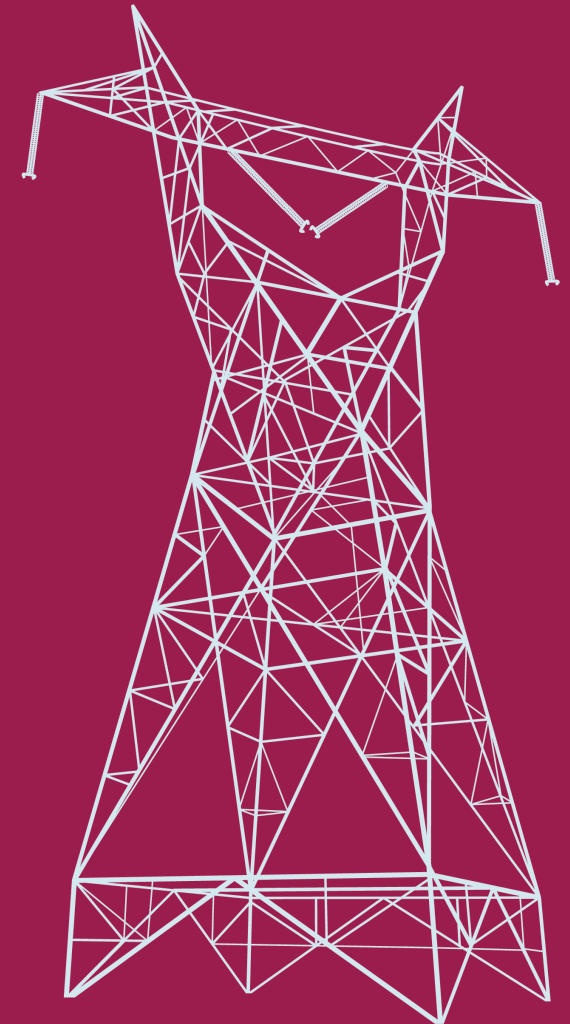


Look before you LAEP

Ending the postcode lottery of local area energy plans

**citizens
advice**



May 2021

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Introduction

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We are the statutory advocate for domestic and microbusiness energy consumers across Great Britain.

Local stakeholders in an increasing number of cities and regions have come together to discuss, plan and take action on issues related to climate emergency. These plans consider how to tackle concerns about decarbonisation and sustainability - often including energy.

Reaching net zero will require significant changes to the way we heat and power our homes and buildings. Energy is an essential service: decisions on how to heat homes, cook food, keep the lights on or power appliances have a huge impact on people's lives.

The transition to net zero will be costly. According to the Climate Change Committee (CCC), UK low-carbon investment each year will have to increase from around £10 billion in 2020 to around £50 billion by 2030, continuing at around that level through to 2050.¹

According to the Treasury: "In 2019-20 the government spent £1.5 billion on domestic climate mitigation, with additional support of £11.4 billion through fiscally neutral spend, such as Contracts for Difference, where policy is funded through consumer bills."²

Citizens Advice wants the government to **put people at the heart of these discussions**. Improving the way that people make decisions about the energy in their home will not be easy. People need information, help and support to make the choices that will work best for their circumstances.



The delivery of local area energy plans is a devolved issue. The Scottish Government published its 'Local energy policy statement' in January 2021, which outlines their key principles for the delivery of local energy in Scotland. This report focuses on the current situation and potential outcomes for local energy in England and Wales.

Key findings

- ① There is no agreed definition for 'local area energy'. Plans, strategies, commitments and approaches vary greatly across England and Wales.
- ② There is a limited amount of publicly available information about governance, decision making, engagement or finding the funding required when it comes to local area energy.
- ③ Local government plans are often driven by a vision or a goal to reach net zero as quickly as possible. This ambition is not always accompanied with detailed costings.
- ④ Local area approaches to energy offer potential benefits for consumers but there is an urgent need for national coordination and support.
- ⑤ Without a national framework to help and support local stakeholders to agree and develop local area approaches to energy, there is a risk of further exacerbating inequalities across the country.
- ⑥ The economic impact of the COVID-19 pandemic has meant some local authorities have had to change their approach to net zero. For some local areas there is a desire to ensure that plans for economic recovery are developed alongside environmental priorities.

Our research

In June 2020, we published **Striking the right balance** - a discussion paper that started to explore some of the issues local area approaches to energy cover, and how people can understand and engage with them.

