



Leicester  
City Council

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**7<sup>th</sup> April 2003**

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### **Leicester Climate Change Strategy and Action Plan**

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#### **1 Purpose of Report**

To update Cabinet with progress on the Climate Change Strategy and Action Plan and to seek endorsement of the final draft of the document.

#### **2. Summary**

The consultation draft of the Strategy was endorsed by Cabinet in July 2002. Since then the Strategy has been further developed in light of a range of consultation exercises, interviews and research findings. The final draft of the summary document is attached to this report as Appendix 1 and the full technical report is available in the Member's library.

The Strategy reviews progress in Leicester since the 1994 Leicester Energy Strategy and identifies the key sources of carbon dioxide emissions within Leicester and how the City may be affected by climate change. A way forward is now proposed through an Action Plan. It concludes that the most effective single action to reduce emissions would be to set up an Energy Service Company based upon a network of Combined Heat and Power (CHP) plants for the City (subject to the findings of a favourable feasibility study and sound business plan). This is supported by other actions that would further mitigate emissions and help the city adapt to the inevitable consequences of climate change.

#### **3. Recommendations**

It is recommended that Cabinet:

- endorse the final version of the Strategy and Action Plan and put forward any final comments.
- support an assessment of the potential implications of climate change on Council services by the Arts, Leisure and Environment Scrutiny Committee.
- request that the Cabinet lead for Art, Leisure and the Environment writes to the Energy Minister, the Rt. Hon. Patricia Hewitt MP, to pursue potential sources of funding to take forward the key actions put forward by the Strategy.

#### **4. Headline Financial and legal Implications**

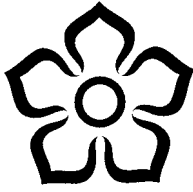
Consultancy time to write the Strategy cost £9,600 and was funded from the Environment Team's Environmental Action budget. Further design and printing costs of £3000 - £3500 will be met from the Environment Team's budget.

There are no legal implications directly arising from this report. The legal implications of setting up an Energy Services Company will be fully assessed through feasibility studies.

**5. Report Author/Officer to contact: Kathy Cooper, Environment Team, x8139**

#### **DECISION STATUS**

<b>Key Decision</b>	<b>Yes</b>
<b>Reason</b>	<b>Citywide impact on communities</b>
<b>Appeared in Forward Plan</b>	<b>Yes</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>



Leicester  
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WARDS AFFECTED: ALL

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**Leicester Climate Change Strategy**

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## **SUPPORTING INFORMATION**

### **1. Report**

1.1. The need for a Climate Change Strategy was outlined in a Report to Cabinet in July 2002. Key reasons include considerable changes to the policy framework relating to energy and climate change since the publication of the Leicester Energy Strategy in 1994. In addition, further scientific evidence has emerged relating to how the climate is predicted to change both at a global and local level and how this might impact on our everyday lives. A review of progress towards the targets set in the 1994 Strategy was also necessary.

1.2. De Montfort University (commissioned to do the work on behalf of the Leicester Environment Partnership) have now produced the final draft of the Strategy and a proposed Action Programme. The final draft now takes on board information gained from:

- Consultation with the People's Panel
- Feedback from the Leicester Environment Partnership
- Interviews with key City Council staff
- Interviews with Leicester business
- A focus group held for City Council Staff
- Further research findings
- The outcomes of the World Summit on Sustainable Development.

### **Key findings**

1.3. A summary of the key findings of the document are outlined below.

1.4. The impacts of Climate Change in Leicester:

- The climate within Leicester is predicted to become milder, wetter and stormier in the winter and hotter and drier in the summer.
- Such changes would, and some already have, an impact on a wide range of issues including flood risk, water resources, buildings insurance,

environmental health, building and drainage design, transport and businesses.

- The City is probably already experiencing the impacts of climate change. For example in the last 3 years the City has experienced two severe weather events in October 2000 and October 2002 costing the Council around £200,000 and £130,000 respectively in relation to tree damage alone. There is also the environmental cost of these events (ie loss of trees) and possible litigation issues.

#### 1.5. Progress on reducing emissions within Leicester:

- Whilst substantial progress has been made within the city to reduce carbon dioxide emissions there have also been a number of 'missed opportunities'.
- Good progress was made in reducing emissions in the early 1990s but this was mainly due to the "dash for gas".
- Energy use in the City continues to grow - particularly in the domestic and transport sectors.
- The target set by the 1994 Strategy (of a 50% reduction in carbon dioxide emissions based on the 1990 level by the year 2025) requires an average reduction in emissions of 1.4 % per annum. The most recent data from 1996 to 1999 reveals that savings of 1% over the whole 3 years of programmes were made. A step change in progress is therefore needed to achieve the target.
- Despite the above, the target should still stand and is comparable with targets of other leading national and international Local Authorities.

#### 1.6. Attitudes and awareness of climate change:

- There is often a gap between the public's willingness and perceived ability to carry out certain climate change related actions.
- Businesses are only likely to engage in local policy initiatives if there is something in it for them eg. grant funding, marketing opportunities.
- There is a need to raise awareness amongst City Council staff of climate change issues and their potential implications for the delivery of services.

#### 1.7. The Way Forward for the City

- The most effective action to achieve the reduction target would be to set up an Energy Service Company for the City. This could attract finance for investment in energy efficiency measures, particularly combined heat and power. The reasoning behind this option and how it operates is outlined in more detail below.
- This is supported by a range of other actions that will help the City prepare for potential changes in the climate and further mitigate greenhouse gas emissions.

