

LONDON BOROUGH OF BRENT

Executive - 14 March 2005

Report from the Director of Environment

For action

Wards affected:
ALL

Report Title: Energy Strategy Report

Forward Plan Ref: ES-04/05-276

1.0 Summary

- 1.1 This report updates members on national and London-wide energy policy issues following a paper to this Committee last year which agreed a response to the Mayor's Energy Strategy. It then outlines the current initiatives being undertaken to address such issues at the local level and proposes an Energy Policy Statement to deliver improvements in energy conservation, efficiency and awareness and help guide further action in line with the Council's Corporate Strategy and corporate Environmental Policy.

2.0 Recommendations

2.1 Members of the Executive are recommended to:

- (a) Note the current situation with regard to national and London-wide energy policy issues.
- (b) Agree the proposed Energy Policy Statement to help guide further action in this area (Appendix A)
- (c) Note the emerging Energy Action Plan and agree that officers:
 - (i) progress such actions within existing resources and relevant legislation, and
 - (ii) report back to the Executive or relevant decision-making body on actions which require further approval and/or resources.

- (d) Note that corporate responsibility for ensuring a coordinated approach to such issues has been attributed to the Director of Finance.

3.0 Detail

Background

- 3.1 In 2003 the Executive received a report regarding energy issues and agreed both a response to the Mayor's draft Energy Strategy and that officers consider this issue further in relation to Brent and the Council's own role in minimising resource use.
- 3.2 At that time the Government had also recently published a white paper on Energy, 'Our Energy Future - Creating a Low Carbon Economy', which defined a long-term strategic vision for energy policy combining environmental, security of supply, competitiveness and social goals. It made a commitment to follow this with an Implementation Plan outlining how it would deliver the necessary step changes in energy efficiency to support national carbon dioxide (CO₂) reduction targets, namely a 20% reduction by 2010 (based on 1990 levels) leading to a long-term reduction goal of 60% by 2050 (based on 2000 levels).
- 3.3 In April 2004 the Government published this Action Plan, 'Energy Efficiency - The Government's Plan for Action', in which the key measures were:
- A new aim to secure carbon savings from the household sector in the UK of around 4.2 million tonnes;
 - To double the level of the Energy Efficiency Commitment (EEC) activity from 2005, and to extend it to 2011 subject to a review in 2007;
 - New fiscal measures announced in Budget 2004, including a tax allowance to encourage private sector landlords to invest in their properties;
 - Changes to the Building Regulations, which will raise standards of new and refurbished buildings from 2005;
 - New energy services pilots, through which energy suppliers will be able to offer innovative new energy efficiency packages to their customers;
 - The new EU emissions trading scheme and Climate Change Agreements will ensure that every intensive industry and power generator continue to use energy more efficiently;
 - Commitment to leadership by government, including a new commitment for central government to use only the best energy performance buildings;
 - A stronger emphasis on communicating about climate change;
 - Fuel poverty programmes will continue to tackle heating and insulation standards in the homes of those least able to afford to keep warm;
 - The Decent Homes programme, which will continue to improve energy standards in social housing.
- 3.4 In parallel with this Action Plan the ODPM consulted upon revised planning policy on renewable energy, now published as PPS22: Renewable Energy (August 2004) and which local planning authorities should now have regard

to when determining planning applications. It suggests positive planning policies on this topic can facilitate the achievement of the national targets for 10% of UK electricity to be generated from renewable energy sources by 2010 and 20% by 2020.

