



# State of play for local authorities

Mark Bramah, Director of APSE  
Energy

# APSE Energy - Our Vision



“The vision is to form an effective collaboration of a large number of local authorities to enable and facilitate the local municipalisation of energy services. **By this we mean the public and community, as well as private, ownership and managerial control of local energy generation, distribution networks and delivery of energy efficiency works.** Local authorities working together in this way would have great influence and would be able to deliver economies of scale in green energy to promote economic growth and combat fuel poverty.”

# Aims



The aims of **APSE energy** are to support councils to deliver the local municipalisation of energy services and in doing so:

- address social objectives and deliver community benefits, such as a reduction in fuel poverty and increases in jobs and skills;
- save money and make money for local authorities to safeguard local services.

# Members of APSE Energy



1. Aberdeen City Council
2. Barnsley Metropolitan Borough Council
3. Bradford City Council
4. Bridgend County Borough Council
5. Buckinghamshire County Council
6. Cardiff City Council
7. City of Edinburgh Council
8. Cumbria County Council
9. Darlington Borough Council
10. Doncaster Metropolitan Borough Council
11. Derbyshire County Council
12. Dudley Metropolitan Borough Council
13. East Dunbartonshire Council
14. East Riding Council
15. Flintshire County Council
16. Gedling Borough Council
17. Gloucestershire County Council
18. Guildford Borough Council
19. Knowsley Metropolitan Borough Council
20. Lancaster City Council
21. Middlesbrough Council
22. Midlothian Council
23. Newcastle City Council
24. Nottingham City Council
25. Nottinghamshire County Council
26. North Ayrshire Council
27. Northumberland County Council
28. Oxford City Council
29. Peterborough City Council
30. Portsmouth City Council
31. Preston City Council
32. Reading Borough Council
33. Sefton Metropolitan Borough Council
34. Selby District Council
35. Stevenage Borough Council
36. Southampton City Council
37. South Lanarkshire Council
38. Stockton-On-Tees Borough Council
39. Swansea City and County Council
40. Wakefield Metropolitan District Council
41. Warwickshire County Council
42. Wolverhampton City Council
43. York City Council

# (1) Policy - The direction of travel is certain

- The Climate Change Act 2008 - International and European Treaty obligations.
- Energy Security - Overreliance on imported fossil fuels.
- Economy and technology – distributed energy solutions.



## (2) Finance - Local Government finance prospects



- Chancellor George Osborne's Autumn Statement projects austerity lasting through to (at least) 2019.
- Shadow Chancellor Ed Balls has committed to Government spending limits.
- Local authorities have managed a 40% spending reduction during the current Parliament but are facing a £12.4bn funding shortfall by 2020.
- Cabinet Office to publish a plan for a further £10bn of efficiencies across Govt. Departments.
- **WHERE IS THE MONEY GOING TO COME FROM?**



### (3) Market -UK Energy Market investigated by Competition and Markets Authority (CMA)



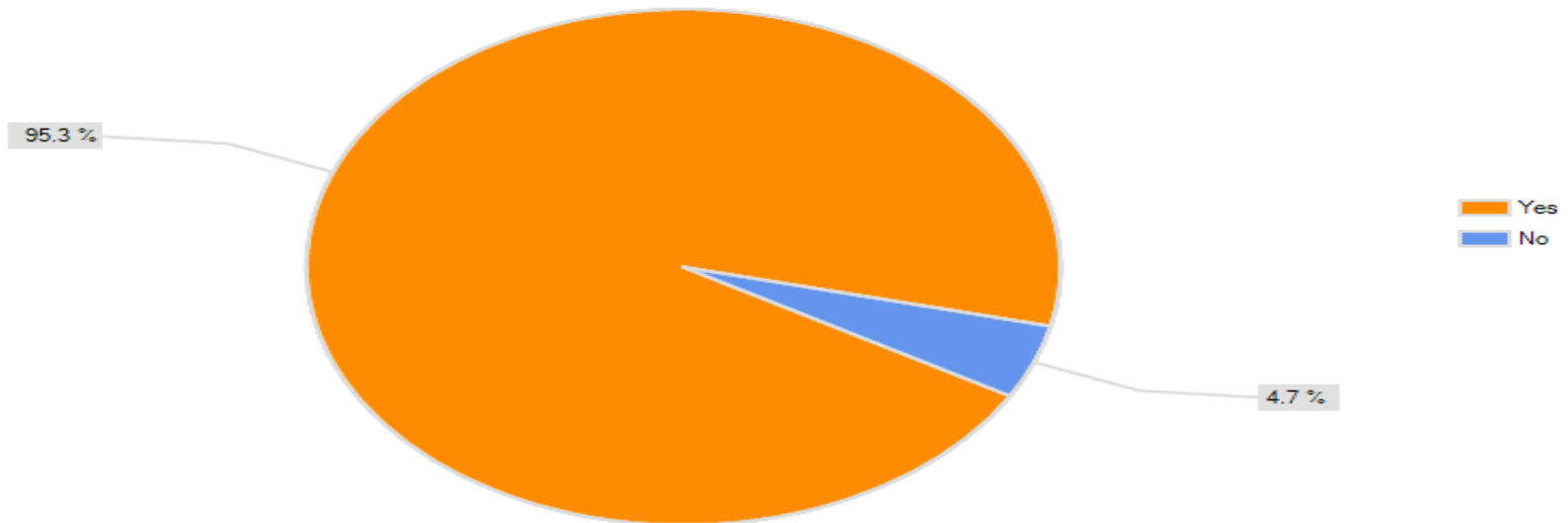
- Vertical integration and barriers to entry and expansion;
- Possible tacit co-ordination;
- Profitability;
- Market segmentation and weak customer response;