In December 2020 the Sixth Carbon Budget from the Climate Change Committee (CCC) stressed how important it is for local and regional authorities to be properly supported by the government to help deliver the national strategy to get to net zero.³

The CCC also published an accompanying report which recognised the unique and vital role that local authorities can play to deliver local action that reduces emissions and prepares local areas for a changing climate.

It also set out concerns about the gaps in powers, policy and funding barriers, and a lack of capacity and skills at a local level. The CCC highlights the need for some level of coordination from the government in order to avoid the risk of pursuing a fragmented strategy towards Net Zero.⁴

More than 300 local authorities have declared a 'climate emergency', and a third have developed strategies and action plans in place to deliver net zero between 2030 and 2050.⁵

We wanted to know more about local energy and the strategies and action plans to deliver net zero. Our research focuses on:



Governance

How decisions about local energy saving and generation are made and scrutinised.



Engagement

When and how local people get involved, how local energy plans anticipate the needs of local people and communicate with them.



Cost

How much local area energy strategies cost to plan and deliver, how it is funded and the accountability and/or scrutiny of these costs.



The research report from Blue Marble is available on [our website](#)

What we did

This report is based on a combination of desk research and stakeholder interviews which were carried out in October and November 2020. It comprised of four main elements.

- 1 Assessing publicly available information from **67 Local Authorities** to better understand the types of local area initiative that exist across England and Wales.

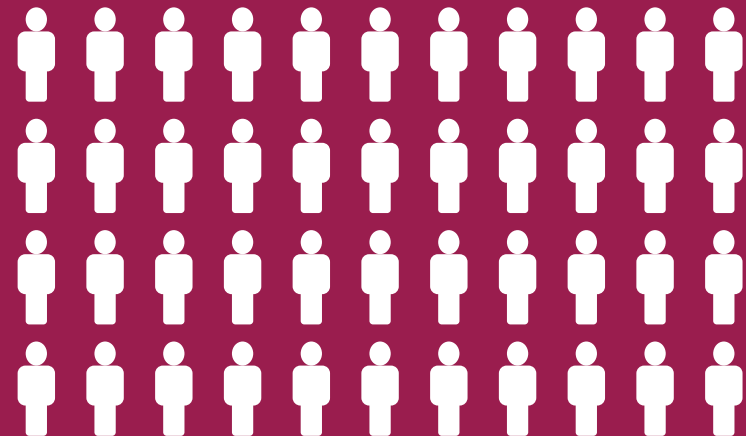


- 2  Conducting scoping interviews with **expert stakeholders** in energy and consumer engagement to help frame our research.

- 3 A more detailed consideration of **10 local energy plans**. These plans covered the range of typologies identified in the initial mapping exercise. The assessment included conducting more detailed desk research including reviews of strategy reports, engagement plans and meeting minutes.



- 4 Carrying out **44 depth interviews** with stakeholders involved in these plans. **Between 3 and 6 interviews were carried out** per case study.







What is a local energy plan

There is no single, agreed definition for a 'local energy plan'.

Energy plans may include various local approaches to climate change, net zero, sustainability and innovation. The Energy Systems Catapult (ESC) and Centre for Sustainable Energy (CSE) developed a method for local area energy planning for stakeholders interested in undertaking, commissioning, funding or participating in a plan.⁶ It advocates a whole systems approach, which uses robust technical evidence. It also includes a comprehensive assessment of wider non-technical factors, including a well designed process which engages appropriate stakeholders effectively and a credible, sustained approach to governance and delivery. Plans need to take account of local building stock, energy network capacity and spatial features, in conjunction with local needs and the decarbonisation of other sectors such as transport.⁷

Our research identified four common types of plan that are considered to be or have elements of a 'local energy plan'.

-  A Climate Action Plan
-  Regional Energy Strategy
-  Local Development Plan
-  Innovation Project

Type of plan	Aim	Governance	Local Decision Making (engagement)	Funding
 Climate Action Plan	Decarbonisation	Led by a Local Authority and subject to standard Local Authority processes.	Third parties and citizens have been engaged in some form. Limited public engagement.	Estimated costs may not be budgeted. Funding may or may not be assigned.
 Regional Energy Strategy	Decarbonisation and regional economic growth	Subject to processes of the LEP and regional local authorities; often led by a steering group of key interest groups.	Third parties typically consulted and can be relatively informal. No direct public consultation.	Estimated costs are not budgeted. No funding assigned.
 Local Development Plan	A framework for housing development	Led by a Local Authority. Final plan scrutinised externally in quasi-judicial process.	Multiple rounds of formal consultation with stakeholders and public. Requirement to engage hard-to-reach audiences.	Not costed.
 Innovation project	Technological innovation to support low carbon energy network	Project-dependent. Key third parties involved in project leadership.	Any consultation of other third parties is relatively informal. No direct public consultation.	Funded by a mixture of public and private investment.

