

Joint Executive (Cabinet) Committee

Forest Heath & St Edmundsbury councils

West Suffolk
working together

Title of Report:	West Suffolk Growth Investment Strategy: Energy Framework	
Report No:	CAB/JT/18/007	
Report to and date:	Joint Executive (Cabinet) Committee	25 June 2018
Portfolio holders:	Cllr Alaric Pugh SEBC Portfolio Holder for Planning and Growth Tel: 07930 460899 Email: Alaric.pugh@stedsbc.gov.uk	Cllr Lance Stanbury FHDC Portfolio Holder for Planning and Growth Tel: 07970 947704 Email: lance.stanbury@forest-heath.gov.uk
Lead officer:	Jill Korwin Director Tel: 01284 757252 Email: jill.korwin@westsuffolk.gov.uk	
Purpose of report:	To present the following to Members for approval: <ul style="list-style-type: none"> - West Suffolk Energy Framework, a supporting document to the West Suffolk Growth Investment Strategy - Local Energy East, the Tri- Local Enterprise Partnership Energy Strategy 	
Recommendation:	It is <u>RECOMMENDED</u> that: <ol style="list-style-type: none"> (1) The West Suffolk Energy Framework, a document supporting the Council's West Suffolk Growth Investment Strategy, as attached at Appendix B to Report No: CAB/JT/18/007, be approved; and (2) Local Energy East, a Tri- Local Enterprise Partnership Energy Strategy, as attached at Appendix C to Report No: CAB/JT/18/007, be endorsed. 	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		The Framework and Strategy have been produced following feedback from industry, business and central government.	
Alternative option(s):		<ul style="list-style-type: none"> The Cabinets could choose not to adopt either strategy and assess energy project opportunities solely against the growth Investment Strategy principles An alternative is that the Council could decide not to actively support energy projects. 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> There are no direct financial implications as a result of the Framework, however decisions made in order to implement the Framework will have financial consequences and these will be considered in individual business cases. Equally not investing in the way set out by the Framework could mean the West Suffolk Councils would need to make extra savings. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> Not arising directly from the report, however decisions made in implementing the Framework may require ICT support and this will be considered as part of the individual business cases. 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> As detailed in the report. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> Not arising directly from the report, however decisions made in implementing the strategy may require equality assessment. 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)

Risk of reactive investments, missed opportunities and for inconsistency	Medium	Development and adoption of an overarching strategy allowing decisions to be taken against a backdrop of agreed principles	Low
A lack of an agreed framework could prevent necessary focus on energy as both an enabler of/barrier to growth.	Medium	Adoption of and use of the framework on considering future local plans and guidance and investment opportunities	Low
No framework could lead to missing opportunities for partnering with others who have an interest in the energy infrastructure affecting West Suffolk	Medium	The energy framework will articulate our ambition and role to others in a more effective manner	Low
Ward(s) affected:		All	
Background papers:		<p>Cabinet Reports presented to FHDC Cabinet and SEBC Cabinets on 14 November 2017 respectively:</p> <p>CAB/FH/17/055 and CAB/SE/17/058 Development of a West Suffolk Growth Investment Strategy (Investment Principles)</p> <p>Cabinet Reports presented to FHDC Cabinet and SEBC Cabinets on 6 and 13 February 2018 respectively</p> <p>CAB/SE/18/012 and CAB/FH/18/014 Overarching West Suffolk Growth Investment Strategy, Governance and Delegation</p>	
Documents attached:		<p>Appendix A (not attached – see link below) Overarching West Suffolk Growth Investment Strategy Executive Summary</p> <p>Appendix B: West Suffolk Energy Framework</p> <p>Appendix C: Local Energy East Strategy</p>	