# APSE Energy survey on barriers to local authority involvement in municipal energy schemes



Has your Council ever encountered any problems in delivering your local energy priorities due to changes in policy or other delays?





# Energy the drivers

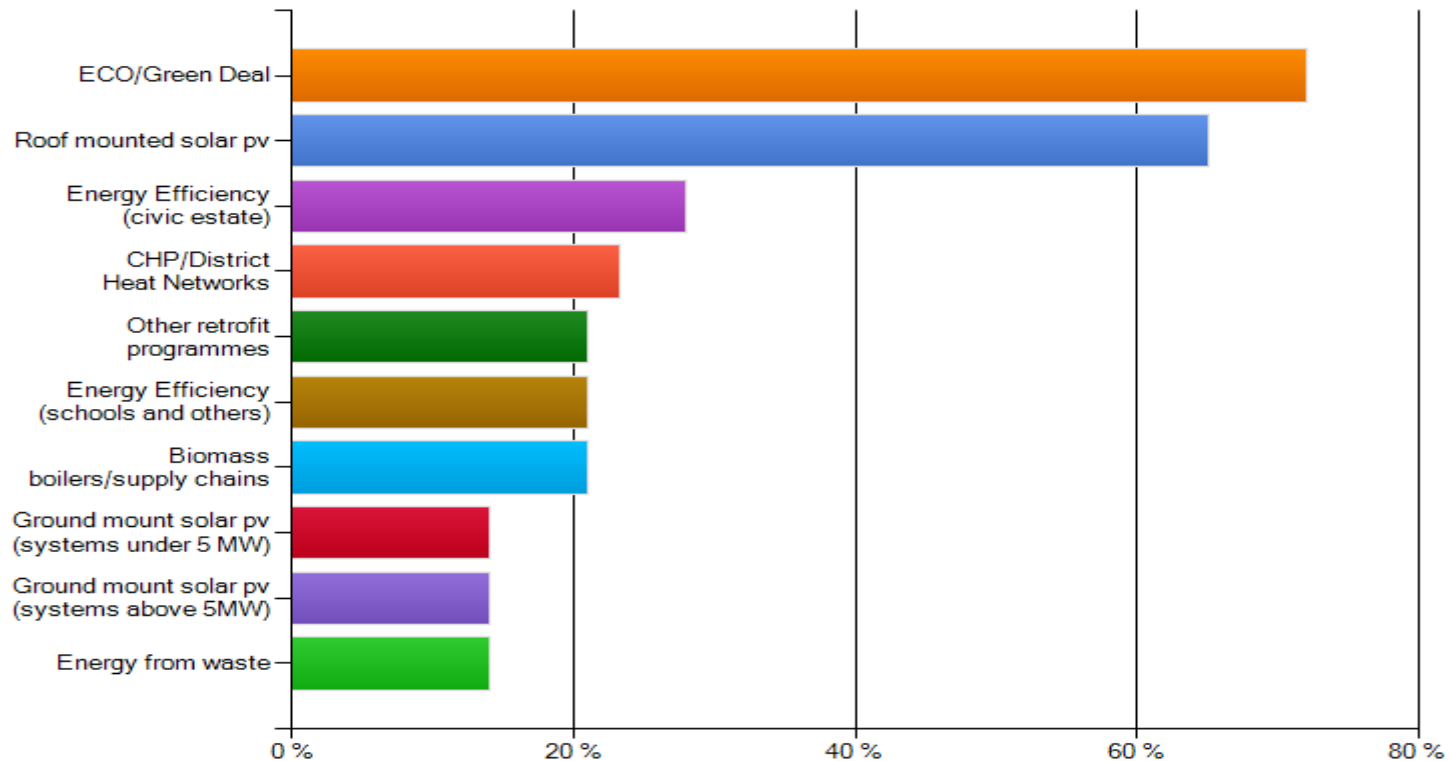


Viewpoint	Count	%
An area for cost reduction	30	73.2%
A climate change matter	26	63.4%
An area for income generation	22	53.7%
A major cost driver	18	43.9%
Something for property officers/energy managers	17	41.5%
An area for transformation	7	17.1%
Other (please specify)	3	-
A burning platform (something that requires radical change due to dire circumstances)	2	4.9%

