

# The local authority role in financing the local low carbon economy

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May 2012

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# Local authorities enabling of low carbon finance

## Aligned Incentives to create pipeline

- Jobs
- Fuel Poverty
- CO<sub>2</sub> reduction targets
- Landfill reduction
- Energy security

## De-risking

- Own estate contracts
- Social housing
- Marketing support
- Planning
- Waste contracts
- Power purchasing agreements

Local  
authority

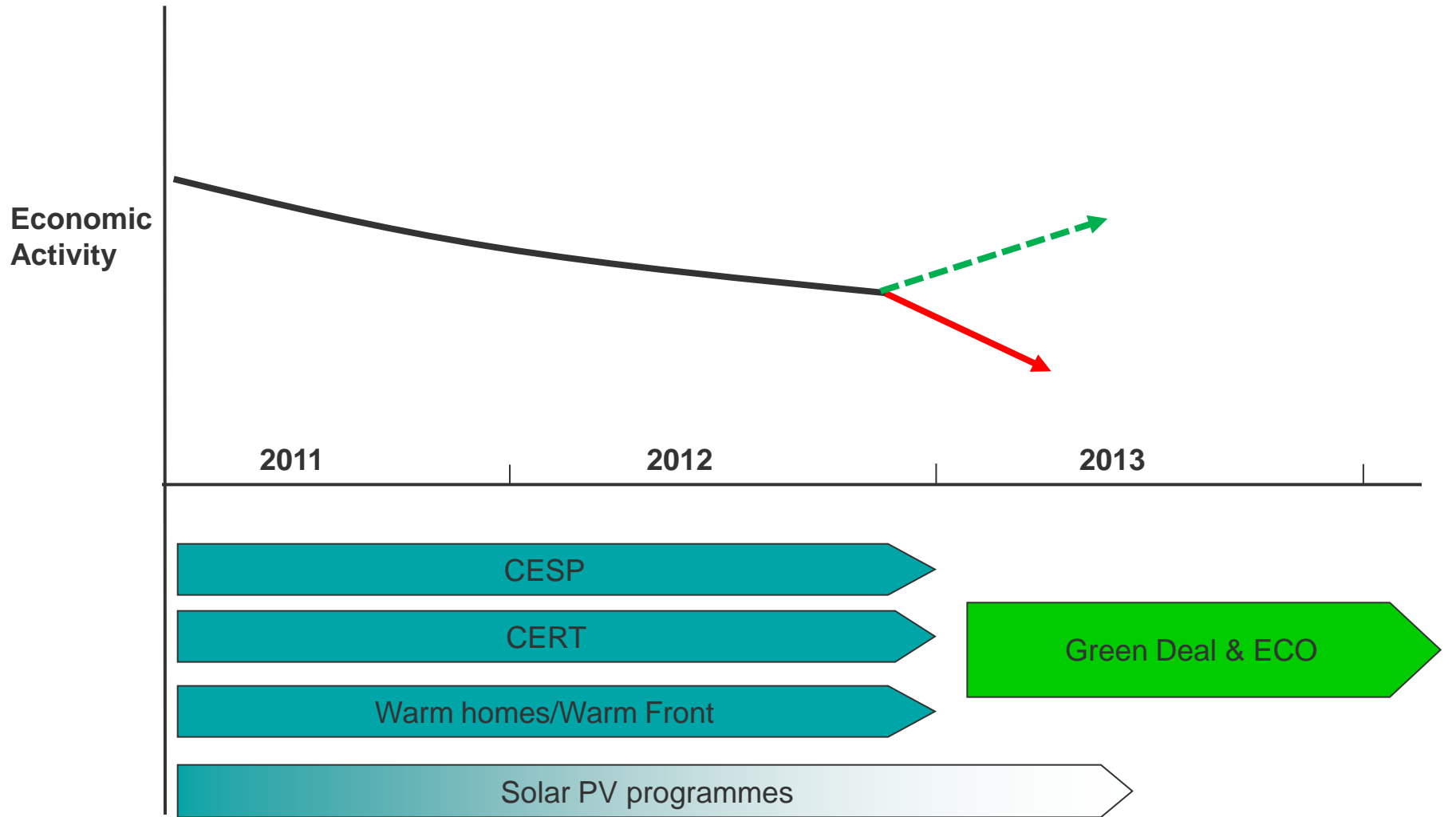
## Convening power

- Project initiation
- Procurement
- Local initiatives (LEPs etc)
- Community leadership
- Scale

