

Appendix 3

London Councils' Transport and Environment Committee

Consultation on the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy

Item 12
No:

Report by: Jared Boow **Job title:** Environment Policy and Project Manager
Date: 18 March 2010
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Summary: This report informs Members of the consultation on the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy. The report sets out a proposed response to the Mayor's consultation.

Recommendations: Members are recommended to:

- Note the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy.
- Agree the attached response to the Mayor's consultation, outlined in Appendix 1 of this report.

Background

1. Under the changes introduced by the Greater London Authority Act 2007, the Mayor now has a statutory duty to consider climate change, and is required to produce a statutory climate change mitigation and energy strategy and a climate change adaptation strategy.
2. The Mayor released his draft Climate Change Mitigation and Energy Strategy 'Delivering London's Energy Future' on 9 February 2010, for consultation with the London Assembly and his functional bodies. The Mayor has also welcomed comments from other organisations as part of this consultation, which closes on 1 April 2010.

Climate change strategy context - UK and London

3. The UK Government Climate Change Act 2008 introduced a carbon dioxide reduction target of 80% by 2050 on 1990 baseline levels. An interim target of 34% by 2020 has been set and Government must also set five yearly carbon budgets and report progress to the independent Climate Change Committee.
4. The previous Mayor of London introduced a target of a 60% reduction in CO₂ by 2025 in his Climate Change Action Plan (CCAP) published in February 2007. The current Mayor has subsequently adopted this same target, and begun to implement many of the programmes outlined in the CCAP. This draft climate change mitigation and energy strategy therefore aligns the programmes stemming from the CCAP and the raft of other Mayoral strategies recently reviewed or released for the first time and attempts to provide a coherent strategy for delivering CO₂ reduction targets As well as energy policy for London.

Outline of the draft Climate Change Mitigation and Energy Strategy

5. The draft Strategy outlines the Mayor's plans regarding how London can achieve a 60% reduction in CO₂ emissions on 1990 levels by 2025 - both through his and his functional bodies' actions and through actions of partners, including central and local government, business and other organizations. Many of the programmes and actions will be already known to Members, such as the 'Homes Energy Efficiency Programme ('HEEP'), the Decentralised Energy Project (DeMAP), and the Mayor's electric vehicle initiatives.
6. The Strategy is structured into ten chapters, outlining the context for targets before chapters on how these targets will be achieved. The targets covers supporting a low carbon economy, changing London's energy infrastructure, improving London's energy efficiency in homes and workplaces, and de-carbonizing London's transport systems.

Summary of London Councils' proposed response

7. The draft Strategy has very few new issues of concern for boroughs other than the overall challenge itself of meeting large carbon reduction targets. Much of this is due to the fact that there is relative cross-party consensus on setting challenging carbon reduction targets which require 'across-the-board' action, but more importantly, that many of the proposals, policies and programmes contained in the draft Strategy are already in train and boroughs are already working in partnership across many of the programmes outlined.
8. A significant omission from the draft strategy is a clear indication of the financial implications of the proposals within the strategy. The strategy needs £60 billion for its delivery. Our response asks the Mayor to set out in a coherent way where he expects this funding to come from not least so that this significant market opportunity can be more easily identified and realised.
9. There is clearly an expectation by the Mayor that London boroughs are critical to the successful implementation of this Strategy and to meeting his proposed CO₂ reduction targets. The boroughs are therefore recognised throughout the strategy as significant partners to work with on a variety of initiatives.
10. There are some specific instances where it would be beneficial to provide more detail on the type of commitment some policies require of the boroughs, but the policies themselves appear

generally acceptable. There are also issues around the way the strategy has been written, how it is structured, and whether certain points should be clarified, modified, be left to other strategies, or removed altogether. Specific points relating to this can be found in the proposed London Councils response in Appendix 1.

Recommendations

11. Members are recommended to:

- Note the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy '*Delivering London's Energy Future*'.
- Agree the attached response to the Mayor's consultation, outlined in Appendix 1 of this report.

