

State of the Market Survey 2014

Climate Change and Renewable Energy



The state of the market survey was conducted by **Phil Brennan**, APSE Principal Advisor for Climate Change and Renewable Energy

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LOCAL SERVICES
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Climate Change and Renewable Energy

State of the Market 2014

Introduction

APSE conducted an on-line survey during early summer 2014. A series of questions were asked covering a range of issues of interest to those officers and councillors responsible for climate change, renewable energy, energy management and related topics. 77 responses were received from local authorities throughout the UK although not everyone answered all questions. This report identifies the key findings of the survey.

This is the first survey of these topics so there will be no comparison with previous surveys. Future surveys will enable this comparison.

A number of the questions in the survey ask for opinions and as such this is a record of perceptions as much as it is of facts. We are not aiming to attribute specific comments to particular people or to identify the circumstances or arrangements within particular local authorities. The survey is an attempt to understand the opinions and perceptions within the sector amongst people directly involved in delivering services.

Results from the survey

1. Does your council have a specific policy which addresses issues of energy management?

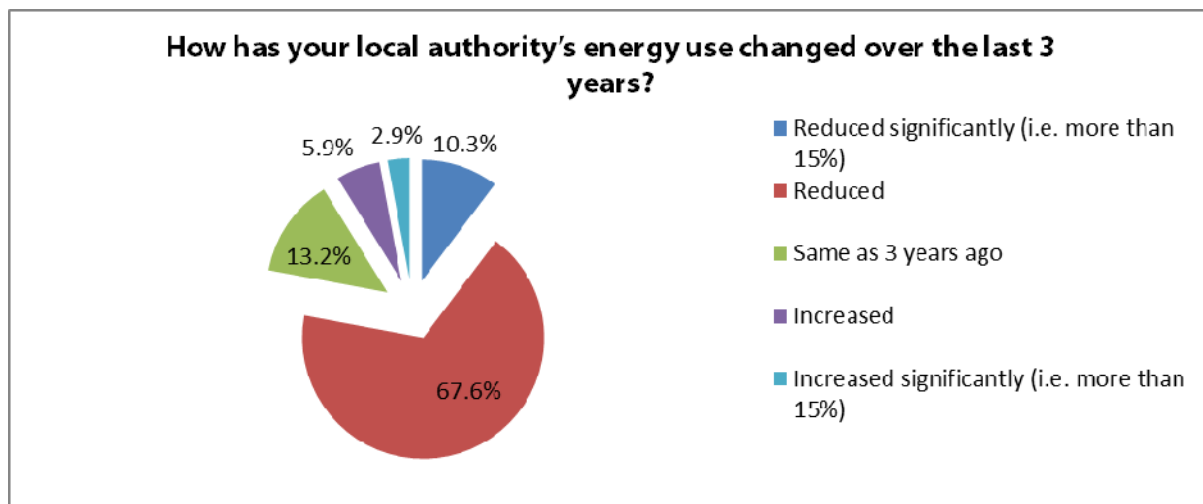
When asked about the existence of a specific policy addressing energy management issues, 77% responded that there was such a policy in their local authority. It would be expected that such a policy exists in all councils. It would be surprising if no such policy and any presumed absence is more likely to be down to the fact that the principles of good energy management are built into other documents such as carbon management plans, sustainable energy action plans, climate change action plans and planning policies as well as service plans.

Those local authorities that do not have one in place should be looking to put one in place with links to other relevant plans which are used to manage property, resources and the strategic approaches taken across the organisation.

Other responses pointed to the fact that some of the policies were coming to the end of their lives and so requiring review, reflecting a long standing policy having been in place; others have energy principles, targets and arrangements for monitoring usage built into existing procedures; whilst some pointed to departmental arrangements rather than an organisation wide policy. The issue of energy management and resource use in general has grown in importance over recent years and policies and procedures addressing it may well be built into other policy documents. However, the great majority of local authorities represented through responses to this survey have standalone policies for energy management.

2. How has your local authority's energy use changed over the last 3 years?

As the focus on resource efficiency has grown over recent years local authorities have put in place arrangements to track usage of such resources. This question focuses on energy use over the last 3 years.