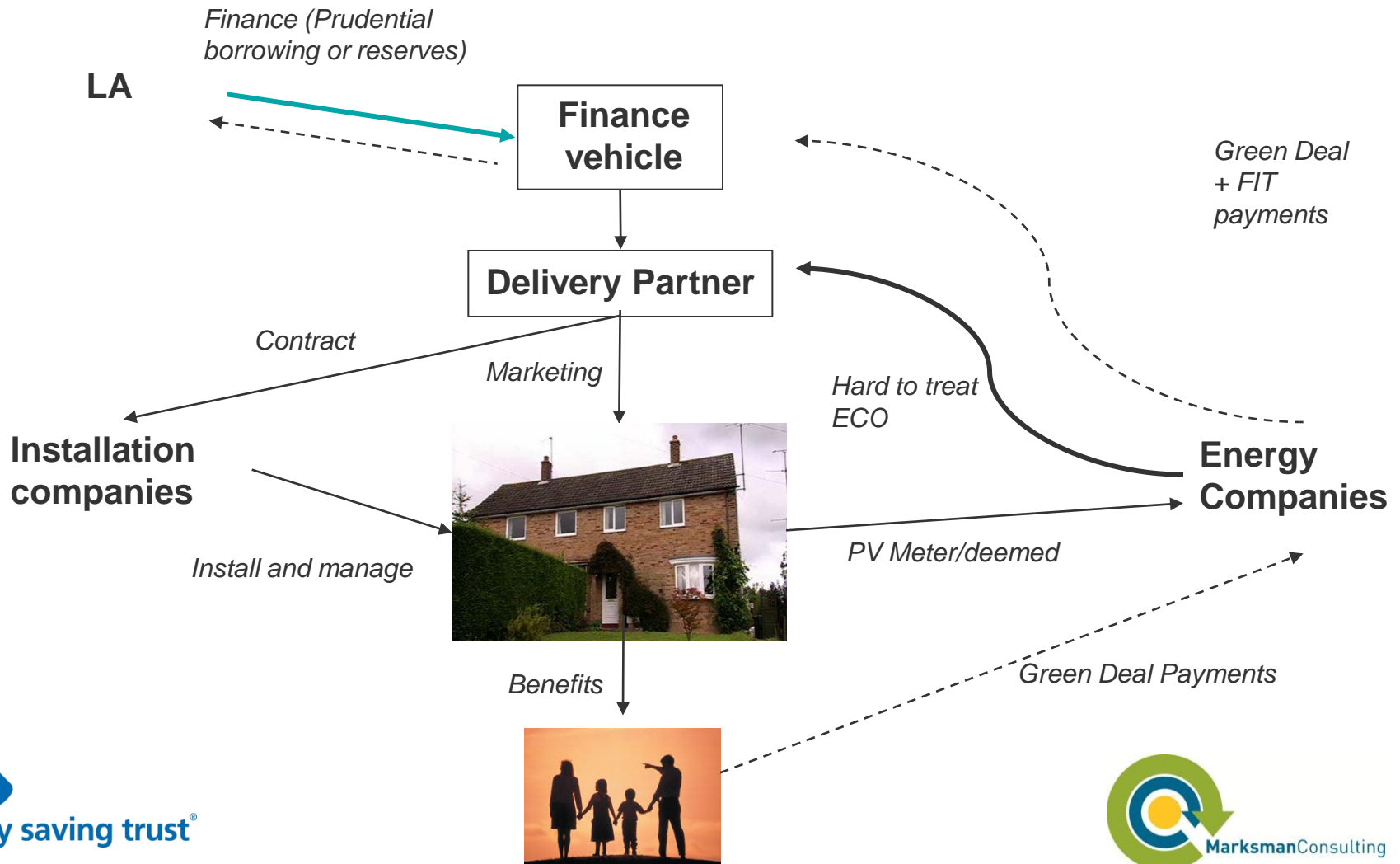
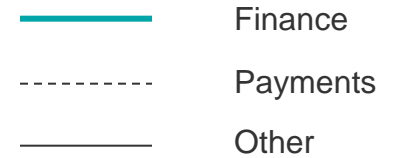
## Enabling finance

