
COVENANT OF MAYORS

**Responsible Cabinet Member – Councillor Nick Wallis,
Sustainable Environment and Climate Change Portfolio**

Responsible Director – Richard Alty, Assistant Chief Executive (Regeneration)

SUMMARY REPORT

Purpose of the Report

1. To seek approval for the submission of Darlington's Sustainable Energy Action Plan (SEAP) to the EU.

Summary

2. In February 2009, the Council signed up to EU Covenant of Mayors.
3. The Covenant of Mayors (CoM) is the first European Commission initiative targeting local authorities to take the lead in tackling climate change. Signatories of the Covenant make a voluntary commitment to go beyond the EU objectives for carbon reduction.
4. Each of the 12 Local Authorities in the North East have signed the CoM and have agreed to reduce emissions in their municipal area by more than 20% by 2020.
5. To reach this objective, the Council has made a commitment to:-
 - (a) Prepare a baseline emission inventory
 - (b) Submit a Sustainable Energy Action Plan (SEAP) detailing the measures that will enable a greater than 20% CO₂ reduction by 2020
 - (c) Update and republish an approved SEAP every 2 years after submission stating the implementation progress of the key actions and the interim results

Recommendation

6. It is recommended that Members approve the content of the Sustainable Energy Action Plan (SEAP) (**Appendix 1 and 2**) for submission to the EU.

Reasons

7. The recommendations are supported by the following reasons :-

- (a) The Council committed to producing a SEAP by signing the Covenant of Mayors in February 2009.
- (b) The CoM supports the delivery of the Darlington Climate Change Strategy and Action Plan.
- (c) The CoM supports the national policy context and a commitment in the Climate Change Act to reduce CO2 emissions.
- (d) The CoM will support progress against NI185, NI186 and NI187.

Richard Alty
Assistant Chief Executive (Regeneration)

Background Papers

No background papers were used in the preparation of this report.

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S17 Crime and Disorder	NA
Health and Well Being	Improving the energy efficiency of housing will contribute to reducing fuel poverty within the Borough.
Sustainability	The SEAP will result in the reduction of the Borough's carbon footprint, therefore contributing to the sustainability of the Borough.
Diversity	
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	No change to the budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	The SEAP directly contributes to the delivery of the SCS priority 'A low carbon Borough tackling climate change'.
Efficiency	Becoming more energy efficient and promoting renewable and low carbon energy will result in more efficient use of resources and cost savings.

MAIN REPORT

Background

8. Darlington Borough Council signed the Covenant of Mayors (CoM) in February 2009, making a commitment to producing a Sustainable Energy Action Plan (SEAP) within 12 months of the signing. A 'work in progress' SEAP was submitted to the European Union in February 2010. The final SEAP is to be submitted by 31st October 2010.
9. The CoM initiative was championed at the regional level and each of the Local Authorities (LAs) in the North East are participating, voluntarily committing to go beyond Government greenhouse gas reduction targets. The North East is the first region in the UK and Europe to have each LA signed up to the Covenant. There is the potential to use this as a unique selling point in seeking future funding.
10. A Covenant of Mayors Support Group (CoMSG) has been established for the region, with membership from all Local Authorities and key partners, to coordinate delivery of robust and coherent Sustainable Energy Action Plans (SEAP). Whilst work has been undertaken regionally to allow for a consistent regional approach, each LA will submit individual SEAPs.
11. The CoMSG identified significant benefits if all 12 of North East England's Local Authorities were to adopt a single emissions accounting and scenario planning methodology - allowing comparability of approach and outputs and facilitating the exchange of best practice.
12. ANEC and ClimateNE negotiated with the North East of England Office in Brussels to extend the deadline for final submissions of individual SEAPs to October 2010, to allow for Vantage Point software to be developed for use by LAs to determine baselines and use for scenario modelling. The cost of purchasing this software was met by ClimateNE, on behalf of the region's LAs. Once the SEAP has been developed, the Council has the option to 'opt out' of the future use of this software. In addition to this a regional data analyst was appointed to support LAs in developing robust programmes for delivery against the CoM target. This post was for a temporary period which has now ceased to exist.
13. The Requirements of the CoM are to:-
 - (a) Establish a long term strategy to 2020
Better co-ordination of energy and climate change policies is needed. Making sustainable energy policy part of all key activities of the local authority can be a good way forward.
 - (b) Set an overall CO2 target
The overall carbon reduction target for the Covenant of Mayors is at least 20% by 2020.
 - (c) Adapt administrative structures and assign clear responsibilities
Each authority is advised to put procedures in place to record decisions made internally relating to the Covenant of Mayors so that future staff can provide continuity in reporting and delivery in future years. It will be necessary to bring together a team

of officers with expertise in energy, planning, finance and capital development, from across the authority to deliver an integrated approach.

- (d) Involve stakeholders and citizens in local energy policy
Signatories of the CoM agree to mobilise citizens and establish strong partnerships with relevant stakeholders who will be involved in the development and implementation of SEAP.
- (e) Estimate and allocate financial resources
There is the need to identify financial resources from the delivery of the SEAP. This may be through the reallocation of budgets and potential external funding partnerships (European, national and regional funding, ESCOs, Public-Private Partnerships)

Darlington Sustainable Energy Action Plan (SEAP)

- 14. Darlington's 'work in progress' SEAP was submitted to the EU in February 2010 in the form of an online template. The final SEAP is attached as **Appendix 1** and **Appendix 2**. These appendices outline the measures to be undertaken to meet the 20% reduction target and assign carbon savings and financial costs to each of these measures.
- 15. The SEAP is an operational document that outlines the strategic framework for achieving carbon reduction targets set for 2020. The SEAP covers emissions from the whole of the geographical area of Darlington and includes measures concerning both the public and private sectors. It uses the results of the Baseline Emissions Inventory to identify the best areas of action and opportunity for carbon reduction.