1 **Introduction**

- 1.1 The Medium Term Financial Strategy (MTFS) 2017-2020 sets the principle that both Forest Heath District and St Edmundsbury Borough Councils (the West Suffolk Councils) would invest to support the wider growth agenda. In February 2017, as part of the main Budget and Council Tax setting process, both Councils approved a revolving capital growth investment fund of £20m each, funded from external borrowing.
- 1.2 This fund supports the Councils' overarching Growth Investment Strategy that was approved in February 2018. That Growth Investment Strategy and Executive Summary is included in [Appendix A](#) (not attached – see link).
- 1.3 The Strategy includes opportunities in four key areas (housing, business, infrastructure and inclusive growth) for all investment in Growth across West Suffolk, not all of which the Councils have a role or can deliver. That strategy made reference to a number of opportunities linked to energy and recognised "*there is great scope to invest in energy and infrastructure to not only get an economic and financial return but social benefits too*".
- 1.4 This "**Energy Framework**" (Appendix B) seeks to provide some detail around that ambition and sets out the policy context for investing in energy and the local context for West Suffolk. It reflects national context around environmental drivers, clean growth principles from the Industrial Strategy as well as the latest research and intentions of Local Energy East, a Tri-Local Enterprise Partnership Energy Strategy covering 38 Local Authority Areas in three LEPs (hence "tri"). It includes input from energy specialists at [Local Partnerships](#), the HM Treasury and Local Government Association partnership that supports the public sector.
- 1.5 This paper seeks Cabinet approval for this framework, and officers will develop energy projects to support the Vision and Objectives contained therein.
- 1.6 The paper also seeks endorsement for the **Energy East Strategy** (Appendix C) that has been produced by New Anglia, Greater Cambridge Greater Peterborough (and later the Cambridge Peterborough Combined Authority) and Hertfordshire Local Enterprise Partnerships (LEPs).

2. **The Energy Framework**

- 2.1 In Sections 2 to 4, the Framework sets out the policy context (local, regional, national and financial) for this work. Section 5 to 7 set out the approach, purpose and vision for the role that the Councils can play in energy provision in West Suffolk. Taken as a whole, it provides a framework within which to identify opportunities, understand possible interventions and delivery mechanisms and to clarify the Councils' role.
- 2.2 The Framework builds on the work of the Community Energy Plan and takes a whole local energy system view. The Community Energy Plan will be revised to sit within the Framework, with strategic intentions lifted up into

the Framework and activity within the Community Energy Plan aligned to achieve the 'golden thread'.

- 2.3 The Framework will not specifically address the selection of appropriate delivery and partnership models for any scheme; this will be addressed separately for each project that emerges from the framework. The route for approval for projects emerging from the framework will be as set out in the [West Suffolk Growth Investment Strategy Cabinet Papers](#) approved in February 2018.

3. **The Vision**

- 3.1 The Framework proposes the following Vision:
"West Suffolk's residents and businesses have access to clean, resilient and affordable energy"

To achieve this, we will:

- Work with partners to understand current and future energy requirements
- Support our householders, businesses and communities to become more energy efficient
- Support the development of a local energy economy with value retained in West Suffolk
- Support and develop local renewable energy generation and supply; and
- Create an environment for an ambitious and innovative energy sector in West Suffolk.

We will work to develop solutions where they can achieve one or more of the following:

- Unlock growth potential and value into local communities and businesses;
- Protect the vulnerable;
- Deliver a financial return in particular to support our services; and
- Achieve greenhouse gas emission reduction in line with national targets.

4. **Resource implications**

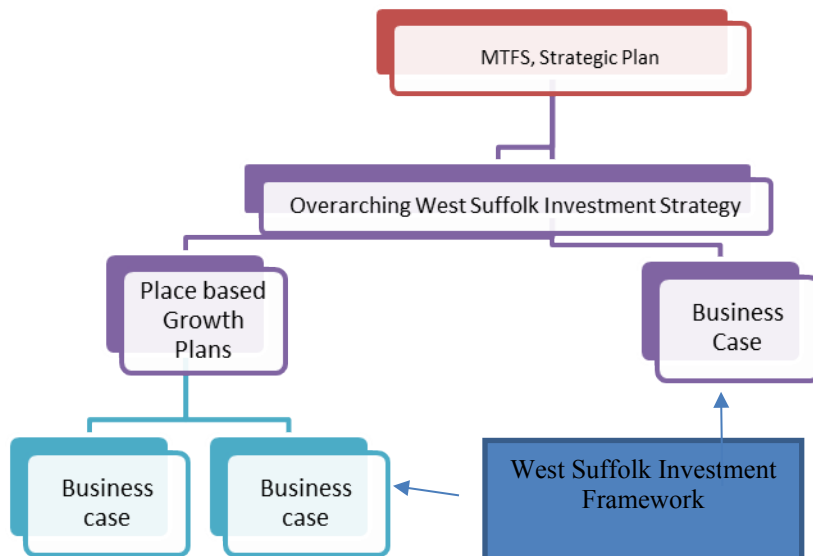
- 4.1 As well as service-level business activities including improving our own energy performance, investing in energy efficiency and new heat and power generation and working with partners to develop electric vehicle charging infrastructure, work is under development to develop projects that pick up on other opportunities, including:

- Toggam Solar: Improvements enhance performance and production
- Heat and power work streams as part the wider development projects of Mildenhall Hub and Western Way.