- Revenue accounts
- Grants – UK and EU
- Credit enhancements
- Prudential borrowing

# Changes to the energy efficiency sector

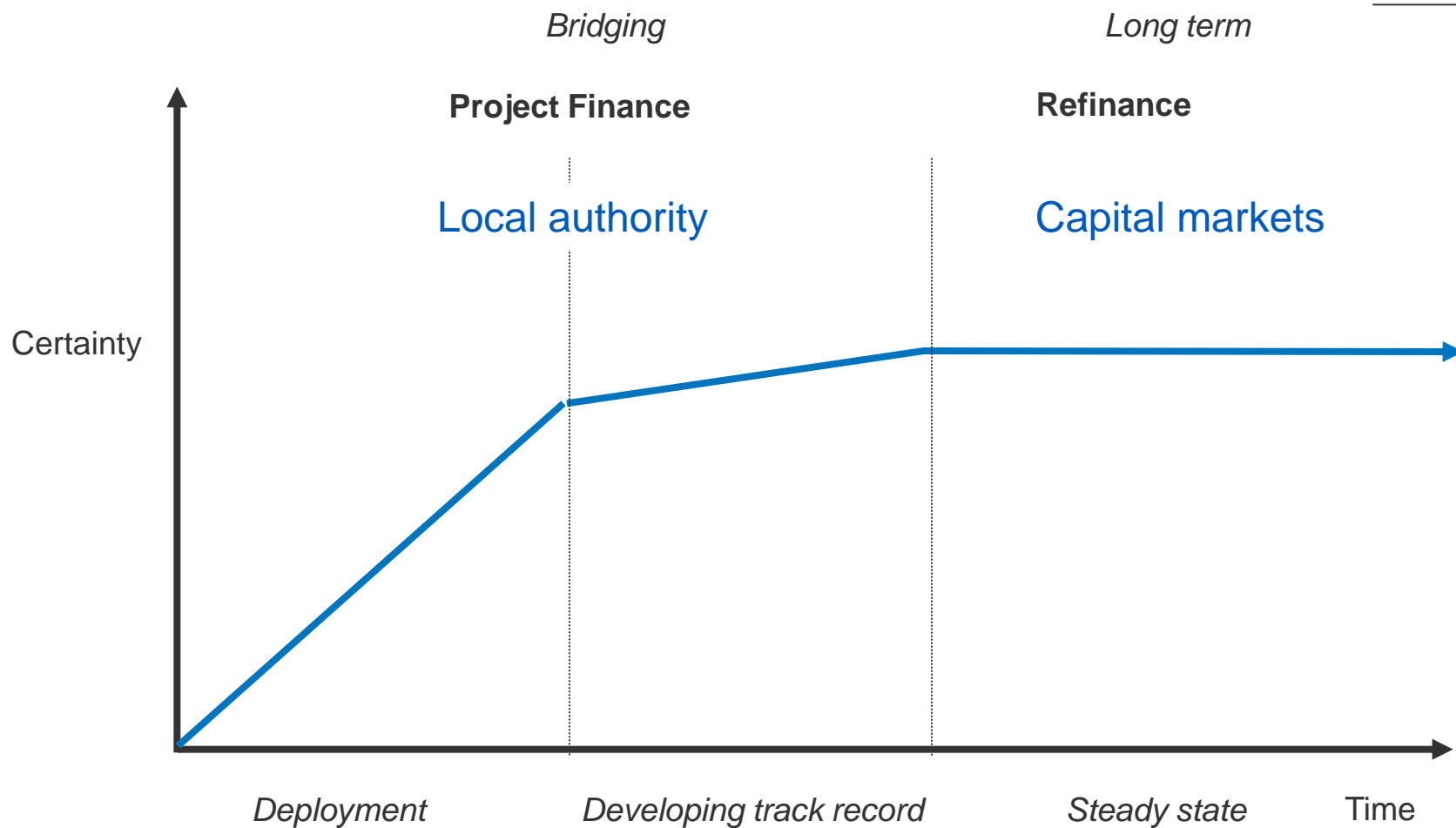