- 3.5 Furthermore, through the Sustainable and Secure Buildings Act 2004, the ODPM has also widened the scope of purposes for which Building Regulations can be made and is in the process of revising detailed specifications and standards to require more stringent measures in relation to energy efficiency (Part L) and other environmental issues. This would also implement the technical aspects of the new Energy Performance of Buildings Directive which comes into force in 2006.
- 3.6 The scale and range of policy development has led the LGA to produce an updated vision for local authorities outlining a long term catalytic role for councils in shaping sustainable energy communities of the future.
- 3.7 Also in Spring 2004 but at a regional level, the Mayor finalised and published his Energy Strategy for London, 'Green Light to Clean Power', establishing around the same time the London Energy Partnership as its key delivery mechanism. The strategy contains 33 policies and 70 proposals, many of which affect or have implications for local authorities.
- 3.7.1 The specific overarching objectives of the strategy are:
- to reduce London's contribution to climate change by minimising emissions of carbon dioxide from all sectors (commercial, domestic, industrial and transport) through energy efficiency, combined heat and power, renewable energy and hydrogen;
 - to help to eradicate fuel poverty, by giving Londoners, particularly the most vulnerable groups, access to affordable warmth; and
 - to contribute to London's economy by increasing job opportunities and innovation in delivering sustainable energy, and improving London's housing and other building stock.
- 3.7.2 In addition, it defines a simple energy hierarchy - use less energy (Be Lean), use renewable energy (Be Green), and then supply energy efficiently (Be Clean) – and also proposes the following targets which have direct implications for London boroughs:
- overall CO₂ reduction targets for London in line with Government
 - one zero-carbon development in every borough by 2010
 - no occupied dwelling in London with a SAP rating less than 30 by 2010, and less than 40 by 2016
 - London should...at least double its 2000 combined heat and power capacity by 2010.
 - London should generate at least 665GWh of electricity and 280GWh of heat, from up to 40,000 renewable energy schemes by 2010.
- 3.7.3 The final strategy largely mirrors the consultation draft upon which the Council made comments as the responses were overwhelming positive and supportive of the measures set out. Aside from the range of measures to tackle the energy hierarchy through the planning system and to integrate such thinking and targets into local strategies (including the Local Strategic

Partnership) perhaps the proposal of most interest to Brent is the establishment of Energy Action Areas.

- 3.7.4 The detail and criteria for such Energy Action Areas (EAAs) are being finalised by the new London Energy Partnership however it is suggested that they should comprise of (mixed-use) developments of between 1500-5000 homes and should help streamline public funding mechanisms to help provide the necessary capital (match) funding for implementing the required sustainable energy infrastructure. Given the redevelopment opportunities in Wembley and South Kilburn the Council has actively encouraged the LEP to consider Brent's regeneration plans in its further work in this area.
- 3.8 Finally, as well as the regional and national developments outlined above, officers from across the Council have met to consider how to take forward local action in this area - through the Council's direct impacts (e.g. Council building energy use), through its links with schools and the local community, though its regulatory role (e.g. planning, etc), and/or through its work with partners (e.g. BHP, Energy Solutions, etc). These initial meetings have led to the development of the proposed policy statement and emerging action plan outlined below.

Wider Context

- 3.9 The way we use energy has fundamental impacts on the environment, the economy and people's health. It is also critical to any efforts we take to tackle climate change at a more global level. Nevertheless, people want the benefits and services which energy helps provide rather than to necessarily consume energy itself. Reducing carbon emission need not mean poorer living standards, and in most cases can contribute to improved overall quality of life.
- 3.10 The energy policy context covered in the previous section clearly highlights the 'direction of travel' that the UK is taking in order to address energy supply, energy efficiency and broader environmental and sustainable development objectives, including the action necessary to respond to the threat posed by climate change. This is also increasingly being seen as the first step, with more substantial carbon savings almost certainly required to ameliorate climate change.
- 3.11 Recent price changes in the energy market have highlighted the potential volatility of imported fossil fuels, particularly crude oil. This not only has a knock-on effect to consumers' energy prices but would have the positive effect of shortening the payback periods for investments in energy efficiency made by energy users.
- 3.12 In recent years some local authorities have taken a far more proactive approach to such energy issues both for their own buildings and housing stock and through the planning system. Experiences vary due to the scale of activity and service areas included, nevertheless reports are overwhelmingly cost effective with Woking BC achieving housing energy savings of some £4.9m over 11 years, LB Redbridge achieving in-house savings of around

£300,000 in the last five years through targeted conservation measures and Carmarthenshire CC reaping £582,000 savings over a similar period. Further information, advice and case studies are provided by the Energy Savings Trust, the LGA and the IDEA.

