

**March 2022**

## **Decision Session – Executive Member for Environment and Climate Change**

Report of the Head of Carbon Reduction

### **Local Area Energy Planning**

#### **1. Summary**

- 1.1 Local Area Energy Planning (LAEP) is regarded as a critical enabler to decarbonisation<sup>1</sup> given that spatial planning is one of the biggest opportunities local authorities have to deliver net zero.
- 1.2 Producing a LAEP will provide an optimised, cost-effective, and evidence-based pathway that brings the ambition of a net zero carbon York by 2030 closer to realisation by providing a technically viable plan for decarbonising our city-wide energy system within these timescales.
- 1.3 A LAEP for York would be an important part of a wider North Yorkshire energy plan, supporting decarbonisation across the region to meet the ambition to be a carbon negative region by 2040. We have the opportunity to align delivery of our LAEP with North Yorkshire, leveraging efficiencies to reduce delivery costs and identify regional benefits.
- 1.4 This project will provide a spatial and temporal plan with a pipeline for investment in local and regional energy infrastructure that delivers zero carbon at lowest possible cost, supporting increased uptake of renewable generation and improving network resilience.
- 1.5 Delivering the LAEP alongside the North Yorkshire plan will provide an efficiency and cost saving to the council of £25k to £35k.

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<sup>1</sup> <https://www.theccc.org.uk/wp-content/uploads/2020/12/Local-Authorities-and-the-Sixth-Carbon-Budget.pdf>

## **2. Recommendations**

2.1 The Executive Member is asked to:

- i. Approve the allocation of £90,000 from the 2021/22 Carbon Reduction Budget and £20,000 from 2022/23 budget to carry out a Local Area Energy Plan for York.

### Reason

A Local Area Energy Plan is an important component of York's net zero carbon transition. As well as reducing emissions, the project is expected to deliver future cost savings, deferred investment and value for money to the council; ensuring that future infrastructure is located appropriately, technologies are future proofed and investment is strategically targeted.

## **3. Background**

- 3.1 City of York Council (CYC) announced a climate emergency in March 2019; subsequently setting an ambition for York to be carbon neutral by 2030.
- 3.2 Achieving net-zero by 2030 will be extremely challenging. It will require combining a whole system approach with local stakeholder knowledge to deliver a comprehensive, data-driven and cost-effective plan for decarbonisation. This approach is at the heart of a Local Area Energy Plan.
- 3.3 There is no one-size-fits-all approach to achieving Net Zero. Every local area has its own unique characteristics. LAEP considers buildings, transport systems, local industry, energy generation and distribution assets, geographic and spatial constraints, and social factors including fuel poverty to produce a tailored place based plan for decarbonisation.

## **4. LAEP Approach**

- 4.1 LAEP is a process that provides decision-makers with the detailed information needed to support informed policy and investment decisions.
- 4.2 Effective Local Area Energy Planning is a 7-step process:

- i) Identify and Engage Stakeholders – The LAEP process and its outputs will need to be owned and led by one organisation but formulating and taking strategies forward will require collaboration with key stakeholders.
- ii) Set Area Vision, Objectives and Targets – Our net zero ambition for York sets the framework for activity towards 2030. Ambitious but achievable interim targets must also be set to drive short-to-medium term change and allow progress to be tracked.
- iii) Create and Understand the Local Area Energy System – Informs what changes are required to make the necessary low carbon transition and providing a baseline from which the future local energy scenarios can be built from.
- iv) Investigate Future Local Energy Scenarios – Creating cost effective and robust scenarios of future local energy system infrastructure to enable decisions to be made on energy network and system choice.
- v) Produce a Local Area Energy Strategy – The output from the Local Area Energy Planning process. It consolidates the findings and outputs of the evidence base and represent the output of the collaborative and open dialogue from stakeholders to help plan the delivery of the energy networks and changes to homes and buildings needed to deliver a low carbon future.
- vi) Lead and Implement – Implementation will need to be an iterative and collaborative process. A planning horizon over the next decade is likely to involve the need to consider several iterations of technological innovation and research-led development.
- vii) Monitor and Review – Setting out the process to manage, monitor and review the strategy over time.

#### 4.3 Expected outcomes from the LAEP include:

- Facilitate a collaborative and coordinated transition towards becoming carbon neutral by 2030
- Provide an optimised, cost-effective, and evidence-based pathway to achieving net-zero
- Ensure the plans and actions of stakeholders are working towards a collective goal
- Provide the basis for transparency and validate value for money

- Help to incorporate energy and climate change mitigation into other key policies

## **5. Delivery Timescales and Costing**

- 5.1 City of York Council has made significant progress against the first two steps of the LAEP process. This will reduce the total timescale and anticipated cost of producing a LAEP for York.
- 5.2 A full Local Area Energy Plan for the City of York covering a set number of scenarios agreed by local stakeholders or through previous work will cost £110,000. Delivering the LAEP alongside the North Yorkshire plan will provide an efficiency and cost saving to the council of £25k to £35k.
- 5.3 The Local Area Energy Plan is expected to deliver future cost savings, deferred investment and value for money to the council; ensuring that future infrastructure is located appropriately, technologies are future proofed and investment is strategically targeted.

## **6. Options Appraisal**

### Option 1: Do Nothing

- 6.1 Without a LAEP, the council would make a short term-cost saving of £110,000 in the Carbon Reduction budget which could be used for initiatives.
- 6.2 Heat, power and transport infrastructure will continue to be delivered in an isolated way with a risk that essential infrastructure is not delivered in the right place or at the right time.
- 6.3 The net zero by 2030 ambition is more challenging without delivering efficiency improvements of the energy system.
- 6.4 Additional costs of up to £280m<sup>2</sup> could be incurred due to the unplanned and piecemeal approach to infrastructure investment.

