



CABINET

11 JUNE 2013

**DIRECTOR OF ENVIRONMENT, DEVELOPMENT AND TRANSPORT:
TONY CIABURRO**

**CABINET MEMBER WITH RESPONSIBILITY ECONOMIC GROWTH AND PUBLIC
PROTECTION: COUNCILLOR ANDRE GONZALEZ DE SAVAGE**

Subject:	Strategic Alliance with British Gas: Towards a Low Carbon Northamptonshire
Recommendations:	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Endorse the Memorandum of Understanding in Appendix One to create a <i>Strategic Alliance</i> between British Gas Trading Ltd. and Northamptonshire County Council; 2. Approve the associated Action Plan in Appendix Two outlining the joint activities to be pursued; 3. Support the innovative collaborative approach being undertaken to secure significant investment in ‘low carbon’ initiatives in the County; and 4. Agree that a further report on progress against the Action Plan be submitted for consideration by Cabinet towards the end of the current financial year.

1. Purpose of Report

- 1.1 The overall aim is the development of a ‘low-carbon’ Northamptonshire through working collaboratively with British Gas Trading Ltd (British Gas).
- 1.2 This report outlines the main elements of a new ‘*Strategic Alliance*’ formed in keeping with the ‘Northamptonshire 10 Point Plan’ (our current offer and ask of Government) and highlighting the key actions proposed following the signing of a Memorandum of Understanding (MoU) between the County Council and British Gas.

2. Relevant Priority Outcomes

The content of this report supports the delivery of the following corporate outcomes:

Perspective	Outcome
Customers & Community - to achieve our vision, what will our customers see?	<ul style="list-style-type: none"> • A cleaner, greener and more prosperous county • Active, safe and sustainable communities • Ambitious Young People • Service users and carers feel in charge of their lives
Process - to satisfy our customers, what processes must we excel at?	<ul style="list-style-type: none"> • Developing local markets • Commissioning outcomes

	<ul style="list-style-type: none"> • Shaping our county growth • Facilitating inward investment • Using business intelligence to segment customers and predict demand
Learning and Growth - to achieve our vision what must we learn, develop and improve?	<ul style="list-style-type: none"> • Smarter Council • Innovative, empowered and accountable staff • Improve wellbeing • Target Operating Model
Finance – to finance our vision, what must we do efficiently, effectively and economically?	<ul style="list-style-type: none"> • Maximised income and new funding mechanisms • Exploited fixed assets • Targeted spend and investments

3. Background

- 3.1 To support the implementation of the *Northamptonshire Arc Concept*, the Council's overarching strategic plan which brings together connectivity, economic development, environment and biodiversity under a single plan, a '*Northamptonshire 10 Point Plan*' was recently published.
- 3.2 The *10 Point Plan* sets out the County's current offer and ask of Government to support the local economy. In particular it highlights the aspiration to create a low carbon Northamptonshire, and for the County to become the leading UK location of low carbon technologies.
- 3.3 From initial discussions with British Gas Trading Ltd., a major provider of energy in the UK, it became apparent that there was strong alignment in our respective aspirations regards developing a low carbon economy, of addressing fuel poverty, promoting well-being and having a large overlap in our customer base. In this regard, it was considered opportune to explore the potential for collaboration between the two organisations further.
- 3.4 Northamptonshire County Council and British Gas therefore held an officer Workshop in March 2013 to discuss the potential for collaboration principally around the area of energy-related benefits for both residents and businesses within Northamptonshire.
- 3.5 As a result of this collaborative Workshop, a wide range of potential opportunities of mutual benefit were identified. Such was the interest generated by the Workshop, it was agreed that a Memorandum of Understanding (MoU) be established – see Appendix One.

4. Strategic Alliance and associated Action Plan

- 4.1 The MoU sets out the key principles for the establishment of a Strategic Alliance between British Gas Trading Ltd and Northamptonshire County Council with the view to developing the concept of a "*Low Carbon Northamptonshire*" in partnership for the mutual benefit of each organisation and for the overall benefit of the County.