Financial Implications

12. There are no significant financial implications for London Councils from this report.

Legal Implications

13. There are no significant legal implications for London Councils from this report.

Equalities Implications

14. There are no significant equalities implications for London Councils from this report.

Appendices

15. **Appendix 1:** Proposed London Councils response to the consultation on the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy.

Mayor's Climate Change Mitigation and Energy Strategy Consultation Post Point 19A FREEPOST LON15799 City Hall The Queen's Walk London SE1 2BR	Contact: Direct Line: Fax: Email:	Jared Boow 020 7934 9951 020 7934 9950 jared.boow@londoncouncils.gov.uk
	Our Reference:	Response to the Mayor's Climate Change Mitigation and Energy Strategy consultation (Assembly draft).
	Your Reference: Date:	 18 March 2010

Dear Sir / Madam,

Re London Councils' response to the consultation on the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy.

London Councils represents all 32 London boroughs, the City of London, the Metropolitan Policy Authority and the London Fire and Emergency Planning Authority. We are committed to fighting for fair resources for London and getting the best possible deal for London's 33 councils. We lobby on our members' behalf, develop policy and do all we can to help boroughs improve the services they offer. We also run a range of services ourselves which are designed to make life better for Londoners.

Please find attached London Councils' comments on the consultation for the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy.

Yours faithfully,

Faraz Baber
Programme Director, World City
London Councils

Summary overview

1. London Councils welcomes the Assembly draft of the Mayor's Climate Change Mitigation and Energy Strategy. Overall, we support the general direction, scope and policies contained within the draft – much of which contains the detail of existing programmes, commitments and actions that boroughs are already working with the Mayor on. Whilst many of the policies are dependent on a wide range of actions from multiple stakeholders, we also recognise that the Mayor's powers and resources are only able to achieve so much. The draft Strategy has recognised this and made clear the Mayor's intentions to lead, lobby and encourage where he is unable to directly make changes through his own powers and responsibilities. The majority of comments below are therefore related to specific minor points, clarifications, and 'structural' issues, rather than significant issues with policy or direction within the Strategy.

A Financial Implications or Market Opportunity Chapter

2. Right from the Executive Summary and through much of the strategy document, the text continually makes reference to the financing of policies and actions included in the strategy. Invariably much of the costs are quoted in £billions. There is reference to a global low carbon market that could be worth in excess of £370 billion per year by 2030; £17 billion worth of investment required by the Mayor to deliver his share of actions towards London's 60% target out of a total investment requirement of £60 billion; United Nations Environment Programme (UNEP) estimates of \$155 billion worth of investment in alternative energy sectors in 2008 alone amongst others.
3. Whilst all this information is embedded in the document, what is not clearly drawn out is how this represents an unprecedented market opportunity. It is clear that the financing required to deliver this strategy will not come from the public sector. The intrinsic 'payback' over whatever period means this must be an attractive proposition to the markets on a variety of levels. The strategy therefore needs to be more explicit in drawing out upfront, in a chapter on 'the market opportunity' what these opportunities are for the investment community. This chapter should also signpost the market to sections within the strategy where tested investment and delivery models have been referenced inviting investors to consider the implications for scaled up delivery.

Mayor's Foreword

4. The Mayor states that he will "*be pressing the organisations that work most closely with City Hall to commit to tough carbon reduction targets, and have signed City Hall up to cut its own emissions by 10 per cent this year*". Many of the boroughs have signed up to significant emissions reductions through LAAs, but these are across their whole range of activities, rather than just in a headquarters building. Any sign up to such a target would have to be done extremely cautiously, as boroughs will struggle to meet lower targets over the three year LAA period, let alone 10% in a single year, due to their wide roles and activities.

