

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	11 th February 2015
Report of:	Executive Director for Economic Growth and Prosperity – Caroline Simpson
Subject/Title:	Cheshire East Energy Framework (Ref CE 14/15-37)
Portfolio Holder:	Councillor Don Stockton - Housing and Jobs

1.0 Report Summary

- 1.1 Securing long-term sustainable energy for the residents and businesses of Cheshire East is vital for the prosperity of the Borough. Natural resources are being rapidly exploited and our fuels are now mainly imported from abroad. Electricity generation is dominated by centralised power plants feeding into an ageing distribution network, which are expected to struggle existing and new demands, and prices of gas and electric are predicted to increase by up to 50% in the next 5 years.
- 1.2 This combination of energy insecurity and soaring price will bring into sharp focus the need to lead the way to find more sustainable energy solutions for Cheshire East residents. In response to these challenges Cheshire East Council is developing an ambitious energy programme, to reduce fuel poverty for our residents, particularly amongst the elderly and vulnerable, to increase the production of energy from renewable and low carbon sources, and to increase the number of jobs in the Borough in the low carbon economy.
- 1.3 The energy programme will support the authority to further reduce its carbon footprint, building on the significant 25% reduction already achieved, exploit one of the UK's most significant deep geothermal heat resources, and become a national exemplar for sustainable energy through innovation and adoption of new technology .
- 1.4 This report seeks endorsement and proactive support of the overarching Energy Framework, which has been produced to assist the Council in achieving these outcomes and set out a clear ambition in the following areas:
1. *Affordable Energy-* Putting Residents First
 2. *Growing Energy Businesses-* Developing a local energy economy

3. *Independent Energy*- Support secure decentralised and locally managed energy services.

2.0 Recommendations

- a) To endorse the Energy Framework and Vision for the Council.
- b) To Pro-actively support the Energy Framework and its promotion and delivery.

3.0 Reasons for Recommendations

- 3.1 The Framework will help to deliver the Council's key priority to be a Green and Sustainable Place:

- Outcome 1 – *Local communities are strong and supportive*
- Outcome 4.5.2 – *We will help to reduce the number of households in fuel poverty.*

- 3.2 The Energy Framework sets out clear directive in terms of the Energy Agenda, and the Council's role in the Low Carbon Economy, thereby demonstrating its commitment to tackling fuel security and fuel poverty issues in Cheshire East. It also key part of securing growth through the green economy which is worth over £5bn each year.

- 3.3 'Ambition for All: Sustainable Communities Strategy 2010-2025' – Priority 2 Creates conditions for business growth, harness emerging growth opportunities and create a climate attractive to business investment.

- 3.4 'Cheshire East Corporate Plan 2013-2016' – Outcome 2 Cheshire East has a strong and resilient local economy. Priority 1 – investment to support business growth.

- 3.5 A proactive and coordinated approach will enable the Council to stay at the forefront in the energy arena, and to ensure resilience in a period of increasing energy uncertainty and competing pressures, recognising renewable and sustainable energy sources are no longer a "nice to have", they are an essential requirement of a stable future. It will support the significant growth potential of the Low Carbon Economy, already worth over £200m per annum to the Borough, created high skilled job opportunities for residents.

4.0 Wards Affected

- 4.1 All wards

5.0 Local Ward Members

All ward members

6.0 Policy Implications

- 6.1 The Framework is aligned to the Government's ambitious targets to tackle fuel poverty, fuel sustainability and carbon reduction.
- 6.2 The proposal to endorse the Energy Framework also accords with, and is complementary to the following:

Ambition for All: Sustainable Communities Strategy 2010-2025: Priority 5 "Ensure a Sustainable Future".

Actions will include:

- Promote energy efficiency and renewable energy measures to households, public, private and community buildings
- Develop a charter promoting environmentally sustainable behaviour addressing transport, energy and resource use
- Work with local communities to promote waste reduction and reuse through raising awareness and working with voluntary networks such as the Cheshire Furniture Reuse Forum

Cheshire East Corporate Plan 2011-2013

Objective 2 Cheshire East is a Green and Sustainable Place_Cheshire East's rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.

