing investment and jobs potential, and helping deliver our Core Strategy renewable energy target,• Reduced carbon emissions in our area,• Improved community resilience in the face of future energy price shocks and rising trends in energy bills,• Support for the transition to a low-energy, efficient and competitive local economy, and enable a platform for the future integration of smart grid and new low energy technologies,• Cost recovery for the Council for marketing and contract management costs. <p>The social, economic and environmental benefits of the local tariff project will contribute to the delivery of the following Council strategies</p>

	<p>and objectives:</p> <ul style="list-style-type: none"> • B&NES Vision 2020 and Corporate Strategy themes ‘Creating the Future’ and ‘A Focus on Prevention’ and the administration’s manifesto focus on ‘cleaner, greener and healthier communities’. • Joint Health and Wellbeing Strategy – particularly Theme 1 ‘Preventing ill health by helping people to stay healthy’ and Priority 4 to ‘create healthy and sustainable places’. • Economic Strategy – through local retention of economic benefit. • Core Strategy – particularly the commitment to reduce carbon emissions and Core Strategy target CP3 on renewable energy (275MW renewable heat and electricity generation by 2029). • Environmental Sustainability Partnership (ESP) Strategy – particularly the commitment to provide the leadership for a 45% cut in district wide CO₂ emissions and to support local energy generation. • Community Energy Strategy – particularly the delivery of the aim to accelerate growth of renewable energy and energy efficiency improvements across the district, whilst delivering maximum local economic and social benefit. • Think Local Procurement Strategy – particularly the principle that ‘We will prioritise Social Value for our community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable’.
<p>Financial and budget implications</p>	<p>The procurement and set-up costs for the scheme are covered by the existing Energy Services Strategic Review one-off allocation budget. The Medium Term Financial plan from 2017/18 to 2019/20 assumes income generated from “Energy Services projects” starting from £15k in 2017/18 with annual target rising to £100k in 2019/20.</p> <p>Once set up, the Council’s additional costs will be covered by the income generated from referral fees for customer leads created through Council intelligence, community outreach and unique marketing channels.</p> <p>We anticipate the local tariff will attract up to 3,000 new customers per year, reaching 15,000 customers after 5 years, or up to 20% of the local residential market, and that the value of the energy savings for our local residents will be in the region of £4.5 million after 5 years (overall energy spend in B&NES is around £150 million pa).</p>
<p>Issues considered (these are covered in more detail in the report)</p>	<p>Social Inclusion; Sustainability; Equality (age, race, disability, religion/belief, gender, sexual orientation); Corporate.</p>
<p>Consultation undertaken</p>	<p>Cabinet colleagues; Staff; Community Interest Groups; Stakeholders/Partners; Other Public Sector Bodies; Section 151 Finance Officer; Chief Executive; Monitoring Officer.</p>
<p>How consultation was carried out</p>	<p>Informal Cabinet, Senior Management Team, Energy Services Senior Advisory Group, Energy Services Project Working Group, Environmental Sustainability Partnership Board, staff consultations via</p>

	meetings and workshops, soft market testing.
Other options considered	<ul style="list-style-type: none"> • Collective Switching Campaign – however, this offers less opportunity to tailor the offering to local needs, and typically offers minimal benefit to households on pre-payment meters. Switching campaigns have been considered but rejected previously by B&NES Council for these reasons. • Becoming a licensed energy supplier – however, this option would require substantial investment and exposes the Council to considerable financial risk, which the Energy Services Study (conducted as part of the Council’s Strategic Review) concluded was inappropriate for a Council the size of B&NES. • Do nothing – however, this option misses opportunities to deliver significant local benefit and was not considered consistent with current strategies. • Oil heating – the option to extend this scheme to include heating oil was considered, but since the heating oil market operates separately from the electricity and gas supply markets (involving different companies and regulatory regime) a separate procurement process would be required.
Declaration of interest by Cabinet Member(s) for decision, including any dispensation granted:	None
Any conflict of interest declared by anyone who is consulted by a Member taking the decision:	None
Signatures of Decision Makers	
Date of Signature	
Subject to Call-in until 5 Working days have elapsed following publication of the decision	