Approaches to local energy vary across the country

Our research found significant differences in the various plans about the role of the energy sector. More often than not, energy is not the sole focus, and is instead considered as part of a larger plan focused on climate change and decarbonisation in a local area. We also found that there is limited information in the public sphere about timelines, progress on the plans to date and the estimated costs.

A number of interviewees told us that they refer to the ESC/CSE work in their thinking; but they also said that in their experience very few local authorities have devised a plan based on its method. None of the plans our researchers looked at were based solely on the ESC/CSE approach. Local authorities often have limited budgets with competing priorities for those finances. Without a clear statutory duty, accompanied by adequate resources, producing a local energy plan can be challenging for local government officers.

The common theme throughout our interviews with expert stakeholders from government, regulators and think tanks is a concern about the gap in support and information needed to develop energy plans. There were numerous references to the lack of consistency, and also some concerns about how to ensure energy plans will meet the needs of local people. Stakeholders told us that they need support to ensure that plans are in the best interests of local people.



“There are some real issues around creating a consistent methodology.”

Expert stakeholder



Stakeholders we spoke to said:

“Today this isn’t a thing. The Government and / or regulator need to create requirements and conditions for this.”

Expert stakeholder

“I don’t think anybody is yet doing effective Local Area Energy Plans.”

Expert stakeholder

Governance

Why governance matters

Good governance is a crucial part of democracy, and can help ensure that there is transparency when it comes to decision making and accountability. Energy is an essential service and the policy decisions in local energy plans will directly impact the prices paid by consumers.

Our research found that governance varies based on the local authorities remit and the partners involved in drawing up the local energy plan. Whilst having a mix of approaches can be useful and a reflection of local diversity, it is far from the whole systems approach which ESC states is necessary for local energy plans to be successful.

Finding who is responsible for delivering the different elements of local area energy plans is difficult. This makes it hard to understand when and how decisions are going to be made and/or how the plan will be put into action.

Without some level of consistency in how approaches to local energy plans are governed, there is no way to ensure that the right partners and agencies (for example the local energy network(s) for the area) are included in the planning process.

The [Cool 2 Wirral](#) is an example of the type of collaborative governance structure that more closely follows the ESC model. The strategy is not owned by a single body and decisions are made by a steering body, the Cool Partnership, made up of the public, private and third sector groups. Scottish Power Energy Networks, the Distribution Network Operator (DNO) for the area is included, and the plan was written by a mix of partners, stakeholders and residents.

Typical governance models



Climate Action Plan

As climate action plans have typically been initiated by local authorities they are usually led solely by the relevant local authority. Both the West Midlands Combined Authority 2041 plan and the Frome Climate Emergency Strategy are examples of this approach.



Regional Energy Strategy

Regional Energy strategies are often led by Local Enterprise Partnerships (LEP) usually alongside the relevant local authorities. The Sheffield City Region Energy Strategy is an example of this type of plan, with the strategy being led by the City Region and the LEP with oversight from a steering group which is made up of key stakeholders.



Local development Plan

Local development plans are also solely owned and led by the local authority which initiates them e.g. the Chelmsford Local Plan.



Innovation project

Innovation projects contain a mix of governance and leadership structures depending on who is involved. Oxfordshire LEO for example is made up of 9 organisations working in partnership with each other and the governance reflects this approach.

Citizen and stakeholder engagement

Why engagement matters

Good, considered and meaningful engagement with local citizens, businesses, community groups and other local stakeholders should result in local energy plans that are based on a deep understanding of a geographic area and developed by organisations that understand, and can anticipate, the needs of local people.