Current Position and Activity in Brent

- 3.13 The Council's Corporate Strategy emphasises the need to promote environmental sustainability and be resource efficient. This is developed further in the corporate Environmental Policy (October 1998) which states that "In managing our own operations, we aim to...minimise energy use, consumption of natural resources and material waste...raise awareness of environmental issues amongst Council employees...integrate environmental considerations into purchasing practices for services and goods... [and]... In our statutory and influencing roles, we aim to...promote the minimisation of energy use and natural resource consumption...raise awareness of environmental issues throughout the community, and integrate environmental awareness into all levels of the education system."
- 3.14 In support of such action the Council has been a signatory to the Nottingham Declaration on Climate Change (October 2000) and the energy commitment of the Mayor for London's Green Procurement Code (April 2003). These set out a range of actions and measures which up till now have not been fully integrated into Council practice and procedures. In particular, the latter commitment obliges the Council to mirror the national and regional carbon reduction target for 2010 as highlighted in paragraphs 3.2 and 3.6.2 above.
- 3.15 To implement such commitments the Council has the ability to effect change through influence and awareness raising, through regulation, and directly through the provision of its services and managing its own energy use. Obviously any actions, particularly those which have financial implications need to have regard to best value and value for money considerations.
- 3.15.1 In this context, recent CMT reports have referenced the main local government issues arising from the Gershon report, produced as part of the Government's Spending Review. They highlight the work being undertaken or deemed necessary to identify savings, either directly or possibly through invest-to-save opportunities to meet the efficiency savings the Government is now seeking. It is suggested that the area of 'procurement' may offer opportunities, albeit complex in their delivery, and that jointly procured contracts could produce economies of scale.
- 3.15.2 Whilst not referred to explicitly in the above reports, it should be stated that HM Treasury Procurement Guidance additionally states that "all procurement must be made solely on the basis of value for money in terms of whole life costs [and] a key part of whole life cost assessment must address the environmental and sustainability aspects".
- 3.16 Perhaps the three key opportunities that can drive any Brent Council attempts to minimise its own resource usage within its buildings will be

through the developing Corporate Procurement Strategy and Property Management Manual documents and the plans for any future new Civic Centre facility.

- 3.16.1 Integrating energy and environmental considerations into the former will introduce a cascade effect throughout all future procurement and commissioning. This would in many cases formalise and standardise some of the existing but ad-hoc good practice being achieved through existing AMP school capital improvements, sports PFI agreements, green pool car vehicle purchases, and other mechanisms. Additionally, within new energy supply contracts negotiations the Council could also make a decision to specify a minimum percentage that should be derived from renewable sources.
- 3.16.2 Such a 'green tariff' is increasingly used by the private sector (e.g. WNSL, the Co-operative Group) and may not necessarily incur a premium in relation to other tariffs sourced from traditional energy supplies as it is exempt from the Climate Change Levy. It is of note that LB Lewisham has bought 100% of their electricity needs from green energy for over five years.
- 3.16.3 Moreover, a decision to go-ahead with a new Civic Centre both enables a major step change to be made as part of a new building specification and would help reduce the energy and cost implications of travelling between different Council office buildings. It does however limit the viability of investing in some of Brent Council's current office buildings which could be affected due to the smaller payback period which would be necessary for such investment to provide value for money.
- 3.17 The main initiatives currently utilised to encourage or require energy minimisation in the built environment external to the Council are via the work of Brent Housing Partnership (BHP) and Energy Solutions, and through the implementation of new planning guidance agreed by the Council in 2003.
- 3.17.1 BHP is working towards at least meeting the Decent Homes standard through a phased programme of housing repair, refurbishment and redevelopment.
- 3.17.2 Energy Solutions (formerly Brent Energy Network) is a local independent not-for-profit organisation which promotes energy efficiency to householders, schools and businesses. It works with Housing Services helping deliver the Council's obligations as part of the Home Energy Conservation Act and also with Environmental Services on wider environmental projects and awareness raising.
- 3.17.3 Following the Executive meeting in January, Brent Housing Services and Energy Solutions are also now part of the West London 'Heatstreets' scheme to promote and fund energy efficiency measures in a targeted manner to certain private sector households and tenants.
- 3.17.4 The Council's SPG19: 'Sustainable design, construction and pollution prevention' was adopted in April 2003 with a subsequent minor revision in November of that year. It requires planning applications to consider more

fully and minimise the environmental impacts of proposed new development and includes a Sustainability Checklist for applications above a certain threshold. Energy efficiency measures and the use of renewable energy technologies feature as part of this assessment.