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<sup>2</sup> Analysing the Costs and Benefits of Local Area Energy Planning (Arup: 2019)

- 6.5 Opportunities to secure significant external investment are missed which could contribute to meeting our net zero ambition more cost effectively.

### Option 2: Wait until Devolution

- 6.6 Local Area Energy Planning included in the Y&NY Devolution Asks<sup>3</sup>. Deferring the delivery of a LAEP for York will provide a short-term saving of £1100,000 for the Carbon Reduction budget with funding coming from the devolution ask.
- 6.7 However, the devolution funding ask is still to be confirmed and earliest projected date for this funding to materialise is mid-2023, with the project closing in 2024. By that point, millions of pounds of investment in 'unplanned' energy system upgrades, or in avoidable excessive energy costs, will already have been incurred<sup>4</sup>, leading not just to ineffective use of funding but also contributing to emissions that could be reduced earlier.
- 6.8 Waiting to deliver a York LAEP will miss the opportunity to align the process with the rest of North Yorkshire. Financially, this will increase the cost by £25,000 - £35,000 and practically it will increase internal project management that could be better deployed into other related projects. In addition, it risks engagement fatigue from critical regional stakeholders who have the potential of unlocking funding and other opportunities to support York meets its net zero ambition.

### Option 3: Align York LAEP with North Yorkshire

- 6.9 Delivering a LAEP in line with North Yorkshire incurs a short-term cost of £1100,000 from the Carbon Reduction budget. Provision for this activity was made in the budget for 2021/22.
- 6.10 Delivering the LAEP alongside the North Yorkshire plan will provide an efficiency and cost saving to the council of £25k to £35k.

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<sup>3</sup> <https://www.york.gov.uk/devolution#ask>

<sup>4</sup> Analysing the Costs and Benefits of Local Area Energy Planning (Arup, 2019)

- 6.11 Progressing the work with the LEP allows us to benefit from joint project management and co-ordination, reducing internal capacity requirements.
- 6.12 Earlier delivery of a LAEP for York could provide considerable cost savings from planned infrastructure investment and energy costs. It would also accelerate progress towards the net zero carbon ambition.
- 6.13 The timetable for delivery of a LAEP with NY could provide evidence to support the Local Plan examination process, demonstrating the infrastructure requirements to meet the planned development.

## **7. Recommendation**

- 7.1 A LAEP is an important component of supporting the net zero ambition for York and has the potential to deliver wider financial, social and environmental benefits. Therefore, the 'do nothing' option has been discounted.
- 7.2 Delaying the LAEP until the devolution process has completed could result in significant infrastructure costs in 'unplanned' energy system upgrades. Potential funding from the devolution ask is unconfirmed, putting delivery at risk. Delaying would also result in £25k to £35k higher costs due to lost efficiency savings.
- 7.3 Utilising the allocated Carbon Reduction budget to begin the LAEP in line with the North Yorkshire process, provides improved value for money in delivery of a LAEP and also maximise the potential benefits for the city.
- 7.4 Therefore, The Executive Member is asked to:
  - ii. Approve the allocation of £90,000 from the 2021/22 Carbon Reduction Budget and £20,000 from 2022/23 budget to carry out a Local Area Energy Plan for York.

### Reason

A Local Area Energy Plan is an important component of York's net zero carbon transition. As well as reducing emissions, the project is expected to deliver future cost savings, delaying necessary and expensive network investment, and provide value for money to the council; ensuring that future infrastructure is located appropriately, technologies

are suitable to the needs of the city and investment is strategically targeted.

## 8. Council Plan

- 8.1 The recommendation from this paper fulfils one of the commitments from the Council Plan: Providing data of carbon emissions across the city. This monitors progress against the Greener and Cleaner Council Plan priority.

## 9. Implications

9.1 Full implications are considered below:

- **Financial** – the financial resources are noted within the body of this report.
- **Human Resources (HR)** – The Carbon Reduction team will provide internal resource to manage the project.
- **Equalities** - The activities described in this report support the ambitions to be a sustainable city – the draft LAEP will be shared with the Access Officer (once in post) to ensure no groups are inadvertently disadvantaged and an EIA will be completed.
- **Legal** – Procurement process will require a waiver – there is only one supplier and they have been commissioned via North Yorkshire CC.
- **Crime and Disorder** – There are no crime and disorder implications in relation to this report.
- **Information Technology (IT)** – There are no IT implications in relation to this report
- **Procurement** - Appointment of ESC will require a waiver of the Contract Procedure Rules clause 10.4, with justification under clause 25.2.6, “for works, supplies or services which are only available from one organisation (due to their specialised nature)”.
- **Property** – There are no property implications in relation to this report.
- **Other** – no other known implications

## 10. Risk Management

10.1 The following risks have been identified:

- *Delivery timescales and capacity* – working in collaboration with Y&NY LEP to produce a regional LAEP may require delivery at

pace to meet the LEP's funding deadline (end of April). Using our own allocated funding reduces this risk for CYC, with dedicated resource assigned from the Carbon Reduction team to monitor and manage delivery & builds knowledge within the organisation

- *Lack of stakeholder engagement* – Stakeholder engagement is at the heart of the LAEP approach. A lack of engagement will reduce the effectiveness of a LAEP. This risk is mitigated through the active and ongoing stakeholder engagement as part of the Climate Change Communications Plan.

## Contact Details

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Report Approved  Date 25/02/2022

All

**Wards Affected:** [List wards or tick box to indicate all]

**For further information please contact the author of the report**

### Background Papers:

Analysing the Costs and Benefits of Local Area Energy Planning (Arup, 2019)

### Annexes

Annex A: [Local Area Energy Planning: The Method - Energy Systems Catapult](#)