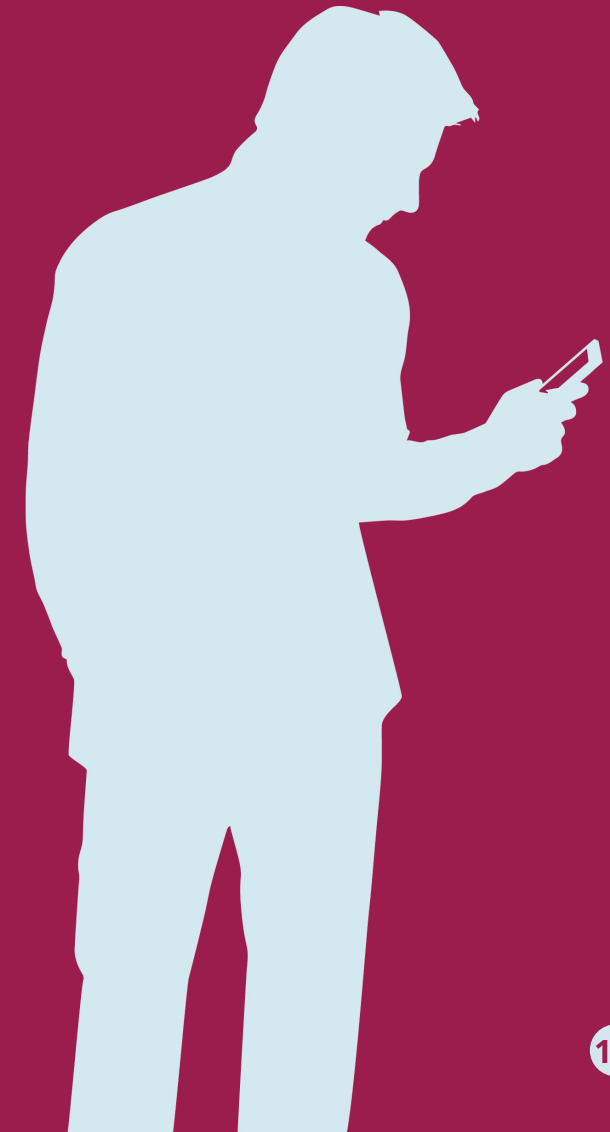
The plans we looked at are not always clear about which organisation is responsible for different aspects of engaging with local people and key stakeholders: this seems to vary depending on individual projects. Often there is nothing in place to encourage aligning approaches, sharing learning or accountability when it comes to engagement.

Our research found that local authorities and other bodies involved in developing and delivering local energy plans have struggled to meaningfully engage with local people. It's vital that people are at the centre of these plans, that they are included in a collaborative way as part of the planning process.

The ESC work places a high value on engagement as the first step of any successful approach to local energy area planning.⁸ When local authorities have consulted using traditional methods (whether in relation to climate action plans or local development plans), stakeholders told us that they tend to attract disproportionately white, older, and more affluent citizens. For climate action plan consultations, many participants also have a strong pre-existing interest in environmental issues.

Local authority stakeholders talked about seeing “the same old faces” in traditional public engagement exercises (such as town hall events), particularly where these are conducted face-to-face. They also told us that there is relatively little representation from consumer protection groups - for example from groups representing people in vulnerable circumstances.

A lack of local authority resources (or time) can also limit the ability to reach a diverse group of citizens. Time is seen as the primary barrier to more widespread engagement – with younger audiences, who are much less likely to take part in face-to-face consultations. There is also a perception amongst some stakeholders that increased engagement and participation will not make a difference to the final plan.



Public engagement

Climate Action Plan

Climate action plans tend to have the most engagement with the wider public, often including a public consultation. As part of the early planning stages of WM2041, a plan to deliver net zero in the West Midlands by 2041, hundreds of local residents were consulted through online surveys and focus groups. Warwickshire included its climate emergency objectives alongside its Local Plan which went out to public consultation and continues to ask for feedback.

Regional Energy Strategy

Regional energy strategies, led by LEPs, have not usually conducted public consultations. Public consultation is seen as not always suitable due to the technical and complex nature of the topic. At the time our research was being conducted, the Sheffield City Region Energy Strategy had yet to carry out any public engagement.

Local Development Plan

Local development plans are required to carry out extensive public consultations: however this is not a requirement when it comes to other local partnership work.

Innovation project

Innovation projects generally do not engage in formal consultation because the subject matter can be too technical. However, Oxfordshire LEO is carrying out community outreach to understand more about local area needs.⁹

Stakeholders have pointed out that some smaller schemes did not include as much public engagement as they could have, despite how beneficial these exercises can be overall.

Our research found that councils are still trying to understand how to engage with the local community in a meaningful way and many faced setbacks in trying to do this due to the pandemic.¹⁰

We also found that cost can also be a barrier to engagement - for example in Frome, the district council sought to engage with a broad range of people from across the area. However, the cost to carry out deliberative research, which relies on recruiting a representative sample of 45 people for a Citizens Assembly, was too prohibitive.

The pandemic has also had an effect on engagement. However, Essex County Council told us that switching from mainly face-to-face engagement to an online engagement approach meant they could reach a more diverse local audience.

Cost

Why cost matters

The need to deliver net zero emissions will fundamentally change the way we use energy.