# APSE Energy survey on barriers to local authority involvement in municipal energy schemes



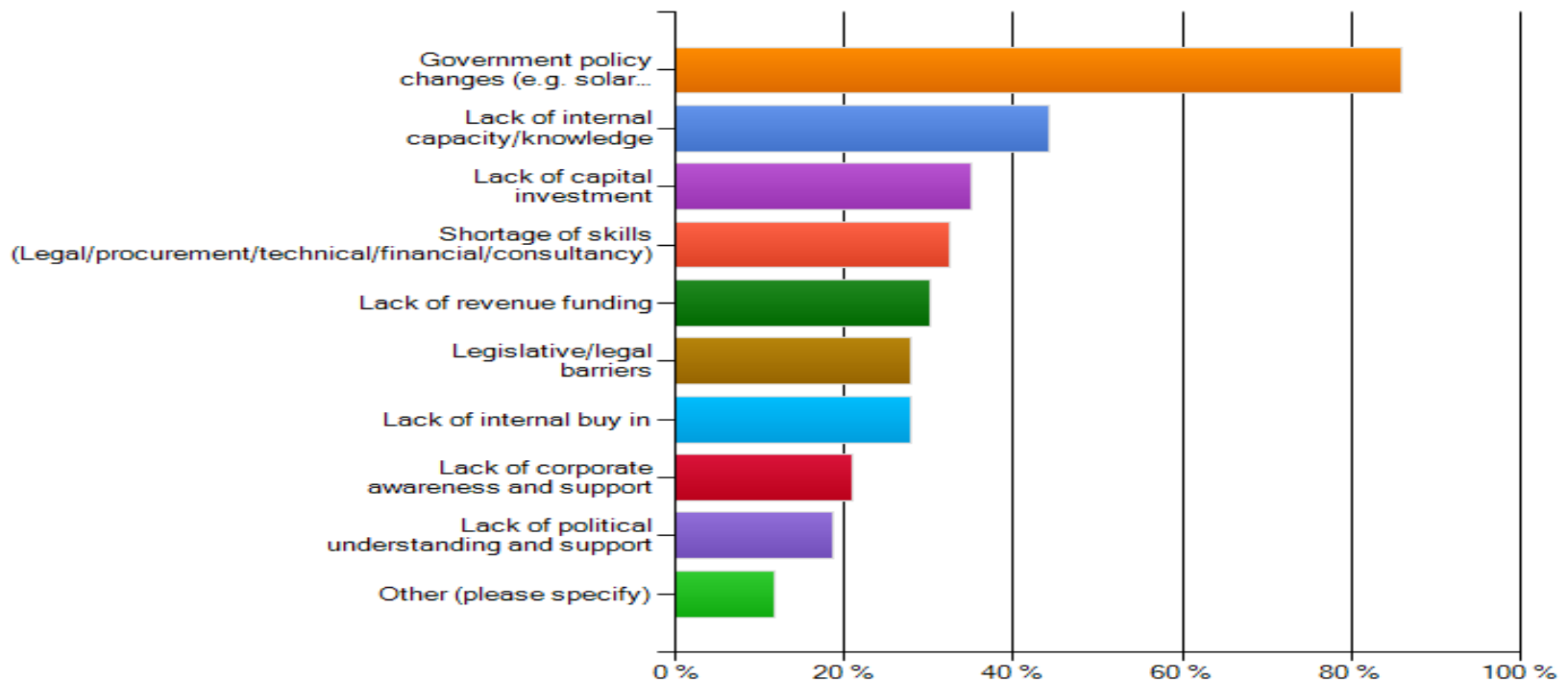
(b) If so Which of the activities/programmes your Council has been involved with have encountered problems or delays (tick all that apply)



# APSE Energy survey on barriers to local authority involvement in municipal energy schemes



(c) What in your experience have been the main reasons for problems/delays (choose up to 5 options)



# Statutory/Legal barriers



Barrier	Count	%
Uncertainty over central Government policy on local authority role (e.g. community energy)	29	74.4%
Legal/regulatory framework governing energy generation/distribution/supply	24	61.5%
Ability to generate/sell energy locally	21	53.8%
EU Procurement law/Regulations	21	53.8%
Lack of statutory powers for local councils	12	30.8%
State Aid issues	10	25.6%
Legal clarity to engage in energy projects	10	25.6%
Other (please specify)	5	12.8%
Local planning framework	4	10.3%
Use of reserve planning powers by Secretary of State	3	7.7%

# Summary of key barriers



- **Engagement** – In some Councils ‘energy’ is not seen as a political, corporate and community priority.
- **Policy** - Concerns about the policy environment within which they are operating and the need for more consistency at Government level to afford local authorities the ability to properly plan and implement their programmes.
- **Procurement** – There are clearly issues about procurement and EU rules. Many local authorities feel that procurement can be quite prohibitive and are therefore looking for access to trusted ‘frameworks’ in order to source external support.
- **Regulation** – Problems encountered with regard to the regulation of the energy market and perceived and actual difficulties in terms of accessing the market to supply energy and over grid connection and capacity.
- **Resources** – A lack of both internal and external resource to support the development of local programmes and to implement projects. This is particularly the case in terms of access to technical, financial and legal expertise to support projects and revenue funding to undertake initial feasibility and business cases.

# Local authority types



- Municipal pioneers
- Community enablers
- Social Justice champions
- Energy learners



## Contact details

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