ACHIEVING REGIONAL ENERGY INDEPENDENCE

HOW METRO MAYORS CAN CUT CARBON AT A TIME OF FUNDING CUTS
CONTENTS

INTRODUCTION

THE POTENTIAL

FINANCE

DEVOLUTION DEALS SO FAR

OTHER LOCAL GOVERNMENT INSPIRATION

ACTION PLAN FOR METRO MAYORS

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SIX NEW METRO MAYORS WILL BE Elected IN MAY, ARMED WITH NEW DEVOLVED POWERS.

They’ll be facing huge funding cuts from central government.

But these mayors also have a unique opportunity to achieve energy independence for their regions, generating most or all of their energy needs from locally based renewable energy. The opportunities are abundant, from small solar panel installations on schools to utility-scale wind and solar farms. Energy independence will reduce carbon emissions and improve their finances.

Devolution deals have so far delivered little, falling far short of stimulating a low carbon energy revolution. Several deals don’t mention energy or climate change at all.

I have set out the potential for this new arrangement, and how to make energy independence happen, with a very simple five point action plan for metro mayors, who can provide the leadership desperately lacking from national government.

THE POTENTIAL

Action on climate change

National government policy in recent years has generally been disastrous. In her report published in February 2016, Green MEP Molly Scott Cato set out the sorry story of backward steps in the months since the May 2015 General Election.¹

I have worked with campaigners to oppose maddening policies such as the solar tax (removing the business rates exemption for small solar power schemes) and generous subsidies for fossil fuels.

But there is real hope and opportunity with local government.

Before the Climate Change Summit in Paris in December 2015, fifty of the largest local authorities, including Edinburgh, Glasgow, Newcastle, Manchester, Liverpool, Nottingham and Leeds, committed themselves to eradicating carbon emissions in their areas and running their cities on completely clean energy by 2050.

The Government told me when I asked them how the contribution of cities and local government will be examined in the forthcoming emissions reduction plan:

“The benefits of local energy projects include increased economic growth, carbon reduction, improved public health and welfare, and cost reduction. Support for local energy aligns with and complements other work across Government, including devolution and the provision of flexibility and decision making powers to local areas.”²

Devolution deals represent a major opportunity for local government to step up. The Government told me it thinks “local measures are key to moving to a low carbon economy”.³

Kirklees Green Party councillor Andrew Cooper led the proposal by the EU Committee of the Regions to establish locally and regionally determined contributions to the greenhouse gas emissions targets set by the Paris Agreement on climate change. This would mean metro mayors could provide legally recognised contributions to this historic global climate deal.

The Government doesn’t quite see this yet, evading my request that it support this proposal.⁴

The elections for metro mayors this May should be a chance for candidates to set out ambitious plans on energy and climate change, showing local leadership where it is sorely lacking from national government.

² https://www.theyworkforyou.com/letters/?id=2017-01-09-HL4405.html#sp-a speaker%3A20160414%26fgF12
³ https://www.theyworkforyou.com/letters/?id=2017-01-09-HL4407.html#sp-a speaker%3A20160414%26fgF12
⁴ https://www.theyworkforyou.com/letters/?id=2017-02-01-HL5165.html#sp-a speaker%3A20160414%26fgF12
FINANCE

Although many local authorities and councils have published plans for low and zero carbon energy schemes, the Association for Public Service Excellence estimates that funding for some of the largest local governments in the United Kingdom will be cut by almost £13 billion by just 2020. These schemes are often first to be cut.

With such significant decreases in budget, it will be tempting for metro mayors to give a low priority to energy and climate change programmes.

But setting up an energy company could provide a long-term revenue source. Stimulating the local energy market could create jobs and help businesses reduce costs.

There are also still some funds that metro mayors could access. For example, in autumn 2015 the Chancellor announced £300 million over five years for heat networks. Metro mayors are well placed to work across a sizeable area to connect up and extend low carbon heat networks. Doing so could reduce energy costs and carbon emissions, and create jobs and new business opportunities. Every £1 secured could stimulate another £7 of economic activity, bringing further revenue through business rates.