4.2 The Key Principles of the Strategic Alliance were identified as being:

- Agreement to work together to develop a *Low Carbon Northamptonshire* through a collaborative partnership that allows the sharing and exchange of information, ideas and resources that will be of mutual benefit to both Parties;
- Agreement to negotiate, consult and work together in good faith with a view to executing any mutually beneficial initiatives and developing more formal agreements where necessary; and
- An overarching arrangement that may lead on to potential binding agreements where appropriate that could include, but not exclusively, the following;
 - i. **Green Deal and Energy Company Obligations** (*Green Deal provides householders and small businesses with the upfront capital to carry out energy efficiency improvements to their properties which are repayed through their energy bill, whilst the Energy Company Obligations places a new requirement on UK energy suppliers to deliver against both CO₂ and fuel poverty reduction targets*).
 - ii. **Collective Switching** (*Where consumers get together to negotiate a group deal for cheaper energy from their gas and electricity suppliers*)
 - iii. **Energy Infrastructure Investment** (*Physical fixed assets including; electrical power networks, generation plants, electrical grid, substations, natural gas pipelines, as well as the local distribution network, and electric vehicle networks for charging electric vehicles etc.*)
 - iv. **Energy Service Company (ESCo) Support** (*An ESCo is a business providing a broad range of comprehensive energy solutions including design and implementation of energy savings projects, energy conservation, energy infrastructure outsourcing, power generation and energy supply, and risk management.*)
 - v. **Energy Performance Partnership** (*A self-funding agreement lasting 3-10 years, designed to reduce energy consumption and costs within buildings, where the provider installs and maintains a range of energy efficiency measures on the recipients' buildings/ estate, with the costs of these investments being paid from the reduction in energy bills*)
 - vi. **Support for Local Businesses and Supply Chains** (*The Low Carbon and Environmental Goods and Services sector is estimated to employ 11,100 people across the County. The sector has been resilient to the economic down turn and is projected to grow over the coming years by 10 to 15%. It has also been estimated that collectively businesses in Northamptonshire could benefit from c.£88m per year cost savings from low or no cost resource efficiency improvements.*)
 - vii. **Low Carbon Transport** (*Electric vehicle schemes, low carbon buses and freight*)

4.3 Based on the discussions in the Workshop, an initial Action Plan has also been developed which summarises those activities and initiatives which were deemed worthy of further exploration – See Appendix Two.

4.4 The Action Plan follows the main headings in the MoU with an additional section to include the areas for potential joint-working around the themes of Education and Wellbeing reflecting the ‘whole-council’ approach of this collaboration.

5. **A Strategic Alliance in Action**

5.1 The creation of a *Strategic Alliance* with British Gas and the development of a joint Action Plan marks a nationally innovative approach to the way in which the County Council is willing to collaborate for mutual benefit with a major energy supplier to secure significant investment in ‘low carbon’ initiatives in the County.

5.2 From the Action Plan in Appendix Two it can be seen that the opportunities for collaboration with British Gas are extensive and cover all aspects of council services. Examples of some potential early quick wins include:

- **Beanstalk** – a national volunteer reading scheme which, as a result of our discussions, British Gas has become actively involved and will implement the scheme locally via our libraries;
- **Supporting council policies and proposals** – through British Gas providing their energy efficiency expertise on proposed infrastructure developments being promoted by the County Council eg. Angel Street
- **Improving schools energy efficiency** - leading to direct cost savings to the County Council;
- **Supporting the Council’s responsibility to deliver the ‘social fund’ emergency help** – through British Gas working with district and borough councils, and third sector partners to look at how we can collectively direct people to and deliver longer term support to alleviate fuel poverty; and
- **Engaging with business to facilitate low carbon jobs and investment** – British Gas and Northamptonshire Enterprise Partnership already have dates booked with local business to progress further.

5.3 These initial actions mark the beginning of what is intended to be a significant work programme in order to reap the considerable economic, social and environmental wellbeing benefits from this innovative collaborative approach.

6. **Consultation and Scrutiny**

6.1 The MoU and the associated Action Plan have been developed through a ‘whole-council’ approach involving senior officers from all Directorates. Wider consultation will be undertaken as any of the identified initiatives are progressed, as appropriate.

7. Alternative Options Considered

7.1 The MoU is a non exclusive agreement which does not preclude the County Council from engaging with other energy companies should it wish to do so.

8. Financial Implications

8.1 British Gas has stated it has £1.4bn of Energy Company Obligation funding to spend nationally over the next two years. The intention is that through working together through the *Strategic Alliance* that a significant proportion of this spend will be invested in Northamptonshire.

What benefits will the proposal deliver?	<ul style="list-style-type: none">• Working via a <i>Strategic Alliance</i> with British Gas may result in more investment locally than would otherwise have occurred.• Collaborative working allows the sharing and exchange of information, ideas and resources that will be of mutual benefit to both parties.
--	--

9. Risk and Business Continuity Management

a) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Investment by British Gas in Northamptonshire would be significantly less should a <i>Strategic Alliance</i> not be in place.	AMBER

10. List of Appendices

- Appendix 1 - Memorandum of Understanding between Northamptonshire County Council and British Gas
- Appendix 2 – Action Plan

Author:	Name: Alison Parry/ Darren Perry Team: Environmental Management - EDT
Contact details:	Tel: 01604 366838 Email: aparry@northamptonshire.gov.uk
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: Rosemary Pallot N/A
Has the report been cleared by the relevant Corporate Director or ACE?	YES Name of Director: Tony Ciaburro
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Gonzalez de Savage
Has the relevant scrutiny committee been consulted?	NO
Has the report been cleared by Legal Services?	YES Name of solicitor: Julie Thomlinson
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management?	N/A Name of officer:
Has an Equalities Impact Assessment been carried out in relation to this report?	YES
Are there any community safety implications?	NO
Are there any environmental implications:	YES – Proposed actions are intended to reduce carbon emissions and overall usage of fossil fuels.
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	N/A