

## Low Carbon Investment Working Group

### Carbon Commission - summary

In the current economic climate, with large cuts to local government budgets, many authorities are reducing their focus on the green agenda, believing it is now a luxury they cannot afford. In Haringey, we see it differently and have made a real commitment to tackle climate change – and to tackle it locally – by becoming the first major authority to sign up to a pledge to reduce carbon emissions in our borough by 40% by 2020.

Haringey's Carbon Commission, in partnership with **nef** (new economics foundation), brings together experts drawn from across the business, government and research communities to explore how this ambitious target of a 40% reduction in carbon emissions can be practically achieved in the timeframe while taking an approach that puts reducing inequality at the heart of our low carbon transition. A range of evidence to support this work has been developed with the support of funding from the Department of Energy & Climate Change, Local Carbon Framework Pilot. The resulting recommendations developed by the Carbon Commission will be considered by the Council and Haringey 40:20 Steering Group in Spring 2012.

### Scope and timescale

Five working groups will support the work of the Carbon Commission. These will explore:

- Low Carbon Investment
- Community Involvement
- Sustainable Transport
- Green Enterprise
- Integrated delivery – sustainable regeneration of Tottenham

Each working group will meet two or three times, review materials and feed in recommendations to the Commission. Each group will include a Carbon Commission member, and be supported by a Council officer.

A summary of discussions from the working group as well as evidence received from learning partners from other areas in the UK and Europe and local stakeholders will be provided to the Carbon Commission in December. The Carbon Commission will make its final recommendations to the Council and Haringey 40:20 steering group (comprising of local stakeholders) in February.

### Meeting 1 (November 2011 TBC)

Analysis of investment opportunities in Haringey and the wider north London area and identification of appropriate financial models.

**Format:** Short presentations (Haringey context, investment opportunities, Green Deal development, funding streams) followed by group discussion

Prior to the second meeting participants will be asked to carry out a small group research project in order to follow up specific issues/knowledge gaps raised in this first meeting. Council officers will be available to support this process wherever possible.

## Meeting 2 (January 2012)

Evaluation of financial models required in short/med/long term against key social, economic and environmental objectives for the Borough, and review of cross cutting issues.

## Meeting 3 (optional)

An additional meeting may be required dependent on progress made in earlier meetings.

## Contact details

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## Low Carbon Investment Working Group: Key Tasks

To achieve a 40% reduction from direct CO<sub>2</sub> emissions, evidence from carbon reduction scenario modelling indicates that over £400m investment will be required in Haringey. This would allow for energy efficiency improvements to buildings and the development of low carbon, decentralised energy networks.

The working group will be asked to develop clear recommendations with respect to:

1. What role/s the Council should play in driving low carbon investment in the borough, reflecting on a prospectus of investment opportunities that has been produced for housing retrofit and decentralised energy schemes.
2. The types of financial models that could be applied in the short, medium and long-term, for the following types of schemes, while also contributing to a reduction of inequality within the borough, increase in wider involvement in decision-making and share benefits with people living within the borough:
  - Decentralised energy schemes centred on social housing, such as Broadwater Farm or those involving mostly private and commercial buildings such as the Upper Lee Valley scheme utilising waste processing facilities and existing power plant?
  - Green Deal within the social housing sector
  - Green Deal within the private housing sector

A number of issues and opportunities will need to be considered including<sup>1</sup>:

- The role of the public sector in helping to overcome the barriers for private investors and homeowners by carrying out **pre-feasibility work**, or by reducing the risk **of investments**, given the current pressure on public funding.
- How we should the Council use its **borrowing capabilities** to support or reduce the riskiness of low carbon investment given the need to ensure sustainable management of debt.
- Using public sector finance to leverage private capital through **joint ownership** models which leaves the public sector open to risk and potentially means that profits are not retained in the local area.
- How **grant and subsidises available** should be prioritised, such as the Community Infrastructure Levy and “allowable solutions” (an alternative to meeting some aspects of

<sup>1</sup> Sustainable Development Commission, *The Future is Local, Empowering communities to improve their neighbourhoods*, 2010

the sustainability requirements for new buildings), for projects that are not capable of providing a competitive return on investment.

- Practically, how could a “**total neighbourhood**” approach align a range of differing funding sources to deliver social, economic and environmental outcomes more efficiently?
- In what instances should the Council **work with other partners** to **aggregate investments** (in the order of £50m - £100m) to make them more attractive to institutional investors and attract a lower cost of capital.
  - Would a single financial vehicle for a range of CO2 reduction schemes across a number of neighbouring authorities be desirable? If so how could this allow for flexibility, taking into account the variances in CO2 reduction opportunity and priorities across boroughs?
- How could **community investment models** – such as trusts, cooperatives, social enterprise and industrial and provident societies be supported, and potentially work together within a Local Community Vehicle.
- How should the Council utilise the regional **JESSICA funding**, a revolving fund that can leverage private sector investment and is has advantages over public sector debt through Public Works Loan Board.
- What policy recommendations for **regional or national government** could support Haringey (and potentially other local authorities) in unlocking low carbon investment?

### Range of Evidence available

See the Document Library at [www.Haringey4020.org.uk/useful-information](http://www.Haringey4020.org.uk/useful-information) to download full reports

Report title and description	Commissioning organisation/author, date
<i>Haringey's Solar PV Investment Programme 2011/2012</i> Detailing Council decision to invest up to £8m in solar photovoltaic arrays (using prudential borrowing) for council owned buildings and a roof rental model for social housing and other community buildings.	Haringey Council 2011
<i>Haringey's Green Deal Pilot, Muswell Hill Low Carbon Zone 2011/2012</i>	Haringey Council 2011
<i>Solar Renewable Potential North London</i> CO2 reduction potential from solar PV installed on Council owned buildings and private buildings.	Haringey/CAMCO 2011 GLA study 2011

<i>Solar renewable potential in North London – Market testing Finance and Delivery Options.</i> The report provides Net Present Value for investment and analysis of investment finance models such as SPV, Roof Rental, on balance sheet	Haringey/CAMCO 2011
Energy efficiency measures in homes - CO2 reduction potential - mapping fuel poverty and conservation areas	Haringey/CAMCO 2011
Finance and delivery models for the Green Deal e.g. SPV, On balance sheet , Loan Guarantee Fund, Development Company and comparison of social and economic returns for each model	Haringey/CAMCO 2011
<i>Decentralised energy feasibility studies for Broadwater Farm, Hornsey Town Hall and Upper Lee Valley and finance models</i>	Haringey/Parsons Brinkerhoff (2011)
<i>Draft Lite Electricity Supply Licence Supplier Services Agreement and issues paper</i>	Haringey/Nebarro/Cornwall Energy
<i>Haringey Energy Master Plan and Energy Master Planning Guidance methodology –capacity for CO2 reduction across the whole borough and indicative network phasing</i>	Haringey/ARUP

A number of key stakeholders are identified and their views will be represented at the working group through submission of a summary of consultation responses received and/or direct representation at the working group.

<b>Key stakeholders</b>	<b>Category</b>
En10ergy – local Industrial and Provident Society (Community investment into renewable energy)	Local – Third Sector
Greater London Authority, London Green Fund	Regional – Public sector
Co-operative Bank, European Investment Bank, KfW, PWLB, Mobilising Local Energy Investments	National – Private sector
SME housing retrofit providers	Local – Private sector
Social housing management organisation, registered social landlords, private landlords	National – Private sector
Green Deal providers and utility companies: British Gas, B and Q, Marks & Spencer	National – Private sector
ESCO's	National – Private sector



# CARBON Commission