# Local Authority Operating Model



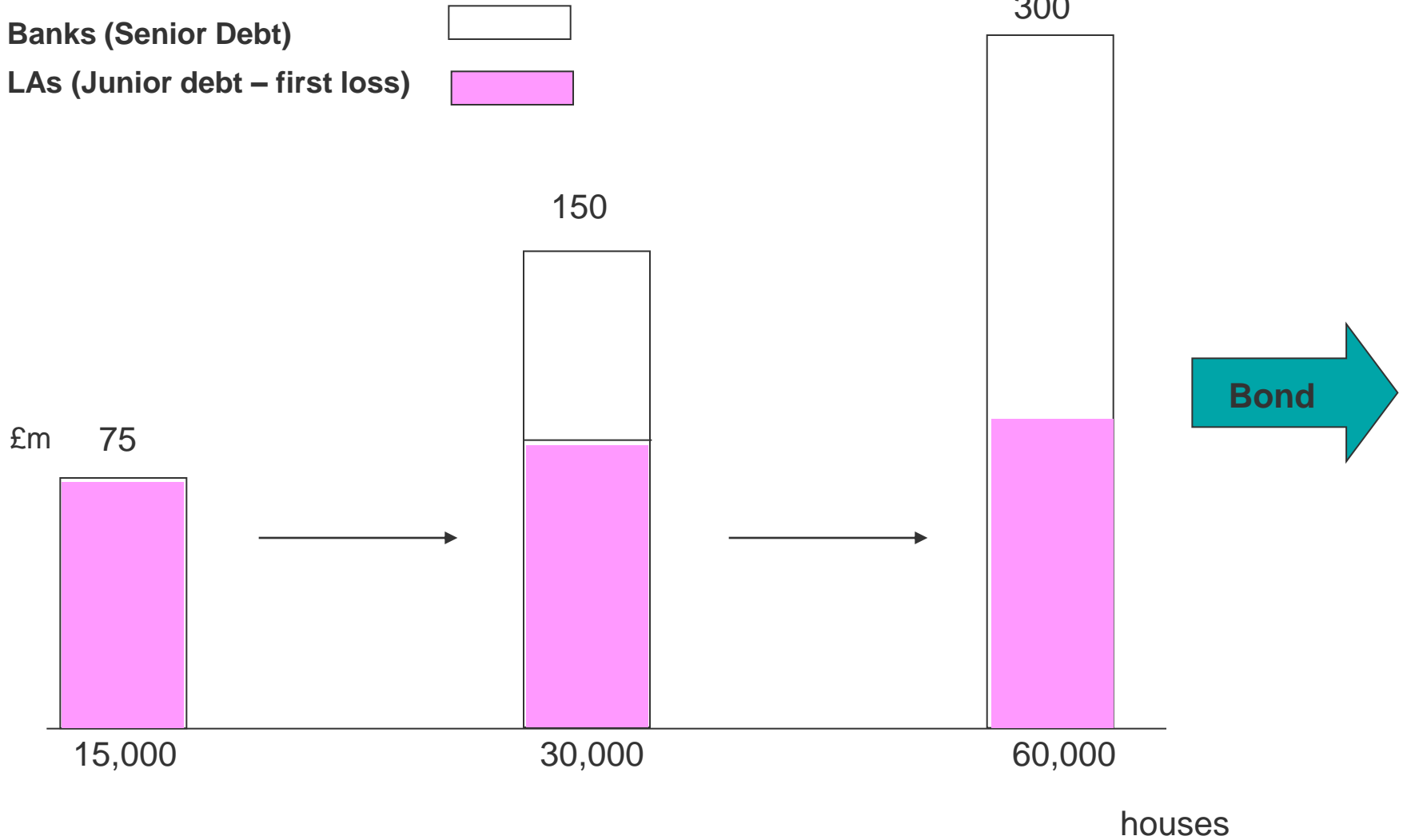
# Financing Programme – bridging finance requirement

