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Local Government's Offer on Climate Change

Purpose of Report

To decide on the final proposals for the Local Government Group's Climate Change Offer and determine how the Group negotiates with the Department for Energy and Climate Change.

Summary

In his speech at the LGA conference, Chris Huhne asked the Group to develop an offer on how local and central government can work together to meet the UK's 80% CO2 reduction target and achieve the national carbon budgets. This paper reports where discussions with DECC have got to, and officers will provide a further update and advice on the negotiating position at the Board meeting.

Recommendations

- That the Board agrees on proposals to put to DECC
- That the Board decides the Group's position on the key deal-breakers
- That the Board agrees the negotiation process with Government

Action

Leading Members and officers to take forward negotiations in line with the Board's decisions.

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**Environment & Housing
Programme Board**

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Local Government's Offer on Climate Change

Background

1. At the Local Government Group Annual Conference in Bournemouth in July, Secretary of State for the Department of Energy and Climate Change (DECC), Chris Huhne, invited the Local Government Sector, to:
 - *Put forward another 'offer' outlining how local and central government can work together to meet our national climate change targets;*
 - *Construct a new partnership between local and central government, to enable them together to meet these goals in the fastest and most cost-effective manner we can;*
 - *Discuss the appropriate structure through which local authorities could take the lead in accepting responsibility for carbon emissions in their own areas.*
2. Officers from the Local Government Group have been developing a draft 'Offer' for discussion with the Environment and Housing Board, and exploring the issues it would need to address with officer experts from the sector and DECC officials.
3. This paper provides an outline of the issues and the Environment and Housing Board will be presented with additional detail on the Offer and options at the meeting.

The issues

4. Chris Huhne has specifically said he wants to see a key role for councils in the Green Deal, but no confirmed details have emerged from DECC about what exactly this might mean, and one strand of thinking there clearly favours an approach in which private sector businesses would compete in an unconstrained way to deliver the Deal for households. Nor is it clear what the department's plans are to involve the 14 councils who agreed with the Conservatives to be pilots for the Green Deal prior to the General Election.
5. Energy efficiency measures contribute a significant proportion of the carbon emissions that can be saved locally, and is a key element of improving health, creating local employment, and increasing the proportion of income available to spend in a local area. Councils currently provide over half the energy efficiency programmes in England, and according to a recent report by the Energy Saving

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Trust, are the most popular with customers. Without a clear role in improving energy efficiency, it will be impossible for councils to take on responsibility for their local CO2 emissions.

6. Whilst Government has clearly set out a role for councils in increasing renewable energy deployment in the UK by allowing councils to sell electricity, the full potential of this cannot be realised due to the procedure OFGEM require councils to go through to obtain a "light licence".
7. In return for creating a local evidence base that demonstrates the opportunities available for councils to contribute their share of the national carbon reduction targets, councils must have access to appropriate data.
8. A key element of the Offer for DECC is making all councils accountable, and transparent, on local emissions and the actions they are taking to reduce them. There is continued pressure for Local Government to make any local targets binding, and to possibly take on a Duty to act on climate change.
9. Access to funding to deliver locally will be an important element of the Offer. There may be opportunities to access funding through the Green Investment Bank. Rationalisation of spend by Government means that many of the organisations and programmes that would have supported councils in this area are under review. Any rationalisation should be accompanied by an impact assessment on how it will affect local government's ability to deliver on local carbon reduction plans.

The Proposals

10. Our current thinking is that the main lines of our Offer should be:
 - 10.1 The creation of a single journey for all councils to help them develop local carbon reduction plans, led by the Local Government Group with top performing councils, supporting organisations, and using the Local Carbon Framework pilot councils.
 - 10.2 An active role for councils in the Green Deal.
 - 10.3 A local evidence-based approach to developing a local carbon reduction prospectus and local delivery plans that are transparent and accountable. These plans would be available for private sector investment and councils could use then as business plans for a cost-effective approach to reducing carbon emissions.
 - 10.4 No new statutory duties or top down targets for councils.

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10.5 How the Local Government Group works with DECC to help design policy that works for the Local Government Sector, and how the Group can support DECC's staff in understanding the sector.

The Negotiation Process

11. It is recommended that the Local Government Group submit the 'Offer' to DECC before the end of September so it can be considered as part of the Spending Review, due for announcement at the end of October.
12. It is recommended that submission of the 'Offer' is followed by a high-level meeting between Secretary of State Chris Huhne, Cllr Gary Porter as Chairman of the Environment and Housing Board, and Cllr Richard Kemp as Deputy Chair of the Local Government Association.
13. It is anticipated that following the submission of the 'Offer', the group will enter discussions on refining the proposals and agreeing a new framework for central and local government to work together on climate change.

Conclusion and next steps

14. The 'Offer' gives the local government sector, through the Local Government Group, a good opportunity to determine and agree with DECC how the sector acts on energy, energy efficiency, and climate change in the forthcoming years.
15. Acting on the decisions made by the Environment and Housing Board on the draft proposals, the key elements of the Offer, and the negotiation process, officers will finalise the Offer and begin the submission and discussion phase with DECC.
16. Officers will keep the Board updated on progress.

Financial Implications

17. The main financial implication for the Group is that the delivery of support to councils through the 'journey' described in paragraph 10 above would need to be included in the work programme emerging from the current discussions with Government about topslice funding. LGID colleagues, including the Managing Director, are closely in touch with our work on this.
18. Winning the arguments for policy frameworks for local energy saving which give councils a strong role would have significant positive financial implications for councils and communities, notably through supporting local energy efficiency programmes, improvements in the social housing stock, and councils' ability to generate savings and revenue from generating power and heat.