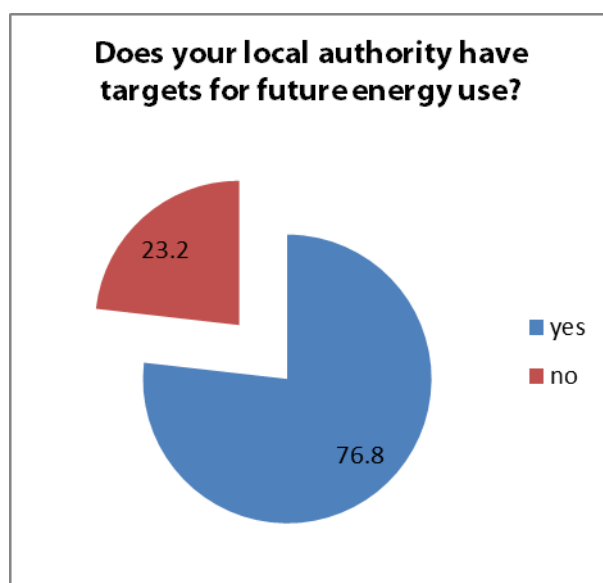


10.3% of respondents said that the energy used in their local authorities had reduced significantly (i.e. by more than 15%) whilst a further 67.6% noted a reduction in energy use. This comes to a total of 78% who use less energy now than they did 3 years ago. A further 13% of responding local authorities use no more energy now than they did 3 years ago. On the basis of this survey only 6% use more energy now than 3 years ago whilst 2.9% use significantly more. These results are welcome and reflect the attention that local authorities are giving this issue.

If the results from this question are extrapolated across the sector then there is a substantial amount of energy being saved compared with 3 years ago. However, as a major user of energy local authorities must continue to try and follow the example of those who have managed to cut their usage significantly. Reducing energy use has benefits both in terms of resource efficiency and cost savings.

3. Does your local authority have targets for future energy use?

The responses reflect the fact that nearly a quarter of local authorities did not have targets for energy use. Some have carbon reduction targets which include a majority on energy but are not exclusively reflective of energy. There are some local authorities however who appear to have no energy reduction targets.



There are a range of actual targets in place reflecting the different circumstances and approaches across local authorities. Examples include annual carbon reduction targets of 7%; 25% reduction over 10 years (by 2020); 40% reduction by 2020; 41% reduction (on 2005 levels) by 2020 and 90% by 2050; and carbon reduction targets of 3% year on year reduction as set by Scottish government; 20% reduction and 20% from renewables by 2020.

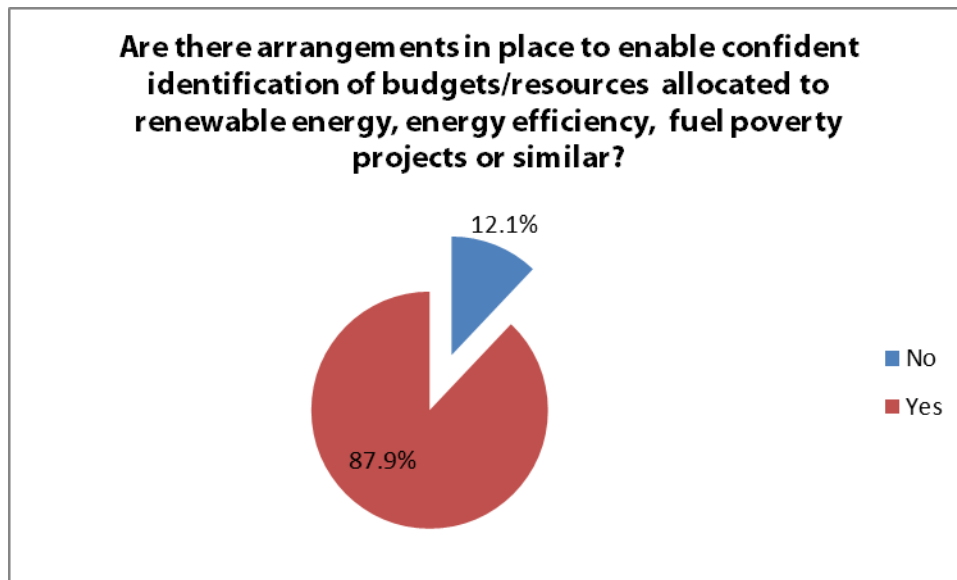
The variety of arrangements reflects the different circumstances that each local authority finds itself in.