Baseline Emissions Inventory

- 16. The National dataset used for National Indicator 186, which is now a national statistic, is the most comprehensive and reliable dataset available for monitoring carbon emissions. Therefore the decision was taken to use National Indicator 186 and its associated data set for both the baseline, and the subsequent reporting years. The baseline for the NI186 data is 2005 and this will be reported annually to Department of Energy and Climate Change (DECC), thereby allowing relatively easy annual updates for the Covenant of Mayors Obligation.
- 17. DECC have developed the NI186 data set with the aim of providing nationally consistent carbon dioxide emission estimates at local authority and regional level. This work for the indicator was made possible following the publication of local gas, electricity and road transport fuel consumption estimates by DECC for 2005 to 2007.
- 18. The NI186 indicator relies on centrally produced statistics to measure end user CO₂ emissions in the Local Area from the Industry and Commercial Sector, Domestic Housing and Road Transport. The percentage reduction in CO₂ per capita in each local authority area will be reported annually (each Autumn with a 21 month time-lag).
- 19. The recommended categories for the baseline emission inventory are: transport, buildings, equipment/facilities and industry. These categories are covered by NI186, again supporting the use of NI186 for the SEAP.

Vantage Point

20. The CofMSG made the decision to purchase Carbon Descent Vantage Point, which is a tool for modelling carbon reduction scenarios over time. It has been designed specifically for local authorities to develop scenarios to inform climate change strategies. The model identifies the capital cost and other economic implications of any given strategy for carbon reduction, providing a thorough cost benefit analysis. The model can continue to be adjusted as parameters change and actions are undertaken.
21. Using the Vantage Point software, priority areas for action within each of the categories in the baseline emissions inventory have been identified.
22. Areas for action currently included in the SEAP cover:-

Sector	Measure
Domestic emissions	Loft insulation Cavity Wall insulation Double glazing Solar thermal installation Domestic gas and electricity reduction through EU products policy and behaviour change
Industry	Commercial gas and electricity reduction from Carbon Reduction Commitment (CRC), EU products policy and behavioural change
Transport	Reduction in fuel use from behaviour change Vehicle transport efficiency improvements Biofuel replacement Electric vehicle replacement

23. Assumptions have been made within each of these areas for action based on the best available data nationally, regionally and locally. Verified figures on energy production and CO2 savings from all renewable and low carbon technologies and energy efficiency improvements are built into the model, from which the model develops a low carbon scenario.

Financing the Covenant Obligation

24. General estimates for financing the interventions required to reduce emissions have been provided within the Vantage Point software. The total investment required to achieve a 20% reduction in carbon emissions by 2020 is £17.9 million. This initial estimate is not dependent on funding from the Council but the Council will need to utilise its leadership role and capacity to act as a catalyst to lever in funding to realise CO2 reductions. This may be achieved through the development of public-private partnerships (new ways of working) and the investigation of external funding opportunities (as outlined in paras 25-29 and on page 3 of Appendix 2). The Council is not committing to funding the level of investment required to deliver against the CoM targets in the absence of other mechanisms being in place.
25. It is anticipated that this indicative cost will be financed via a number of mechanisms, some of which are outlined below with further detail on page 3 of Appendix 2.

26. Linked to the CoM, ANEC are submitting a regional bid for ELENA (European Local Energy Assistance) funding to be used to fully cost up some of the reduction measures and develop business models that will allow interventions to access loan funding from the European Investment Bank (EIB). The benefit of ELENA funding is that it will allow the region to develop business models for reduction interventions that will be applicable and replicable to all local authorities.
27. There are national funding mechanisms currently being investigated such as the Carbon Emission Reduction Target (CERT) and Community Energy Savings Project (CESP). It is unclear at this time as to the future development of the Green Investment Bank (GIB).
28. Future funding opportunities will be investigated through the Tees Valley Climate Change Partnership via the TVU Business Plan and the Darlington Partnership.
29. Being a signatory of the CoM could open up new funding opportunities, particularly as the EU is putting more emphasis on being a signatory of the CoM for localities to be eligible for funding.

Outcome of Consultation

30. Officers within the Council have been consulted on the content of the SEAP and asked to comment upon the reality and reliability of the assumptions made.
31. Members of the Greener Themed Group have been consulted about the content of the SEAP.
32. Economy and Environment Scrutiny Committee have been asked to comment upon the contents of the SEAP.

Risks

33. There is no statutory duty on the Council to be a signatory of the Covenant of Mayors or to deliver against the SEAP. However, the Council has adopted the Darlington Climate Change Strategy and Action Plan and endorsed the Tees Valley Climate Change Strategy. One of the priorities of the SCS is 'a low carbon Borough tackling Climate Change' and NI186 has been included within the LAA. By Signing the CoM, the Council is demonstrating a commitment to and leadership in, tackling climate change.
34. At the present time, the quantification of carbon from carbon reduction action is not an exact science, therefore the figures included in the SEAP should be treated as guidelines and could be subject to significant change.
35. Committing to the SEAP requires resourcing of the actions included within it. The Council is not committed to any financial expenditure at this stage as costs are expected to be met through exploring new partnerships and funding mechanisms as outlined in paragraphs 24-27 and page 3 in Appendix 2. However in the event of these funding streams not being available, the Council may need to offer funding to ensure that plans are delivered. A further report will be brought before Members in this event.