DEVOLUTION DEALS SO FAR

Of the eight deals struck so far, several omit any plans for energy projects entirely, and few that included plans have actually delivered on their promises to reduce carbon emissions and strengthen local energy markets.

Of the 201 goals set out in the Devolution Register, only 11 relate to energy.

Cambridgeshire and Peterborough

No plans or goals for energy in the devolution deal.

Cornwall (no metro mayor)

Cornwall’s implementation of Piclo, the United Kingdom’s first online marketplace for local renewable energy, demonstrates the possibilities for increasing access to low carbon energy. It connects businesses with energy generators in a peer-to-peer network, increasing demand for renewable energy and helping businesses trace and document their supply chain. The trial period for the marketplace remains underway and the resulting benefits of the marketplace are yet to be seen.

The Cornish Heritage Environmental Forum has also been created. Proposals for greater local control over electrical grid network and geothermal energy production, and to efficiently use public lands and resources acknowledging advantageous geographical location.

Greater Manchester

The 2015 ‘extension deal’ brought government onto the board of the Greater Manchester Low Carbon Hub and set out some goals including lowering carbon emissions, energy efficiency, community energy and reforming business energy taxes.
Liverpool City Region

Plans for home energy efficiency and a tidal power system are mentioned, but it isn’t a major theme of the deal. An existing Sustainable Energy Action Plan identified the potential for low carbon jobs in the region, but has since been kicked into the long grass.

The LEP has a low carbon action plan, Liverpool City Council has a Climate Change Strategy Framework, and three borough councils have received money under the Heat Network Fund. There would be significant opportunities for the Metro Mayor to link these up, using their strategic planning functions and the Single Investment Fund to deliver a job-creating energy revolution for the region.

London

Despite well established and world-leading strategies on energy and climate change mitigation, the devolution deal didn’t include any plans or goals for energy. While a London Assembly Member, I brought to light the poor progress against plans, exposing a growing gap between carbon targets and what was actually being achieved.

The new Mayor adopted my proposal of a London Energy Company. Caroline Russell AM and community campaigners are pressing for him to make good on this commitment.

Tees Valley

This devolution deal included plans to work with government on carbon capture and storage for its industrial sites, but also welcomed new investment in nuclear power in the area.

West Midlands Combined Authority

No plans or goals for energy in the devolution deal.

OTHER LOCAL GOVERNMENT INSPIRATION

Outside devolution deals, local authorities such as Bristol, Nottingham and Swindon have carried out much more ambitious plans than those found in most devolution deals.

The councils in Bristol and Nottingham allocated over £1 million each to establish Bristol Energy Company and Robin Hood Energy. These companies aim to lower energy costs while providing cleaner local energy to businesses and households in the region, which increases widespread accessibility to affordable renewable energy. Swindon Council’s innovative solar bonds scheme also demonstrates the capability of non-devolved governments to raise local finance for renewable energy.
FIVE POINT ACTION PLAN FOR METRO MAYORS

Metro mayors have the opportunity set out ambitious plans for energy and climate change, and to make them a real priority. The mayors will have to individually assess what is best for their regions and constituencies, however they may wish to consider taking the following actions:

1. Establish a local energy company, similar to those in Bristol and Nottingham, to create revenue in the region before more budget cuts take effect.

2. Formulate an energy action plan and ensure it can be delivered within agreed budgets, taking opportunities to create new revenue sources and strengthen the business rates base. Assemble a team or task force to focus on energy issues to ensure they remain a priority.

3. Diversify local energy sales and increase accessibility to clean energy through the introduction of local or online renewable energy marketplaces, similar to Cornwall’s Pilco trial programme.

4. Develop programmes to take advantage of government funds such as the £300 million district heating fund, to establish the combined authority area as a national and global leader in innovative low carbon research and business.

5. Divest local government pension funds and instead invest in local energy projects, also leveraging in investment from local people as with the Swindon solar bonds scheme.