4. Are there arrangements in place at your local authority which enable you to confidently identify those budgets and resources which have been allocated to projects related to renewable energy, energy efficiency, energy management, fuel poverty or similar? (For example, 'we have systems in place which I can use to identify we have spent £X on these project' or 'we have dedicated Y working hours to this project')

There is heightened focus on the need to provide evidence regarding the resources allocated to projects related to energy efficiency, renewable energy, fuel poverty or similar topics. As the strategic push for local authorities to address these issues comes from the corporate centre, it is important that the organisation is able to track spending and resources allocated across the local authority. Monitoring spend or other resources is a difficult exercise in large organisations. Most policy frameworks come from the corporate centre of the organisation (with obvious implications

for those operating at the frontline) and being able to track the use of resources in terms of departmental and service based spend and activity, allows for combined corporate figures to be produced (both for resources, outputs and outcomes) which represents one measure of the effectiveness of the policy.

A lot of work has gone into being able, for example, to identify to what extent changes in activities lead to reductions in the production of carbon or to how fuel poverty is measured. This needs to be accompanied by the ability of local authorities to accurately identify how much of their budgets and resources are targeted at this agenda and the outcomes which result.



In response to this survey, 88% said that they had arrangements in place which enabled this kind of activity to be tracked. Some of these were noted as being departmental only arrangements so they do not represent arrangements across the entire organisation.

Comments made to the survey included the following:-

'Yes in terms of financial monitoring. Some renewables are delivered outside of specific investment pots, e.g. as part of new build or school building improvement programmes, likewise our Salix supported energy efficiency recycling fund is not the only route for investment in energy efficiency measures, or building improvements that improve energy efficiency, such as new glazing, heating, etc. as part of building maintenance programmes'

'We have a City Council carbon reduction programme from which we can identify budgets and resources spent'

'We have a specific 'invest to save' fund and have produced a business case for additional opportunities'

'An energy and capital budget is set annually which take into account the allocation of financial and human resources into the implementation of energy efficiency/renewable projects'

'All projects which are fully/partly funded to save energy are financially and asset recorded. These projects are performance monitored for the duration of their economic life'

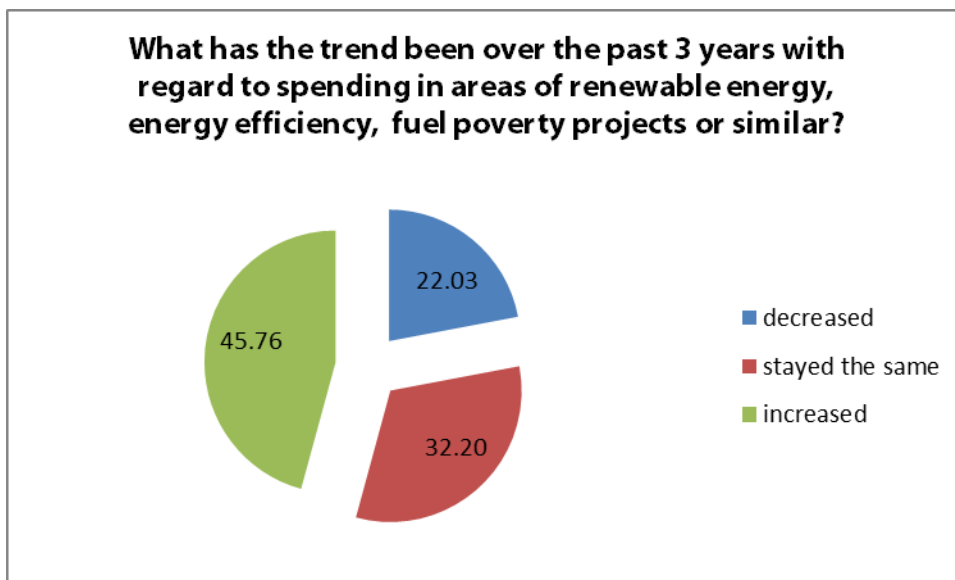
'For internal city council energy management an initial £1m has been invested on an invest to save initiative'

Clearly some of the arrangements are more comprehensive than others. There are cases where effective monitoring procedures are in place and this should be an aim of all local authorities.