### **The Establishment of an Energy Services Company (ESCO)**

1.8. The Climate Change Strategy recommends (subject to a favourable feasibility study and based upon a sound business plan) that an ESCO should be established as a means of delivering efficiently generated heat and power to homes and businesses in Leicester. An ESCO should be based around

establishing a network of combined heat and power (CHP) plants in the city. Such plants produce electricity far more efficiently than conventional power stations (where two thirds of energy is wasted) and would therefore have a significant impact on reducing the City's carbon dioxide emissions. This action would provide the step change needed to achieve the target of halving our carbon dioxide emissions by 2025. Recent progress suggests that other actions are only leading to incremental reductions in our emissions at a rate that is below that required to achieve the 2025 target.

1.9. An ESCO is a company that provides energy services, such as the supply of heat and power to its customers. The customer would enter into an 'Energy Services Contract' with the ESCO to provide these services. The capital investment required by the ESCO to install the necessary infrastructure is secured through entering long term energy services contracts with clients. The company would therefore recover the costs of its capital investments and operation through variable and/or fixed charges in return for the provision of these services.

1.10. To distribute gas, heat and electricity to areas of the City a heat distribution network would be installed by the ESCO. Such systems already operate successfully on a smaller scale in areas of the City such as St Mathews, St Peters and St Marks Estates. In the UK successful schemes in Southampton, Sheffield, Nottingham and Woking are operating on a larger scale.

1.11. The advantage of this approach is that capital is available up front to install the necessary infrastructure. Such a scheme is likely to be attractive to developers as it does not involve an initial capital cost but is met by their purchase of electricity and gas - something that they would do anyway. The key difference is that they purchase this from the ESCO rather than a privatised utility company. Basing an ESCO around the St. Georges Cultural Quarter would release several million pounds from the developers budgets through the savings made on the energy infrastructure part of the development. Other benefits include the creation of local jobs, the provision of affordable warmth for residents and businesses would become more competitive through the reduction of their energy costs.

1.12. The income received by an ESCO for the supply of heat and power can be reinvested in energy efficiency measures and the expansion of the network to surrounding residential areas. High density pre-war inner city housing is particularly suited to such schemes. In this way large sections of the community can benefit from the ESCO as well as the commercial sector.

1.13. The Council's Energy Team have recently commissioned an independent consultant to consider the key actions required to deliver CHP in the city. The consultant will be liaising with all relevant parties including Housing, Planning and the Leicester Regeneration Company. Subject to the results of this initial study it is proposed that more detailed appraisals are undertaken with Government funding from the feasibility programme. The

Energy Group will lead on developing feasibility bids for funding and progress this in consultation with all parties in March 2003.

### **Next Steps**

1.14. The Strategy and Action Plan was recently endorsed by the Leicester Environment Partnership and SCOG subject to some final amendments including the need to extrapolate those actions that affect the City Council and to provide a better overview of the key actions in the Executive Summary.

1.15. Corporate Directors Board recognised that climate change is likely to have significant implications for the delivery and management of Council services. The Board recommended that the Arts, Leisure and Environment Scrutiny Committee carry out an assessment of how climate change issues impact on Council services so that as a Council we are prepared for adaptation. Corporate Director's Board also recommended that that the Cabinet Lead for Arts, Leisure and the Environment write to the Energy Minister, the Rt. Hon. Patricia Hewitt MP to enquire about any potential sources of funding to take forward key actions arising from the Strategy.

1.16. It is proposed that the final version of the full technical document (ie the version available in the Member's library) is available as a pdf document on the City Council, Leicester Partnership and any other appropriate web-sites. A summary version of the document would be printed for general public consumption and follow a similar format to the summary consultation document taken to the World Summit on Sustainable Development. A programme of publicity and a launch event would follow publication of the final document.

## **2. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **2.1. Financial Implications**

Consultancy time to write the Strategy cost £9,600 and was funded from the Environment Team's Environmental Action budget. Further design and printing costs of £3000 - £3500 will be met from the Environment Team's budget.

### **2.2. Legal Implications**

There are no legal implications directly arising from this report. The legal implications of setting up an Energy Services Company will be fully assessed through feasibility studies.

### **2.3. Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	<b>No</b>		
Policy	<b>Yes</b>	<b>The issues raised by the Strategy need to be integrated into all Council</b>	

		<b>policies.</b>
Sustainable and Environmental	<b>Yes</b>	<b>Climate change is the most significant and potentially damaging environmental issue facing the City. It will have social, economic and environmental implications.</b>
Crime and Disorder	<b>No</b>	
Human Rights Act	<b>No</b>	
Elderly/People on Low Income	<b>Yes</b>	<b>The proposed actions to improve energy efficiency would help to tackle fuel poverty.</b>

### **3. Background Papers – Local Government Act 1972**

Draft Climate Change Strategy July 2002

Draft Climate Change Strategy - Report to Leaders Briefing 22<sup>nd</sup> July 2002

### **4. Consultations**

Leicester Environment Partnership: January 2003

Sustainable City Officer Group: February 2003

Corporate Director's Board: 4<sup>th</sup> March 2003

Key Council officers affected by Climate Change issues

### **5. Report Author - Kathy Cooper, Environment Team, x8139**

### **6. Appendices**

**Appendix 1: Summary City of Leicester Climate Change Strategy (February 2003)**