Executive Summary:

5. The statement "*...dominance of the internal combustion engine is over. Think of the vast lake of fuel consumed over the life of a car. Compare that to the pleasure of being able to drive with absolutely no pollution coming out the back of the vehicle – and cheaper running costs as well.*" is both inaccurate and superfluous - the internal combustion engine is still completely dominant

as a model for individual vehicle transport, with electric and alternative fuel vehicles still making up a microscopic percentage of vehicles on the road - now, and even by the Mayor's 60% carbon reduction date of 2025. The reference to 'the pleasure of being able to drive...' etc. added to this make the Strategy suddenly sound like an information brochure selling something, rather than a Mayoral Strategy and does not add anything, particularly as the statement is completely inaccurate (the statement on energy security on page 19 bares this out).

6. The language within the Executive Summary alternates between formal policy language to very casual conversational statements. This is also the case for the rest of the document - the chapters are not consistent in terms of how they are presented, and therefore can often be difficult to follow, giving the impression that chapters were drafted by different authors and not checked for overall consistency. The final draft therefore needs to be more consistent and professional in how it is finally drafted and presented. More specific detail is suggested later where necessary but examples here include:
 - *"We have four times the number of combined heat and power planning applications coming through than we did just a few years ago";*
 - There are several references to 'we' where it is unclear who 'we' represents;
 - Many sentences starting with 'But', that are neither enlightening nor useful for the purposes of the Strategy.
7. There are a few terms used in the Executive Summary that could be properly explained as they presume the reader is familiar with them. Examples include: 'carbon benefits'; 'economic value creation', and 'GVA'.
8. The Mayor makes reference to 'our programmes' such as the 'HEEP' and Decentralised Energy Project, when in fact these are partnership programmes between the Mayor, his agencies, the boroughs, and other partners. There is more detail provided on this fact in subsequent chapters, but we regard it important to emphasise those projects involving significant input from other partners to be clearly recognised as such across the Strategy and in wider communications, not simply as Mayoral programmes.

Chapter 1:

9. Figures 1.2 and 1.3 need to be reproduced as they are currently illegible.

Chapter 3:

10. Page 38: We agree with the statement: *"The low carbon opportunity affects the entire economy, not just the environmental and clean technology sectors. Creating a low carbon economy will require the existing economy to continue to operate and grow whilst reducing the carbon intensity of the activity that drives it"*. However, the draft London Plan does not currently recognise this explicitly, with little reference given to the need to decarbonise all sectors of the economy. The Mayor must ensure all his policies across his strategies are linked together consistently.
11. Page 40: The Mayor states that that London will need to position itself at the forefront in the priority sectors identified by the Government where the UK can take a global lead, i.e. nuclear. What does he envisage London's role should be regarding nuclear power and technology, given that he has not given a clear steer on this previously?