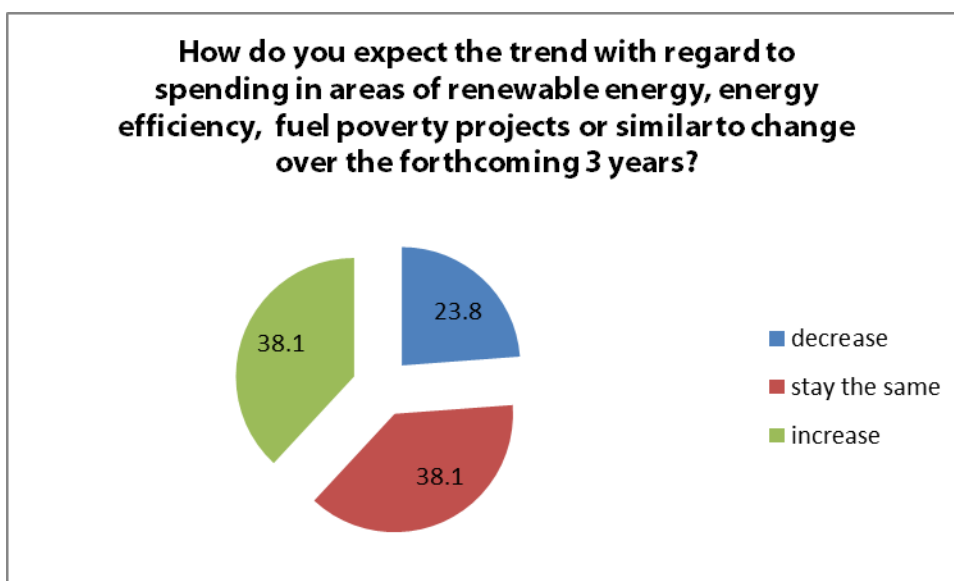
5. What has the trend been over the past 3 years with regard to spending in areas of renewable energy, energy efficiency, fuel poverty projects or similar?

Climate change, energy and related topics have moved steadily higher up the national agenda and this is reflected in the fact that 46% of those responding to this survey said that spending in this area had increased over 3 years. A further 32% said it had remained steady over the same period. The remaining 22% said that spending in their local authority on these topics has decreased.

The reduction in central government allocations and other impacts on council budgets are the main factors influencing all local authority service budgets. The responses to this survey show that nearly half of local authorities are increasing the resources they are allocating to this agenda. However, there are still a large minority of local authorities who appear to be reducing spending over the last 3 years.



6. How do you expect the trend with regard to spending in areas of renewable energy, energy efficiency, fuel poverty projects or similar to change over the forthcoming 3 years?



When considering whether spending in these areas is likely to increase, the respondents to this survey provided a mixed response. There were 63 responses to this question with 24% claiming that, in their opinion, spending on this agenda is likely to decrease in the short term. It might be expected that budget pressures will force a number of local authorities to consider this agenda as falling under the heading of 'nice to have' and so cutting funding to it. However 38% of respondents felt that the level of spending would increase whilst a further 38% thought it would remain similar to the current level.

7. What do you feel are the most significant issues related to the climate change and renewables agenda facing your local authority and/or locality? Please consider both short and long term issues.