- 3.17.5 This guidance as been used extensively in the developmental work and negotiations regarding the regeneration proposals for Wembley and South Kilburn. The Quintain stage 1 site in Wembley is now commissioning a study to assess the feasibility for a site-wide sustainable energy infrastructure and buildings will need to conform to good practice standards for energy efficiency as laid down by the Building Research Establishment (BRE).
- 3.18 Linked to the SPG document but aimed primarily at individual households, Planning Services have also produced a guide on 'How to achieve sustainable design and construction' (May 2004). This publication outlines a range of measures to save energy, save money, and reduce impacts on the environment that can be taken when undertaking house renovations, conversions, extensions or new build.
- 3.19 Further but more internal awareness raising is being undertaken through the 'Going Green' initiative. This intranet based campaign is aimed at encouraging good staff environmental behaviours and has been backed up by lunchtime seminars, however the messages are easily transferable for staff when thinking about their home energy use.
- 3.20 Other Council strategies and plans and linked issues (e.g. fuel poverty, climate change) are not mentioned in this report however tackling energy consumption will need to both influence and be influenced by the wider strategic context and therefore forms part of the ongoing work that will follow on from this report.
- 3.21 Finally, but critically, implementation of the Council's Travel Plan (March 2002) is vital in relation to the Council's efforts to promote more sustainable forms of transport but also to minimise the energy use associated with transport which accounts for around 20% of the total energy consumption figures for London. Renewed efforts in this area are likely to result following a recent discussion at CMT.