Cheshire East Economic Development Strategy

Ensure that Cheshire East maintains and enhances its role as a 'knowledge economy'; Promote economic diversification across a range of business sectors, with a focus on future growth sectors.

7.0 Implications for Rural Communities

- 7.1 The Framework has the potential to make an important and positive difference to residents in rural areas. Many rural areas are not connected to the gas grid, making it more expensive to heat properties as there is a reliance on oil, LPG and electricity. According to the Department for Energy and Climate Change, proportionately more households in rural areas are in fuel poverty than the national average, and the area to the west of Crewe has one of the highest proportions of households not connected to the gas grid in the North West.
- 7.2 For those rural households in fuel poverty, and particularly for those who rely on electricity for heating, the potential to reduce the dependency on Grid and traditional fuels, also reducing energy costs.

8.0 Financial Implications

8.1 There are no immediate financial implications. Projects contained within the framework will be subject to due diligence, business cases and financial appraisals. A number of the projects within the Framework will enable CEC to gain significant external returns on investment from incentive schemes such as the Renewable Heat Incentive, Feed in Tariff and government grants. The projects will also help to reduce the Carbon Reduction Commitment Payments, which CEC is obligated to pay for each tonne of carbon it emits.

9.0 Legal Implications

9.1 There are no immediate legal implications. The legal implications of projects detailed in the framework will be considered on a case by case base with due consideration being given to all relevant policies including legal, consultation, regulatory, procurement and planning as applicable.

10.0 Risk Management

10.1 There is no immediate risk associated with the Energy Framework. However it does outline areas within energy sectors that should be further investigated and could be of benefit to the residents of Cheshire East. The risks of making investments in the energy sector are varied. Suitable specialists and experts would be commissioned for each potential project to ensure any risk is minimised.

10.2 It is important to note that failure to establish a sustainable and long term approach to addressing energy security and fuel poverty will undermine the delivery of the agreed vision for Cheshire East to have a “sustainable” future and be a “green and sustainable place”.

11.0 Background

National Picture

11.1 Carbon reduction, energy security and fuel cost are a key concern of both national and international governments. A number of significant acts and policies have been introduced in the UK in the last 10 years including:

- Energy White Paper, 2003
- Energy Review, 2006
- Energy White Paper, 2007
- Climate Change Act, 2008
- UK Low Carbon Transition Plan, 2009
- Energy Bill, 2012 - 2013

11.2 The growing frequency of new policy being released demonstrates the increasing precedence of energy and the importance of taking a co-ordinated and proactive approach to the future of it.

Local Picture -Cheshire East

- 11.3 Energy, fuel security, sustainability and carbon reduction are a key consideration for the Council not only because of its obligatory targets, but in terms of its need to be proactive in finding alternative energy solutions for its residents.
- 11.4 The Council set out clear carbon reduction targets through its 2020 Carbon Reduction Plan. However, improving energy efficiency and energy security presents great challenges and great opportunities for the authority and go far beyond just carbon reduction alone.
- 11.5 In 2014, the Council established an internal Energy Advisory Board to steer and govern its action on the energy agenda. The Energy Framework is culmination of the work of the Board and is an integral part of drawing together and helping to deliver the aspirations of the Authority around sustainable energy. A single framework will bring together all work on energy maximising its impact.
- 11.6 The Energy Framework sets out European, National and Local levels of policy, and funding for all aspects of the Energy Agenda. It also contains a strategic evidence base which underpins CEC's ability to deliver its aspirations with regard to energy initiatives.
- 11.7 The Framework will enable CEC to work at the forefront of an agenda that will have significant benefit to residents both in terms of fuel poverty reduction and fuel security. The Green Economy in the UK is also worth over £1.28bn and growing year on year; it is one of the fastest growing economies globally. Endorsement of this Framework will enable CEC to directly stimulate further "low carbon" economic growth and with it create more jobs for local people and support local business.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Matt O'Neill
Designation: Major Projects Manager
Email: Matt.O'Neill@cheshireeast.gov.uk