The most common responses to this question were as follows:-

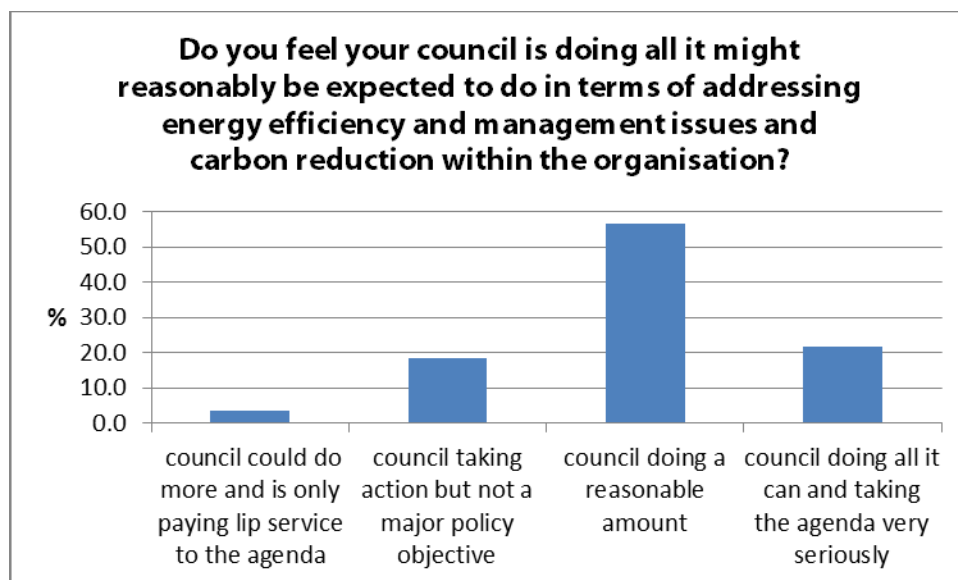
- Budgets; funding for local infrastructure investment; capital investment resources; lack of resources due to the issues being seen as discretionary services; long term the withdrawal of financial subsidies/incentives would have a negative impact
- Reductions in fuel consumption
- Unsupportive central government policy; lack of consistency in funding regime; lack of national political will; political cycle favours short sightedness; political agenda does not support environmental protection; the absolute failure of government to provide workable, realistic, funded solutions to deal with energy efficiency; frequent changes in national policy leading to market insecurity and lack of progress in delivering on the ground
- A lack of statutory responsibility in terms of climate change
- Local leadership uncertainty; ambition; lack of appetite to borrow to invest; getting the climate change debate onto the top table within our council.
- Rising cost of energy
- Security of energy supply
- Increasing fuel poverty
- Not high priority for operational managers to work on with limited time / resources

- Need for solutions meeting local circumstances
- Communication of message; climate change deny'ers within the organisation
- Planning restrictions and public opposition to visible technologies
- Lack of expertise on renewable energy
- Long term development of low carbon energy infrastructure across the local authority area
- Flooding; severe weather; tidal surges
- The impact of un-anticipated events i.e. asset sale and property leasing
- Overloading of the local electricity grid already causing blackouts and potentially ultimately limited growth/ business
- Increasing recycling rates and reducing landfill
- Building new homes to a better standard of thermal performance

8. Do you feel your council is doing all it might reasonably be expected to do in terms of addressing energy efficiency and management issues and carbon reduction within the organisation?

Respondents gave their perceptions of the extent to which councils are addressing these issues. Many of the respondents are working full time in this area and it could be that they may demand a far higher level of resources be allocated to the agenda. However they appear to have given measured opinions with the majority (57%) saying that their councils are 'doing a reasonable amount' to deal with the issues. A further 22% said that their councils are 'doing all they can and taking the agenda very seriously'. This means a combined total of 79% of respondents have a positive perception of the action of their council.

18% of respondents noted that their council was 'taking action but that the agenda was not a major policy objective' whilst 3% claimed that their council could 'do more and was only paying lip service to the agenda'.