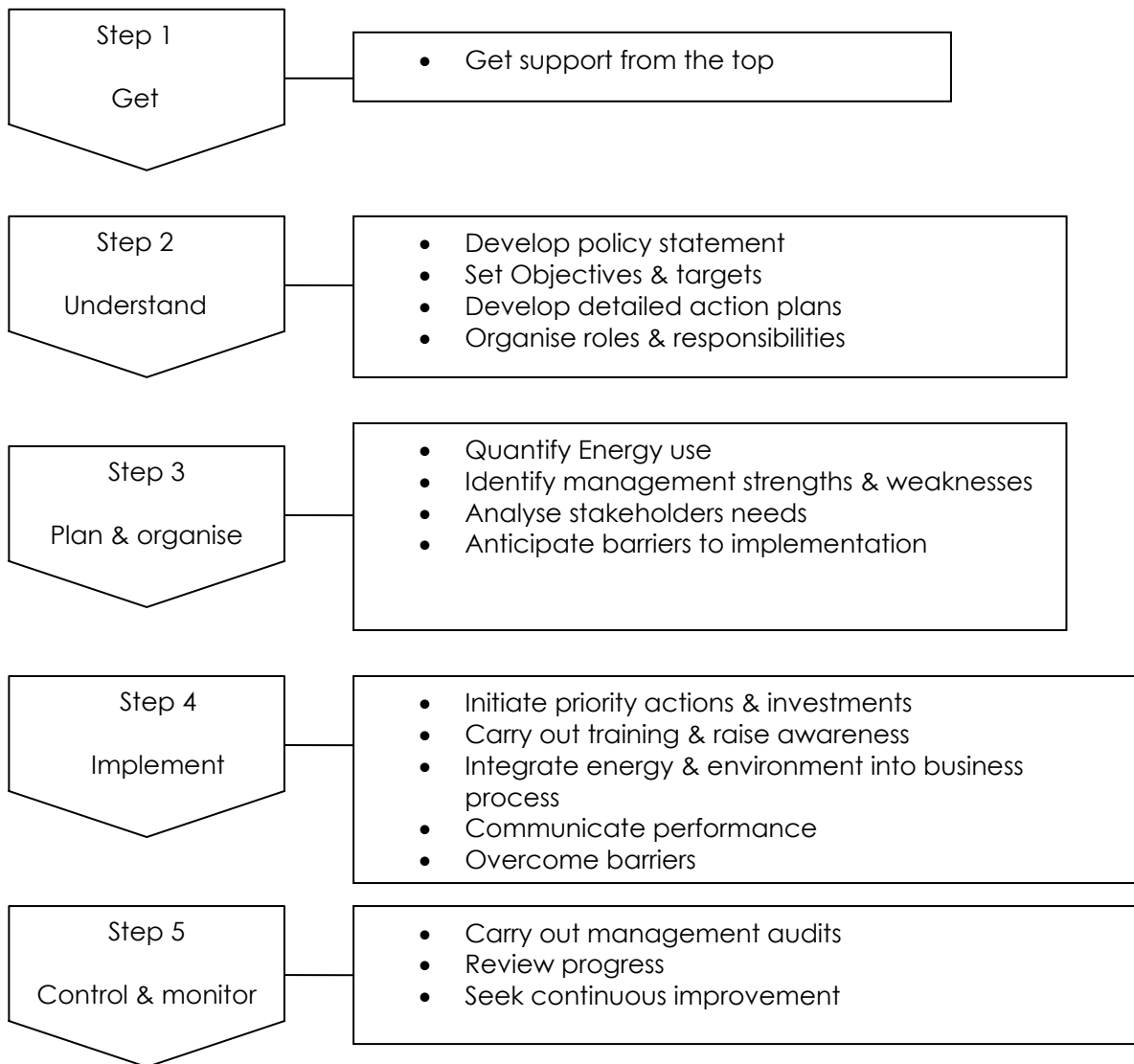
Proposed Energy Policy Statement

- 3.22 Whilst the corporate Environmental Policy outlines Brent Council's overall commitment to minimising energy consumption, in taking this area of work further it would be useful to expand this commitment to highlight the areas within which action is required and the mechanisms which can be utilised to implement the overall objectives.
- 3.23 The proposed Energy Policy Statement, attached as Appendix A, attempts to do this and could then be used to develop the Energy Action Plan. It would formally be a sub-policy of the overall corporate Environmental Policy so could be integrated into future procurement and decision-making and promoted within future partnership working. This follows the 'Framework for

Energy Management' approach shown below and promoted by Action Energy.

Table 1 Framework for Energy Management

Best Practice guidelines recommend a 5-step approach.



Source: action energy

3.24 The Statement is set out to give strategic objectives for all to adopt and area specific objectives for various service functions i.e. housing, transport, property, education, planning, and regeneration.

Energy Action Plan and areas for further work

3.25 This Statement would then be followed up by a developing Energy Action Plan which would be updated and reported upon annually and fed into the service and budget planning processes. An example of the actions being

incorporated into a first draft of this Action Plan is attached as Appendix B for information.

- 3.26 Progress to date has been somewhat inhibited by a lack of consistently reliable data and the lack of clarity regarding responsibility for leading and implementing such an Action Plan. Whilst energy minimisation should be seen as being integral to everyday good management and service delivery for all staff, certain key managers and a lead officer need to be identified. In relation to council office premises this would naturally fall with the facilities management function with the more strategic estate issues involving corporate property personnel.
- 3.27 The opportunities which exist to achieve short to medium-term efficiencies within the Council's office premises should not be underestimated given an estimated annual expenditure on gas and electricity across 19 Council buildings of around £545,000. When all energy contracts are included, such as schools, this figure increases to perhaps £2,000,000.
- 3.28 This issue is given added significance as part of the CPA 2005 assessment review in which an indicator for the estimated CO₂ emissions from council operational buildings (property performance indicator 4D) is being considered alongside the existing BV 63 indicator for Council housing energy performance.
- 3.29 Furthermore, there are a range of external funding sources to which the Council can apply and yet which we are currently missing out on. Exploiting these may help match-fund and therefore offset some of the potential up-front costs of certain energy efficiency initiatives. Examples of such funding streams are outlined in Appendix C.

4.0 *Financial Implications*

- 4.1 There are no immediate financial implications as a result of this report and taking forward the Energy Action Plan can be done through an existing network of officers across the Council. Nevertheless, the target in the Energy Policy Statement, and agreed in the previous report to Executive in 2003 is to mirror national and London-wide CO₂ reduction targets. This is likely to have some financial implications and will depend on the range of options taken to meet it. There may well be spend-to-save issues and also additional costs in some areas which then derive savings in other areas.
- 4.2 Nevertheless, as inferred in paragraph 3.11, by applying proper cost-benefit approaches to any required investments the overall programme could well lead to greater efficiencies. This would result in either direct financial savings or mitigate the effect of any further future energy price rises. As stated in the recommendations of this report the Energy Action Plan would progress zero cost initiatives immediately and refer proposals which incur additional costs to the relevant decision-making officer, group or body.

