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To: Economic Development Cabinet Committee 6 March 2013

Subject: Kent and Medway Green Deal Partnership

Classification: Unrestricted

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## **Summary**

This paper provides an update on the energy efficiency housing retrofit activities of the Kent and Medway Green Deal Partnership and asks the Economic Development Cabinet Committee to note progress and provide comment on the next steps proposed.

### **Recommendation:**

The Economic Development Cabinet Committee is asked to:

- 1) Note and provide comment on the Kent and Medway Green Deal Partnership
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## **1. Introduction and background**

- 1.1. The improvement of Kent's homes through the installation of energy efficiency measures saves residents money, tackles fuel poverty thereby raising living conditions often for the most vulnerable residents; and stimulates the low carbon economy which is a key priority for the Kent Environment Strategy and Bold Steps for Kent.
- 1.2. The potential for retrofit in Kent is significant. Over half of the homes in Kent are still insufficiently insulated and more than 13% of Kent's residents live in fuel poverty. If all Kent's homes were retrofitted this could generate £914m worth of sales, with the potential for 7000 jobs, generating savings of £80m+ for residents
- 1.3. In parallel the Government has been developing its flagship 'Green Deal' programme to drive retrofit nationally.
- 1.4. The Green Deal is made up of two parts which are:
  - The Energy Companies Obligation (ECO) - energy companies with more than 250000 customers are obligated to pay for their carbon emissions by funding energy efficiency improvements in homes to the value of approximately **£1.3bn a year** (defined by

set conditions). Significant amounts of this money could be available for Kent's most deprived and vulnerable residents.

- 'Green Deal' - a new finance mechanism which allows householders to make energy improvements to their home with no upfront cost, paying for them through their energy bill

## **2. Kent and Medway Green Deal Partnership (KMGDP)**

2.1. To enable Kent to maximise the amount of the £1.3bn a year 'ECO' funding levered into the county the Kent and Medway Green Deal Partnership (KMGDP) has been set up. The KMGDP brings together, at a strategic level, all the key partners who would be essential in delivering a successful retrofit programme. The partnership is chaired by Graham Harris, Managing Director of Dartford Borough Council.

2.2. The purpose of the KMGDP is not only to ensure maximum 'ECO' funding for Kent residents but also secure additional benefits from a large scale programme of retrofit. This is not simply about physical measures, but low carbon regeneration with retrofit at its core and includes the ability to:

- save residents money, tackle fuel poverty and improve the health of vulnerable residents – young and old
- maximise benefits for local businesses and SMEs, generation of job opportunities and higher levels of local economic growth
- improve the links between industry, skills and training providers including apprenticeships
- develop opportunities around research and development activities and support for the supply chain

2.3. To this end a two phase programme of activity has been developed by the KMGDP:

**Phase 1 – March 2013-2015 (Initial Eco Period):** Kent County Council, on behalf of the KMGDP will engage with an ECO funding provider to help facilitate early pilot projects. Each pilot will be approximately 200 dwellings in size located in communities of around 4000 homes and carried out over the next 12-18 months. The estimated cost of the pilots is around £11-12m, however, potential expansion of the pilots to 5000 homes over the initial eco period (to March 2015) will result in far greater value (up to £40m). It is anticipated that the total cost of these pilots will be covered by the Eco Provider.

Agreed pilots are: Swanscombe, Northfleet/Singlewell, Sittingbourne/Sheppey, Ramsgate, Buckland/Tower Hamlets, Aylesham. A Medway pilot area is still being agreed. There will be

cross cutting priorities for rural areas and those suffering from the most severe fuel poverty available across the whole of Kent funded through the ECO Affordable Warmth funding strand.

**Phase 2 – 2015 onwards:** Roll out of the process across Kent and the establishment of a long term relationship with an eco funder and/or Green Deal Provider

- 2.4 An OJEU notice has been sent out by KCC on behalf of the KMGDP to select an ECO Provider, closing on the 4<sup>th</sup> February. Based on criteria agreed by the KMGDP which includes total amount of funding available, percentage of funding, but also criteria relating to local economic regeneration and skills and use of local labour, Enterprise AOL was selected as the ECO provider. This will be confirmed after a period of Standstill to allow challenge, in the first week of March. Total amount of funding offered by Enterprise was £80m.

### 3. Support for Kent and Medway SMEs

- 3.1. Support for Kent and Medway’s SME’s has so far been through:
- Encouragement of the use of the local supply chain in the OJEU and through pre tender discussions
  - 4 Joint events with DECC to highlight opportunities for SMES
- 3.2. On the back of the recent workshops and the feedback we received we are looking at further events in the next six months, and the possibility of specialised training for SMES.
- 3.3. The feasibility of a Kent and Medway SME network/framework of ‘Green Deal Ready’ SME’s is also being explored, taking into account what other local authorities are doing and what would be appropriate for Kent and Medway.
- 3.4. Further information and up and coming opportunities will be put onto Kent Portal. A timescale for actions is given below.

Action	By Whom	When
Further Green Deal Workshops and specialised training	KCC/BSK as part of FUSION Project	Mar-Jul 2013
Establish a way forward for the wider skills agenda linked to retrofit	KCC (SCC, ED, Skills Unit)	Feb/Mar 2013
Determine feasibility of a Green Deal SME Network/framework for the ECO Pilots and roll out as	KCC Sustainable Business Programme	Feasibility - Feb 2003 roll out - Mar/Apr 2003

appropriate		
Promotion of opportunities for SMEs	KCC/BSK as part of FUSION project	

#### 4. Next Steps

4.1. The next steps for the KMGDP will be to:

- Confirm appointment of an ECO Provider to deliver the pilots – March 2013
- Develop a Memorandum of Understanding for KMGDP partners - March 2013
- Set up a KMGDP Pilot Project Board based on local authority representation from each of the pilot areas, KCC, a housing association, business and community representative (Action for Communities in Rural England ) – February 2013
- Fully engage with all key partners in the pilot areas including KCC Members – February 2013 onwards
- Further develop activities outlined in Section 3 to ensure Kent and SMEs benefit from future opportunities – See Timetable

#### 5. Recommendation

The Economic Development Cabinet Committee is asked to:

- 1) Note and provide comment on the Kent and Medway Green Deal Partnership and actions identified

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Background Documents: None