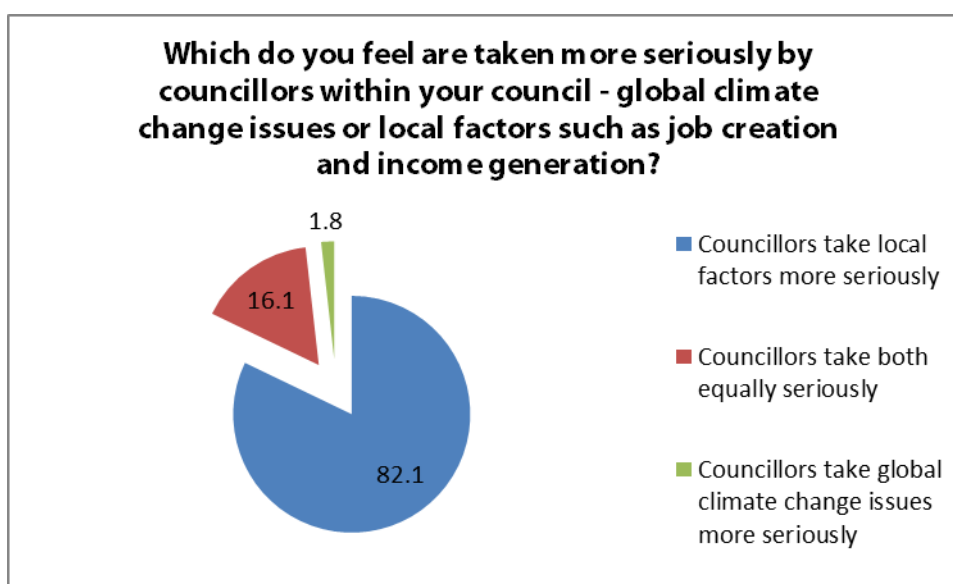


There are major barriers to overcome in order to properly address all aspects of this agenda and the availability of financial resources is one such barrier. It appears that in the opinion of these respondents most councils are taking their responsibilities in this area seriously and managing to balance financial restrictions with investment decisions.

9. Which do you feel are taken more seriously by councillors within your council - global climate change issues or local factors such as job creation and income generation?

There is overlap in the answer to this question – those looking to address local issues are clearly making a contribution to dealing with national and to global issues. However, it appears that there is a far greater focus on the 'local' rather than the 'global'. It may be that all councillors and officers work on the basis that the actions they take locally are a contributor to global issues and of course it is the nature of local government to take a local perspective. 82% of respondents said that their councillors take local factors more seriously.

It would be interesting to know how the approach changes in those local authorities which take both local and global issues equally seriously (16%) or the authority which takes global issues more seriously. Presumably this would be only a change in language and consideration of the wider context rather than altering the nature of the projects undertaken.



The similar question which asked about senior officers returned virtually identical results.

10. Do you feel that there is a relevant level of understanding of both global climate change issues and local factors amongst your councillors and senior officers?

Answer Options	Councillors (%)	Senior Officers (%)
A comprehensive understanding of both climate change issues and local factors	9.4	10
Some understanding of both climate change issues and local factors	60.4	73.3
An understanding of local factors but not climate change issues	28.3	11.7
An understanding of climate change issues but not local factors	0	1.7
Do not have an understanding of climate change issues or local factors	1.9	3.3
Total	100	100

In terms of the level of understanding, the picture (in the perception of those responding to the survey) is that councillors and senior officers have similar levels of understanding about global climate change and local factors. About 10% of both groups have a comprehensive understanding of global climate change issues and local factors. The majority have some level of understanding of both issues. A small proportion had an understanding of local issues and factors rather than global ones. Only a very small number have no understanding.

The responses to this question are general in nature but do give an indication of the levels of knowledge and awareness. From the information given it is the case that the majority of councillors and senior officers are well versed in the debate around climate change and the relevant global and local factors. As might be expected there are some more knowledgeable than others but in general the overall picture is a positive one.

11. Do you feel the Government is providing a clear and helpful lead on policies which help you to carry out your role within council? Do you feel the Government is providing a clear and helpful lead on policies which aid the council to carry out its role within the local area?

Answer Options	Yes (%)	No (%)
10. Do you feel the Government is providing a clear and helpful lead on policies which help you to carry out you role within council?	14.3	85.7
11. Do you feel the Government is providing a clear and helpful lead on policies which aid the council to carry out its role within the local area?	16.7	83.3

Responses to this question do not paint the Government's role in a good light. The vast majority of respondees do not feel that the Government is providing a clear and helpful lead either for them to carry out their role within local authorities or for local authorities to carry out their role within the local area.

The main issue raised which contributed to the responses given was the fact that policies, frameworks and targets are changing too frequently. It seems that more certainty from Government would instil greater confidence across local authorities and enable them to be more effective in translating policy onto local action.