5.0 Legal Implications

- 5.1 The Council is bound by European Directives and its own Standing Orders set out in the constitution, in procuring goods and services. Officers will need to work within these parameters.
- 5.2 However, Section 2 of the Local Government Act 2000 gives the Council the power to do anything which it considers is likely to achieve the promotion of the economic, social or environmental wellbeing of the community. The power must be exercised having regard to the Council's Community Strategy (known as the 'Community Plan' in Brent) which makes reference to sustainability, improving quality of life and the environment, and to better resource management.

6.0 Diversity Implications

- 6.1 The proposals contained within this report and the associated Energy Policy Statement will have both widespread and specific benefits depending on the initiative concerned however these will be largely unspecific in relation to diversity issues. The diversity issues most relevant to this work will be through the advice and support given to vulnerable groups in relation to energy efficiency. From a fuel poverty perspective the initial objective may well be to increase comfort levels in such properties rather than achieve energy or CO₂ savings.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 There are no immediate staffing implications arising from this report aside from the recommendation to attribute corporate responsibility for ensuring a coordinated approach to such issues. Although any new issues or initiatives undertaken may place time demands on existing staff, such implementation should be seen as being integral to everyday good management and service delivery.
- 7.2 Whilst this report does not make a specific recommendation to create an 'Energy Manager' post within the authority, good practice guidance suggests that such a position is beneficial for organisations whose energy costs exceed £1m. As stated in paragraph 3.27 it is estimated that the annual Council expenditure on gas and electricity (including schools) is around £2m.

8.0 Environmental Implications

- 8.1 The bulk of this report outlines the environmental implications in relation to energy issues. The proposed Energy Policy Statement provides a more detailed framework for addressing such issues both in relation to the Council's own operations and in its role as a community leader and environmental steward for the Borough. As such it can then be used as a tool to foster further integration into key council plans and decision-making processes, to meet corporate environmental objectives in a way which could also deliver financial benefits.

Background Papers

Details of Documents:

1. Energy Report to Executive April 2003:
<http://www.brent.gov.uk/democracy.nsf/b64069fdf9bcd24180256a94004088aa/2d2a13220721f93480256cde003efb81!OpenDocument>
2. Government's Energy White Paper:
<http://www.dti.gov.uk/energy/whitepaper/index.shtml>
3. Government's Energy Action Plan:
<http://www.defra.gov.uk/environment/energy/review/index.htm>
4. Planning Policy Statement 22:
http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_030334.hcsp
5. Mayor's Energy Strategy:
<http://www.london.gov.uk/mayor/environment/energy/>
6. Corporate Environmental Policy:
<http://www.brent.gov.uk/greenbrent.nsf/35cb47c7b6357d458025666a0062239d/bfc0da4c5771c0b780256d33004907d2?OpenDocument>
7. Procurement strategy:
<http://www.brent.gov.uk/procurement.nsf/24878f4b00d4f0f68025663c006c7944/43017bf4509369d080256f170052f651?OpenDocument>
8. Supplementary Planning Guidance SPG19:
<http://www.brent.gov.uk/planning.nsf/1cfd2a88cc1a75ac80256e6300575bd6/0078417c7b0156e380256e5b00507e16!OpenDocument>
9. Householders Guide:
<http://www.brent.gov.uk/planning.nsf/c9d417187f8954f580256e6f00460800/8909c5e0176d8ade80256e68004fcbd8!OpenDocument>
10. Council Travel Plan:
<http://www.brent.gov.uk/transpor.nsf/24878f4b00d4f0f68025663c006c7944/c1b6f05ceb1a0ea380256be30050ef8d?OpenDocument>

Any person wishing to inspect the above papers should contact Keith Tallentire, Projects and Policy Unit, 3rd Floor, Brent House, 349-357 High Road, Wembley, Middlesex HA9 6BZ.

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APPENDICES

- A Energy Policy Statement
- B Energy Action Plan (example)
- C External Funding Sources