12. Page 41: Under the bullet point Scale – the last line should say ‘...facilities *and* (not or) a decentralised...’ as both are required.
13. Page 43: There is reference to ‘threats’ and ‘barriers’ with a ‘barrier’ being ‘competition from other cities’. Is this really a ‘barrier’ to meeting our carbon reduction obligations? or a ‘threat’ in terms of the amount of economic gain London can make from low carbon transition? It appears to be the latter, so reference to this as a barrier seems incorrect.
14. The layout of policy tables from this chapter (page 45) onwards is slightly confusing and needs to be refined for the public consultation draft. The ‘policy’ is signposted first before the ‘vision’ which seems to be in reverse of what should happen - i.e. you identify the issue, create an objective/vision, and then formulate policy to meet the objective/vision. This is further confused after the policy tables by sections headed ‘overall aim’ - how is this aim different from the ‘vision’ or ‘policy’? The way in which this format is developed and presented across all the chapters therefore need to be better presented and streamlined. The ‘overall aim’ sections appear superfluous and should therefore be removed or combined with the ‘vision’ to create the overall objective for each chapter.
15. Page 46: The Mayor states that he “*will seek designation (for London) as a Low Carbon Economic Area*”. It is not clear what this is and it would therefore be helpful if this was defined in the text.
16. Page 49: reference is made to “*The London Green Fund will operate as a revolving fund...*” could this be explained in more detail, as many of the readers of a strategy such as this will not be ‘finance jargon’ literate and may not understand what a ‘revolving fund’ is.
17. Page 50 (and pages 63 and 73): ‘*The £100 million JESSICA holding fund will be launched this year, made up of £50 million from the European Regional Development Fund (ERDF) and £50 million match funding from the LDA and LWARB.*’ This statement does not sufficiently explain JESSICA and the use of LWARB’s money. It assumes most readers are familiar with the concept and mechanisms as subsequent references in Chapter 4 do not make things any clearer. The strategy should explain exactly how LWARB’s funds are being used and what the benefits of JESSICA are in this context as many uninformed stakeholders would be curious to know.
18. Under Policy 2: “Deploying London’s influence, capacity and resources to drive demand for low carbon growth” the Mayor refers to working “with partners from all sectors to investigate further how London can use joint procurement to stimulate demand for low carbon products and services, including consideration of the GLA group’s own procurement.” The boroughs will need to consider how, through the likes of Capital Ambition’s ‘London Procurement Strategy’, the boroughs can work more closely with the Mayor, TfL and the LDA on procurement in the low carbon sector. We support the idea of working with the Mayor to ensure improvements in procurement not only capture financial savings but also fit with the low carbon economy agenda. This will be important in helping to stimulate demand to assist development of new markets for innovative low carbon technologies.
19. Page 55: reference to working with communities to understand barriers should also include reference to local government being a key partner in this.

Chapter 4:

20. Again the format of this chapter is different from that of the previous chapter. There are no 'issues' and 'barriers' sections. The format of each chapter should remain the same as it makes the Strategy much more coherent as a plan for achieving the 60% target (and from a practical standpoint, more readable).
21. We agree with the policies and proposals to develop decentralised energy networks across London, including lobbying the government for changes to regulation for statutory undertakers and improved incentives for developing heat network infrastructure.
22. A minor point would be change the format of the information boxes to make them discernibly different from the more important policy boxes, as they currently look very similar.
23. Page 65 – '*High efficiency gas, biomass or waste fed combined heat and power systems...*'. Where is the biomass referred to here coming from? References to biomass typically mean waste wood or wood pellets. How does this relate to the Mayor's waste minimisation policies? We note that the implications for air quality are dealt with in Box 4.5
24. Page 68: Under '*Utilising London's zero carbon energy resources*' – we suggest you delete the three words 'such as gasification' as there is no discernible benefit in flagging this specific technology option here.
25. Page 87: The strategy refers to a catalogue of commercially operating advanced waste facilities and a report outlining the opportunities for London being prepared by the Mayor. This was not included in the Mayor's draft municipal waste management strategy consultation. It is important that any such catalogue does not present a list of technologies in isolation of an analysis of what works in London, its financial viability compared with other established options, as well as its viability at the required scale.

Chapter 5:

26. This chapter (and subsequent ones) raises similar issues with regards to the lack of consistency with the layout and format between the chapters.
27. The Home Energy Efficiency Programme (HEEP) needs to be explained more fully so that consultees who have not been part of the development or implementation of the programme can understand what it is. Pages 102 – 106 outline the various aspects of HEEP. However, it will not be clear to lay people that all of these paragraphs essentially set out the components of the scheme. Making the details of the scheme, including its funding, clearer is absolutely essential for the public consultation draft.
28. Page 105: states the Mayor will "*Work with London boroughs to offer reduced parking rates to HEEP assessors and installers or ease parking permit administrative burdens*". London Councils will be keen to support and facilitate this process. However, it is for individual boroughs to determine the most appropriate parking policies for their areas and our support for the delivery of this policy objective will be within that context.
29. Page 106: states "*Twenty nine applications for funding support were received and the standard of the proposals was excellent...*" This sort of conversational phrasing seems out of place and unnecessary.