Making those changes may be expensive and the majority of costs are likely to be met through bills, not taxes. Support will be required to ensure that all households can participate in the transition.

Our researchers were unable to access and understand the costs of local energy approaches.

An increasing number of local area approaches to energy will result in more decisions which will have an impact on costs, which are paid for via energy bills or taxes. The lack of information and general transparency around the financial aspects of local energy plans is a concern. It's essential that people know how they are contributing to the costs of local area energy approaches, and what they might expect in return.

There is very little information in the public domain, and the way plans are costed differs based on the type of plan.

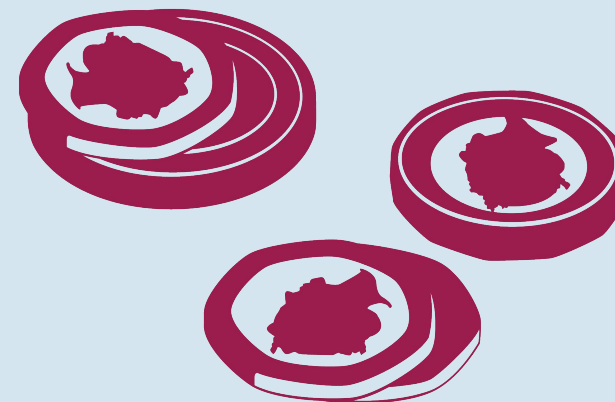
We found that the financial figures attached to climate action plans and regional energy strategies are usually broad estimates for achieving decarbonisation aims. These vary between local areas. A number of interviewees told us that previous cost estimates have been overridden by the dramatic impact that the pandemic has had on the economy, and also in some cases by technological advances. It is critical that plans to decarbonise at the local level are properly costed. Without detailed costs it will not be possible to assess the impact on consumers or compare approaches to deliver best value. Local area energy plans will be unable to move to the delivery phase without clearly defined budgets.

Local development plans are drawn up by local authorities and inform the general public, statutory authorities, developers and other interested bodies of the policy framework and land use proposals in an area. National planning policies are also material considerations within these plans. For this reason they do not tend to go into detail on the costs.

Innovation projects differ in that they are usually relatively short term projects and are funded by a mixture of private and public investment. This could mean they have received grant funding from central or local government alongside funding from key third parties e.g. energy companies.

Energy network companies (particularly Gas Distribution Networks and Electricity Distribution Network Operators) may be well-placed to support local authorities and communities in developing local energy plans given their expertise and knowledge. These network companies could play an important role in assisting and supporting approaches to local area energy.

The CCC suggests that the cost of low carbon investment must scale up to £50 billion each year to deliver Net Zero. It notes that in aggregate, the costs are low - but that must not hide the need to distribute the costs and the benefits fairly. This applies at the local level too. Any plans to improve the way that the costs of local area energy are agreed and communicated must be transparent and accompanied by regular, detailed scrutiny.



Conclusions

Over the next decade, consumers and citizens will be directly paying for the decisions made about how to generate and distribute energy in local energy plans. Our research findings make clear that there is an urgent need to improve the quality of these plans and strategies.

The government's forthcoming Heat and Buildings Strategy is expected to consider the national, regional and local approaches to improving energy efficiency and adapting buildings to use low carbon heat. The Strategy should also set out a clear, national vision and pathway for the transition to net zero including policies that will support the delivery of low carbon measures to all households.

Local approaches to net zero energy solutions can create opportunities, support post pandemic economic recovery¹¹ and contribute to meeting the government's net zero target. A national framework for local area energy plans could help ensure that plans are achievable, affordable and effective. Central government needs to make sure that plans are efficient, that people are protected and be confident that the sum of many local plans will deliver net zero carbon emissions nationally. This in turn could give people the confidence to engage with local energy projects.

Our research has found that

- The approach across the country has been inconsistent
- There is limited support for local authorities and stakeholders
- People are concerned about having either the expertise or capacity to deliver
- There is no transparency about the estimated costs associated with these plans

To address these concerns, government should:



Commit resources to support local authorities and stakeholders to build knowledge, expertise and capacity.



Monitor delivery against the plans for local area energy, in a meaningful way that can also be used to monitor progress toward the national, UK wide decarbonisation target.



Establish a national framework that ensures fair access for all energy consumers, and also supports local government and other stakeholders to tailor plans based on local needs and ambitions.



Develop measures to consistently assess the economic impact and benefits of local energy plans.

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We provide free, confidential and independent advice to help people overcome their problems.

We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



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Contributors: Dhara Vyas, Zoe Guijarro and Farhana Yeasmin

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