

The Memorandum of Understanding with the Department of Energy and Climate Change (DECC)

Purpose of Report

The purpose of this report is to present the Board with a revised Memorandum of Understanding with the Department of Energy and Climate Change.

Summary

At the previous meeting of the Environment and Housing Board, members requested that officers draft a new proposal for a Memorandum of Understanding (MoU) between the LGA and the Department of Energy and Climate Change. This report sets out some additional background to the MoU and puts forward a new, simpler, MoU for discussion.

Recommendation

It is recommended that members approve the new approach to the Memorandum of Understanding.

Action

Officers will begin detailed discussions with DECC Officials on the agreed way forward based on decisions made at the Board.

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The Memorandum of Understanding with the Department of Energy and Climate Change (DECC)

Background

1. The Memorandum of Understanding (MoU) was signed by the Local Government Group and the Department for Energy and Climate Change (DECC) on 15 March 2011. The aim of the MoU was to enable a better working relationship between the LG Group (now LGA) and DECC, to enable better policy decisions that work for the sector, and to create a voluntary framework for councils to express their ambition on tackling climate change.
2. A report is being independently written by a secondee from local government – the London Borough of Havering – into DECC. Their report will evaluate the success of the MoU, highlighting where the objectives of the MoU have and have not been met, and will set out the achievements of DECC and the LGA against the milestones set out in the action plan. The report is scheduled for completion by the end of July 2012.
3. At the Environment and Housing Board meeting on 16 May 2012 members requested that a draft new MoU be presented at the June Board meeting for members to debate. This paper sets out this new MoU.

Why is the MoU necessary?

4. Experience has demonstrated that DECC struggles to understand how and why local government can and should be involved in policies and programmes that address climate change. Previously, DECC's approach to councils was to give them targets under the national indicators programme to get them to take action, but the policy drivers that the department developed were not designed to allow local authorities to work with them effectively. This meant that councils were given the targets but not the tools to take action. The removal of the national indicators has gives us an opportunity to put the onus on DECC to create policies that actively encourage councils to take action on climate change, rather than relying on targets. The LGA is offering its insight into how councils operate, and their drivers, to help DECC create these policies.
5. An example of how this could work is the drafting of the new statutory guidance under the Home Energy Conservation Act 1995. **A confidential paper on this subject will be distributed at the Board meeting.**

The Memorandum of Understanding 2011-2012

6. A full report into the MoU 2011-2012 is being written by a secondee working in DECC from the London Borough of Havering. The report is due to be finished by the end of July 2012.
7. Reflecting on comments from the Board at the May 2012 meeting, and the subsequent meeting with Greg Barker, whilst the purpose of the MoU was to set out how the LGA and DECC would work together, the content was not specific enough to set out what contribution DECC was making.
8. The emphasis in the negotiations with DECC in formulating the MoU 2011-2012 was very much that DECC wanted councils to set themselves stretching ambitions as DECC sought to continue the target-based regime they had created under the national indicators. This was not underpinned by the understanding that for councils to achieve their ambitions, DECC need to design policies that enable local action.
9. The LGA has progressed with 'Climate Local' as a platform for councils to express their ambitions, share good practice, and demonstrate their progress on climate change, but DECC action on designing their policies and programmes with councils in mind has not been consistent – but it has improved over the year. However, it is not clear whether the improvement has been as a result of the MoU, or as a result of ongoing lobbying by the LGA.

Why is local government action necessary?

10. The recent report published by the Committee on Climate Change at the request of Greg Barker – Minister for Energy and Climate Change - into how local authorities can reduce greenhouse gas emissions and manage risk, stated that “there is a crucial role for local authorities in reducing emissions to meet national carbon budgets”. The report summarised that:
 - 10.1. Local authorities have significant scope to influence emissions in buildings, surface transport, and waste, which together account for 40% of UK greenhouse gas emissions;
 - 10.2. There is an opportunity to reduce emissions in these sectors by 20% in 2020 from 2010 levels and that within this the largest influence that local authorities have is in supporting energy efficiency improvement in buildings; sustainable transport and waste management;
 - 10.3. There is also an important role for local authorities in supporting power sector decarbonisation through their planning powers and in investment in electric vehicle charging infrastructure;

- 10.4. Reducing local authority own estate emissions is important to underpin the wider leadership role of local authorities, and;
 - 10.5. A failure to secure emission reductions across the areas where local authorities have significant influence would leave emissions above the levels required to meet the national statutory carbon budgets.
11. At the launch event for the report, David Kennedy – Chief Executive of the Committee on Climate Change – stated that if action was not undertaken by local authorities, the off-setting the carbon would cost £1 billion.

The revised Memorandum of Understanding

12. The purpose of the revised MoU is to set out how the LGA will assist DECC in creating policies and programmes that enable local government to respond positively to the challenge of climate change.
13. The desired outcome of the MoU is that the policies and programmes designed by DECC enable councils to take action on reducing carbon emissions.
14. It is recommended that the revised MoU is simplified. It is proposed that the revised MoU consists of a shared 'statement' on the important role of councils in addressing climate change and a detailed action plan that is agreed by both parties. The action plan will set out specific time-limited actions to be undertaken by the various departments within DECC and the LGA.

The DECC and LGA shared statement on Climate Change

15. *The Department of Energy and Climate Change understands that local government has a pivotal role to play in achieving national carbon budgets. The Department understands that the most effective way they can generate local action is for their national policies and programmes to be designed to enable councils to take action.*
16. *The LGA understands that local government has a pivotal role to play in achieving national carbon budgets. The LGA understands that the most effective way they can support their member councils is to assist DECC in creating policies and programmes that make sense at a local level, and to demonstrate to their member councils how taking action on climate change is positive for them and their local communities.*
17. *The Department of Energy and Climate Change and the LGA agree to work together to assist local authorities in releasing the benefits of taking action on climate change. Both parties agree to the principles of:*

17.1. *Sharing information that enables policies and programmes to be developed in such a way as to encourage action by local authorities;*

17.2. *Unlocking sufficient funding to allow local authorities to take action either directly or through incentives;*

17.3. *Local accountability and decision making for determining the most appropriate local response to the challenge of climate change.*

18. *Both parties will agree a clear action plan for this collaborative working with specific actions. The Secretary of State and the Chair of the LGA Environment and Housing Board will review this statement and the action plan annually.*

Example Action Plan

Theme	Policy Area	Action	DECC	LGA	Timeframe
Energy Efficiency					
	Green Deal	Enable councils to take advantage of the Green Deal	Provide financial support of at least £11 million as a kick-start fund for councils on HECA		March 2013
	Green Deal	Enable councils to take advantage of the Green Deal through a new refreshed duty under the HECA		Deliver a support programme for councils on the Green Deal	September 2012 – March 2013
Localism	Climate Local	Enable councils to share good practice on climate change and demonstrate local action in a localist manner	Second a member of staff from DECC into the LGA to take forward Climate Local for 2013/2014		Decision required by November 2012. Seconded to start by 1 April 2013.

Next Steps

19. It is recommended that members of the Board **agree to the approach to the new Memorandum of Understanding as set out in this report.**
20. It is recommended that members of the Board **agree to directing officers to engage with DECC to take forward this model of the MoU.**
21. It is recommended that members of the Board also take into account the review of the MoU that will be published at the end of July 2012.
22. It is recommended that **a revised MoU be agreed by the end of September 2012.**

Financial Implications

23. Actions agreed with DECC under the MoU action plan may require funding from the LGA.
24. Equally, actions agreed with DECC under the MoU action plan may lever in funding from DECC – e.g. for Climate Local.