Illustrative

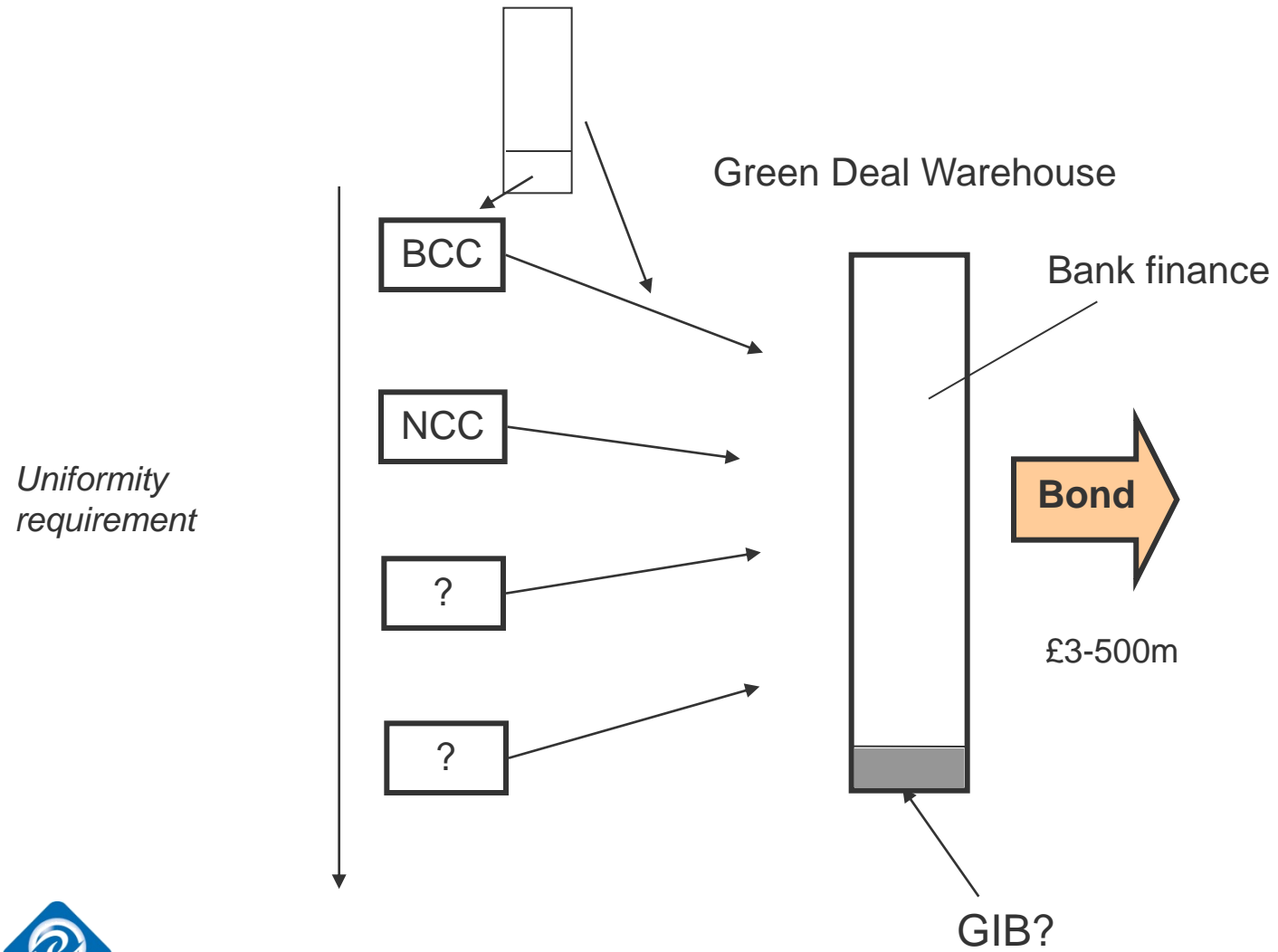


# Bringing in the banks – base case model

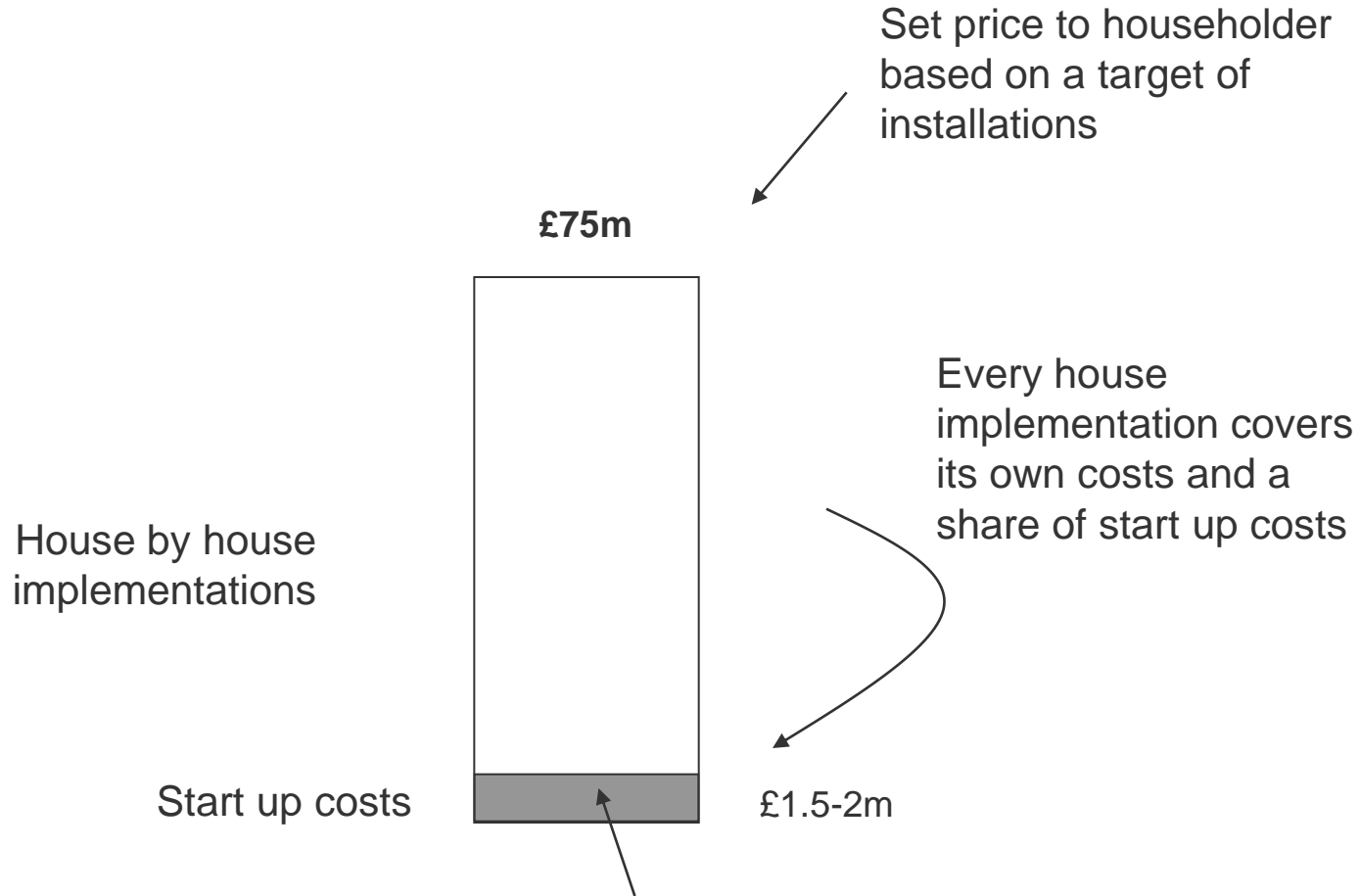
*Illustrative*



# Local Authority Green Deal Warehouse



# Adoption risk



- Business case
- Procurement
- Operational set up post procurement



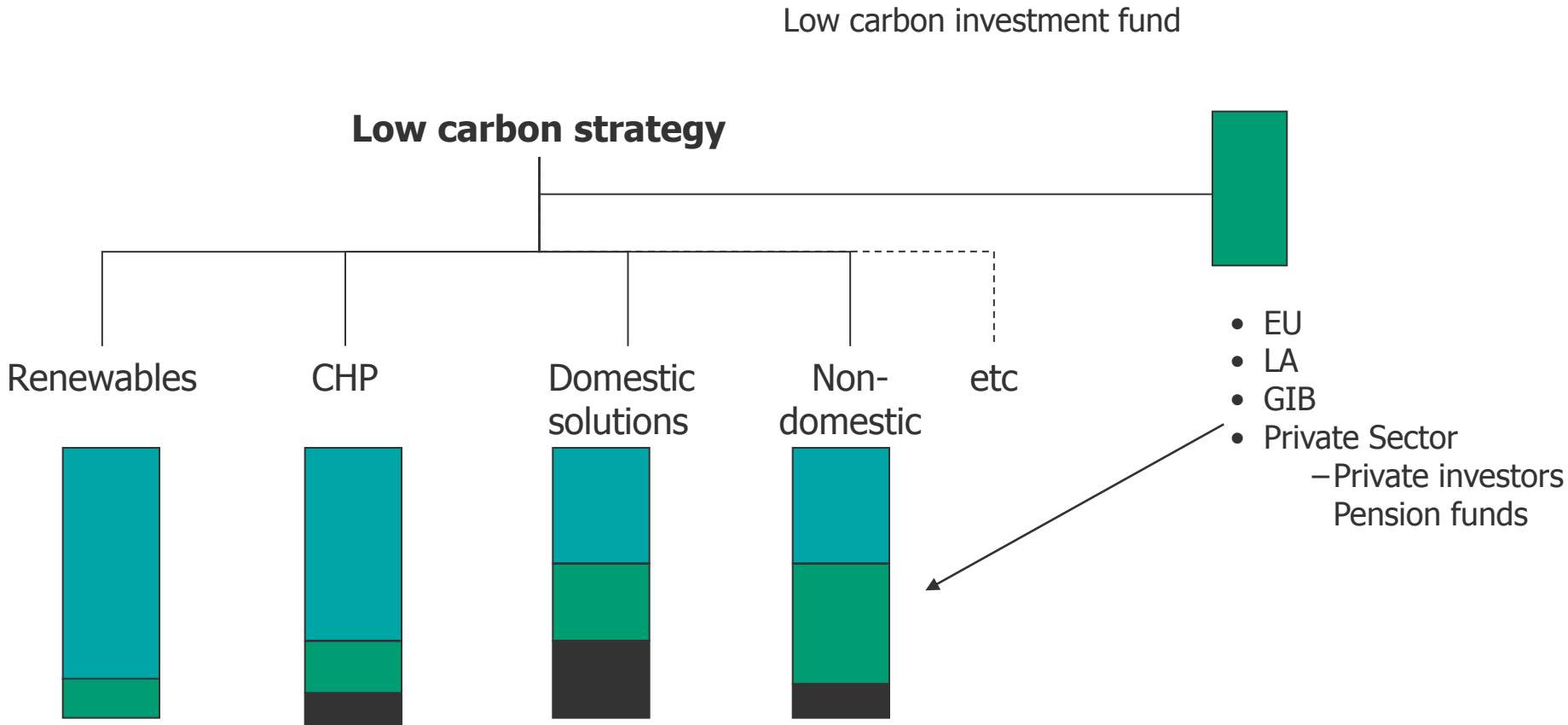
# Top risks and issues

Risks/issues	Mitigation
<ul style="list-style-type: none"><li>• Unable to sign up 15,000 house holders</li></ul>	<ul style="list-style-type: none"><li>• Bring on capital as required</li><li>• Target early adopters</li><li>• Research during tender process</li><li>• Have Delivery Partner work at risk</li></ul>