- 4.2 In addition, opportunities exist to link into a number of external funded projects, including access to energy sector funding both in and beyond the UK, to help improve our understanding and test new approaches to address some of the energy problems that are faced in West Suffolk. The team is working closely with Suffolk County Council External Funding team to ensure we can take advantage of opportunities that arise.
- 4.3 Any projects that progress from this framework will be subject to a separate business case approval.

5. **Individual project assessment**

- 5.1 Members have already agreed the overarching Growth Investment Strategy and Place Growth Plans will provide the context for officers when preparing business cases on a project by project basis, in line with the approved Council’s Investment Framework. Once individual investment opportunities arise, they will be supported by business cases, as follows:



- 5.2 In order to develop business cases and external and internal investment propositions appraisals will be undertaken assessing:

- Links to the Councils’ strategic priorities
- Likely community benefit (including contribution to the prevention agenda)
- Investment required and associated borrowing costs
- Likely return on investment including business rates, New Homes Bonus and council tax
- Any ongoing costs and/or savings, including impact on demand management considerations
- Likely business rates yield
- How the Councils’ investment role could support the relevant masterplans for each place
- Special considerations – legal, taxation, State Aid, appropriate delivery vehicle, use of existing company structures etc

- Risks associated with each investment
- Performance of the individual investment against that of our wider portfolio of investments

6. **Local Energy East (LEE) Energy Strategy**

- 6.1 The Government's Industrial Strategy and Clean Growth Strategy both present significant opportunities at a local level to capitalise on local energy growth initiatives.
- 6.2 As part of Government's recognition that local areas are key to achieving national ambitions around clean growth, the Department for Business, Energy & Industrial Strategy (BEIS) has provided funding support to the Local Enterprise Partnerships to develop and articulate local energy policy.
- 6.3 Since April 2017, New Anglia, Greater Cambridge Greater Peterborough (now the Cambridge Peterborough Combined Authority) and Hertfordshire LEPs have been working together (as Local Energy East) to research, map, analyse and co-design an energy strategy for the combined area. The resulting draft energy strategy (Appendix C) supports addressing both local and regional issues which are prohibiting growth.
- 6.4 The energy strategy, and its respective evidence base, will form part of the starting point for a tri-LEP delivery plan and support service in the form of an Energy Hub covering the Greater South East area. By being able to identify synergies and support strategically, it is intended that this delivery plan and supporting Hub will unblock current challenges and capitalise on local energy generation, storage, distribution and supply opportunities. The Hub will be funded by BEIS and hosted by the Cambridge Peterborough Combined Authority for the first two years to allow it to establish and demonstrate its effectiveness.
- 6.5 The Local Enterprise Partnerships are, therefore, seeking endorsement of the energy strategy by key organisations.
- 6.6 The Local Energy East (LEE) area is one of the most important energy generating areas in the UK, and a leading area for renewable energy. We are well-positioned to benefit from the global energy revolution that is now underway, and to make a significant contribution to the UK's energy Economy.
- 6.7 This energy strategy sets out the collective ambitions to 2030 underpinned by a range of activities that the LEE Network and the Greater South East Energy Hub will take forward to ensure it remains at the forefront of Clean Growth in the UK and grasp the opportunities ahead. The following themes form the basis for this strategy:
- Clean Economic Growth (over-arching) –support growth in our local energy sector, ensure local people benefit from the employment opportunities this creates, and support the transfer of the benefits of new energy technologies across sectors

- Housing growth and commercial site infrastructure –work with UKPN and partners to ensure that the grid enables housing and commercial development ambitions
- Secure, local, affordable, low-carbon consumption –work to increase energy efficiency and improve energy affordability; reducing fuel poverty. Work to reduce carbon emissions and improve air quality
- Clean transport networks –work with local partners and businesses to support the transition to electric vehicles (EVs). Continue to support behavioural change and modal shift that improves transport sustainability.

6.8 These themes align to the Council’s objectives in the Energy Framework as outlined in paragraph 3.1 above.

6.9 The energy strategy acknowledges that success will only be achieved if all partners play their role in delivering the strategy. It will be delivered through actions taken by a wide range of local partners, through new delivery models to enable distributed energy generation and supply; and be supported by innovative funding models to enable the investment our infrastructure needs.

6.10 The Energy Framework summarises this commitment on the part of West Suffolk Councils and will be shared with the LEE Network as part of our response to the publication of their energy strategy.