Comments made to the survey included the following:-

"policies and legislation are often changing... CRC changes; recently announced changes to solar PV subsidies, ROCs, CfDs, ECO changes, FiT changes..."

"The government is confused, poorly advised and trapped in a typical 5 year politics loop"

"too much uncertainty and change in policies... work up time for schemes is longer in public sector and little confidence in policies"

"LEP and City Deal focusing on jobs, transport and housing but ignoring impact on carbon emissions"

"More guidance on policies related to adaptation to climate change and fuel poverty would be helpful"

Comment

The responses to the questions on this survey provide a picture via the views of those officers and councillors with responsibility for climate change, energy and carbon management, renewables and related services and investment plans. The work they are able to do will of course be affected by the Government's policies, the amount of resources they are able to access as well as the international scene.

The International Energy Agency has stated recently that investment of more than £28 trillion will be needed to meet the world's energy needs to 2035, otherwise there will be a real risk of shortfall. Of the total £13.4 trillion is needed for fossil fuel extraction, transport and refining and £5.8 trillion is required for power generation, including renewables – £3.5 trillion and nuclear – £583 billion. A further £4.7 trillion is required for energy efficiency, mainly around transport and buildings; and £4.1 trillion for transmission and distribution.

It also noted that policymakers face "complex choices" to balance energy security, competitiveness and environmental goals, while also "mobilising private investors and capital". It goes on to say that the investment required to maintain the reliability of Europe's electricity system, particularly around thermal generation, is "unlikely to materialise with the current design of power markets". "Despite public and political concern about high prices to end-users, the wholesale price for electricity is too low at present, by more than 20 per cent, to incentivise the investment required in new thermal plants," said the report. "If this situation persists, the reliability of European electricity supply will be put at risk."

"The reliability and sustainability of our future energy system depends on investment. But this won't materialise unless there are credible policy frameworks in place as well as stable access to long-term sources of finance. Neither of these conditions should be taken for granted. There is a real risk of shortfalls, with knock-on effects on regional or global energy security, as well as the risk that investments are misdirected because environmental impacts are not properly reflected in prices."

The findings of this report are not welcome reading for anyone – whether they are individuals, companies or anyone involved in trying to provide public services. Energy is fundamental to how society operates and it must be viewed as such as we move into the future – taking future energy supplies for granted is simply not an acceptable approach. Energy price increases look as if they will continue to increase in the short term and the general message of this report – that investment is needed at a growing rate – fits with the growing feeling that organisations need to be as much in control of their own resources as they can be whilst contributing to the global position. Reducing energy use fits with the latter whilst installing renewable technology means organisations can generate their own supplies.

Some of those responding to this survey noted that the local authorities they work for are doing just that – putting solar panels on roofs, installing biomass boilers, installing combined heat and power technology and district heating schemes as well as introducing electric vehicle charging points, office rationalisation, external wall insulation and low emission vehicles.

The survey also highlights that the majority of officers and councillors understand the context and importance of this agenda.

However, the IEA report does re-iterate the wider context within which local authorities and others operate and the need to take a responsible long term approach.

APSE Energy is a recently launched initiative with a vision to form an effective collaboration of a large number of local authorities to enable and facilitate the municipalisation of energy services. This means the public and community, as well as private, ownership and managerial control of

local energy generation, distribution networks and delivery of energy efficiency works. Local authorities working together in this way would have great influence and would be able to deliver economies of scale in green energy to promote economic growth and combat fuel poverty.

Conclusions

The survey covers a range of questions and provides a lot of information. Some issues emerge clearly such as the need for a more consistent approach from government and the implications of reduced funding for local government. Some responses are open to interpretation or reflect local circumstances. Bearing this in mind it is clear that those issues which do emerge are worth serious considerations across the whole sector.

The Association for Public Service Excellence

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email enquiries@apse.org.uk.

Our national advisory groups include:-

- Building cleaning
- Catering
- Housing, building maintenance and construction
- Parks, horticultural and ground maintenance
- Renewables and climate change
- Roads, highways and street lighting
- Service delivery models
- Service improvement and performance management
- Sports and leisure management
- Vehicle maintenance and transport operations
- Waste management, refuse collection and street cleansing