<ul style="list-style-type: none"><li>• Government policy including timing</li></ul>	<ul style="list-style-type: none"><li>• Stay close to government</li><li>• Don't go for big-bang launch</li></ul>
<ul style="list-style-type: none"><li>• Potential Delivery Partners put off by complexity of process and cost of tender</li></ul>	<ul style="list-style-type: none"><li>• Make sufficiently attractive</li><li>• Get to small number asap using competitive dialogue OJEU process</li><li>• Ensure part of long term programme</li></ul>
<ul style="list-style-type: none"><li>• Refinance risk – cannot refinance at required rate</li></ul>	<ul style="list-style-type: none"><li>• Part of outcome requirement for DP tender</li><li>• Work closely from beginning with banks, rating agencies and GDWH</li><li>• Worse case is stranded asset making a profit</li></ul>

# Local authority activity on Green Deal model

Multiple areas of dialogue	Option review	Business case	Developing regional support	Procurement
✓ ✓ ✓ ✓ ✓	AGMA	West Sussex ✓ London boroughs	Newcastle (5)	Birmingham (23)

# Local low carbon programme



# Lessons learnt

- Understand key drivers
- Leadership required throughout
- New skills, new knowledge, new attitudes
- Managing and living with uncertainty
- Paying for new business models
- Procurement.....

# Financing Eco-refurbishment

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