30. Page 97: 'Boiler Scrappage Scheme' – Just referencing this scheme is the strategy is not sufficient. It is assumed that the Mayor supports this scheme. However, £400 is not enough to replace a G-rated boiler. Is the Mayor proposing to supplement this grant through other schemes to ensure uptake in London? Will the Mayor be lobbying government to increase its offer under this scheme? Given that this scheme is only projected to meet about 4% of the need nationally, how will the Mayor's strategy ensure that London does not lose out? The Mayor's strategy needs to set out how it will take advantage of these national schemes to improve their penetration in London.
31. Page 98 sets out the fact that 'Landlords have little incentive to improve the energy efficiency of their properties...'. It is helpful that the strategy acknowledges the difficulties that landlords face in this area. Landlords put in measures such as central heating to make their properties more attractive to market. Since the overarching aim of policy is to improve the quality of the housing stock, policies that encourage landlords are more productive than coercive policies. Fiscal incentives offered in the past may not have been effective because they did not incentivize the upfront spend required or may have offered very long payback periods. It is however essential that properties in all tenures are brought to high environmental standards if the Mayor's CO₂ reductions targets are to be met. The Mayor's strategy should therefore explore specific measures and incentives aimed at this group. This same issue is reflected on page 118.
32. Page 101: References to *co-funding* of programmes here should be set in the context of the economic opportunity it represents if this has already been emphasised earlier in the strategy as suggested by our response.
33. Page 111: Social tariffs – Whilst we support the call for more work with suppliers to make social tariffs available more widely, the strategy must also realise that there is market competition in this part of the utilities sector. The energy companies run these businesses for profit and social tariffs will not happen just because they are a good thing.

Chapter 6:

34. Page 117: Box 6.1 regarding **National Indicator 185** states that "*local authorities can choose to sign up to this indicator which requires them to calculate and report CO₂ emissions from an analysis of energy and fuel use in their relevant buildings and transport, including where these services have been outsourced*". This is inaccurate. Boroughs do not 'choose to sign up' to national indicators – they must report on all 198 of them. They can sign up to 'stretch targets' for up to 35 of these indicators in the three year 'local area agreement'. Fifteen of the 33 London local authorities have done so. All 33 however must report their performance on this indicator to Government (along with the other 197).
35. Page 121: London Councils supports using innovative financing mechanisms to help reduce carbon across the public estate's building stock, and would support working more closely with the Mayor on retrofitting London's local authority building stock through the Buildings Energy Efficiency Programme ('BEEP') programme.

Chapter 7:

36. We support the proposals in this Chapter.

37. Page 133: typographical error: “*This demonstrates the that developers...*”- remove ‘the’.

Chapter 8:

38. Car clubs – investment in this could actually have a much more significant impact taken in conjunction with hybrid and electric vehicles. As the cost of fossil fuel increases and the cost of conventional motoring becomes more prohibitive, the opportunity to access car share through a car club could become more attractive, particularly to the ‘newly retired’ demographic who have been accustomed to 2-car households. The Mayor should work to promote the membership of car clubs instead of car ownership.
39. “Towards zero emissions transport” – We support the Mayor’s intention to decarbonise transport in London, including the move to Electric Vehicles (EVs). However, in regard to EVs, the concern is that they may replace other more sustainable forms of transport such as walking or cycling, and that the range of incentives currently available (exemption from the congestion charge, for example) may lead to the replacing of trips on public transport with trips by EV, adding to congestion and to pollution (albeit not from the vehicle itself). We also need the strategy to clarify the total carbon costs of electric vehicles in justifying their environmental benefit. EVs may also have a potentially exciting role to play in car club fleets, where usage patterns may be relevant to their recharging timescales and infrastructure needs.
40. With regard to parking concessions, how boroughs treat EVs for the purposes of their residential parking permits is a matter for each borough. However, there is a specific issue in relation to parking charges for members of the pan-London EV membership scheme and discussions are ongoing between TfL and boroughs on provision of universal access to parking bays for EVs owners across London regardless of their borough of origin with boroughs retaining the ability to set their own charges and time restrictions on those parking bays.