



# **Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee**

Date: 26 May 2015

Report of: Gill Kneller, Executive Director, East Hampshire District Council and Havant Borough Council, Energy and Green Economy Panel

Subject: Solent Energy Strategy

## **SUMMARY**

At a meeting on 6 June 2013, the Joint Committee agreed to fund the development of an Energy Strategy for the Solent Region. This is a key strand of a programme of work aimed at developing a low carbon economy in partnership with other stakeholders including the LEP, Chamber of Commerce and Future Solent. A key objective of the strategy is to increase the number of green businesses and people employed within this sector.

In September 2013, PUSH and Future Solent jointly commissioned Arup to undertake a strategic review of current and future energy use and energy management and to develop a Solent Energy Strategy.

The Overview and Scrutiny Committee NOTES the approval of the Solent Energy Strategy and to outline the next steps and resource requirements for the implementation of the strategy.

## **RECOMMENDATION**

It is recommended that the Overview and Scrutiny Committee:

- 1) **NOTES** the Solent Energy Strategy; and

- 2) **NOTES the approval of** the allocation to the following resources for 15/16 to support the delivery of the Solent Energy Strategy:
- a) Carry forward to 2015/16 from this financial year the £20,000 budget allocated to the Energy and Green Economy Panel for an intern;
  - b) Carry forward to 2015/16 from this financial year any remaining budget allocated to the Energy and Green Economy Panel for the development of the Energy Strategy; and
  - c) **NOTES** the approval of an additional £5,000 to support the development of work programmes and initiatives necessary to achieve the four Energy Strategy objectives.

## BACKGROUND

### The Energy Challenge

1. Our communities face major challenges and risks relating to both the supply and demand for energy. These include:
  - Rising Energy Prices and Fuel Poverty
  - Uncertain Energy Supply
  - Climate Change
2. The challenge is to reduce harmful emissions and achieve an affordable, decarbonised and secure energy supply.

### Solent Context

3. At a meeting on 6 June 2013, the Joint Committee agreed to fund the development of an Energy Strategy for the Solent Region. This is a key strand of a programme of work aimed at developing a low carbon economy in partnership with other stakeholders including the LEP, Chamber of Commerce and Future Solent. A key objective of the strategy is to increase the number of green businesses and people employed within this sector.
4. Future Solent is a joint initiative of PUSH, the Solent LEP and the Hampshire Chamber of Commerce aimed at creating a low carbon economy in the Solent region. The partners recognise the benefits of working together to support the sustainable economic growth of the sub-region and to facilitate the strategic planning necessary for sustainable growth. The Future Solent Vision is that: *“The development of a low carbon, green economy in the Solent area will help stimulate sustainable economic growth, create jobs and reduce our carbon footprint. The Solent area will become the national leader and internationally recognised for its low carbon, green economy. Sustainability will be at the heart of the sub-region’s success in generating economic growth, prosperity and improving quality of life.”*
5. The partners agreed to focus on three priorities and outcomes required to achieve the Future Solent vision. These are enshrined in the Strategic Economic Plan and PUSH Business Plan for 2014-16:
  - **Priority 1 - New Low Carbon & Green Technology:** - Capitalising on the world class research in the sub-region into green technologies and turning these into business opportunities, growth and jobs as well as supporting strong manufacturing.
  - **Priority 2 - Resource Efficiency in Homes and Businesses:** - Ensuring our homes and businesses minimise waste including waste of energy, to support household disposable income and business competitiveness.
  - **Priority 3 - Generation of Secure, Renewable & Low Carbon Energy in the Solent Area:** -Developing large scale renewable energy such as tidal

and offshore wind, together with small scale on homes and businesses and renewable and district energy schemes incorporated into new development where practical.

6. A baseline study in 2008 established that 96% of energy used in the Solent comes from outside of the sub-region. This represents money flowing out of the Solent economy. It also represents a potential energy security threat to households and businesses in the area.
7. It is crucial to recognise that there are potential opportunities for South Hampshire to exploit which could have significant economic impact in terms of growth, jobs and energy security. These are set out in more detail in the Solent Energy Strategy and the Mini Stern Report.

### **Solent Energy Strategy Development**

8. The Solent Energy Strategy development was commissioned from Arup in August 2013 following a request for expressions of interest. The work was funded by PUSH and jointly commissioned with Future Solent.
9. A comprehensive consultant's brief was produced but in summary the brief was to produce a strategy to:
  - Reduce energy use and help manage demand
  - Maximise the economic benefits of energy
  - Enhance energy security for business and homes
  - Decarbonise the energy supply
  - Form a basis for PUSH & partners to make investment decisions on energy use, energy generation capacity and demand management
  - Set regional targets

Governance of the project was through the PUSH Energy and Green Economy Panel with additional input through:

- 1) A Steering Group consisting of key Local Authority leads (Colin Rowland, SCC, Paul Fielding, PCC, Alan Williams, HCC, Alex Parmley, EBC, Jim Fawcett, IoW)
  - 2) An industry Reference Group with representatives from SSE, IBM and Cofley UK.
10. It was recognised at an early stage that if the Solent Energy Strategy was to be successful it was important to consult widely to raise awareness of the issues and to secure buy-in from key stakeholders.
  11. Extensive consultation and feedback on the various draft strategy documents took place over the last 18 months. Groups consulted in addition to the Steering Group and Industry reference group included:
    - Energy and Green Economy Panel
    - PUSH Planning Officers Group

- Hampshire Economic Development Officers Group
- PUSH Sustainability Officers Group
- PCC Energy Strategy Team
- Future Solent Board
- Solent Local Enterprise Partnership

### **The Solent Energy Strategy**

12. The energy strategy sets out four objectives:

- Improving energy efficiency
- Increasing the use of renewable energy resources
- Maximising the uptake of business opportunities locally; and
- Ensuring focused, integrated delivery and implementation.

13. A gap analysis has identified key actions in relation to each of these objectives as set out in the Strategy.

14. One of the key findings of the work has been that the current 'energy projects pipeline' contains enough capacity to more than meet the current target for the area of generating 20% of its own electrical generation needs from renewable resources by 2020. The challenge is that over 90% of potential energy projects in the area have yet to progress beyond the initial feasibility stage. Concerted effort will be required to get the energy projects pipeline flowing and to ensure that business case development, consenting and construction are able to progress and that crucially investors are made aware of the opportunities for significant financial returns as demonstrated by the "mini-Stern" style report, commissioned by Future Solent and circulated with this report.

15. The mini-Stern was prepared using the methods and assumptions in detailed mini Stern reports for four other UK regions. This shows the economic, social and environmental benefits to the Solent depending on the level of investment in low carbon strategies. It shows a compelling case for action and highlights the disadvantages and significant costs of maintaining a 'business as usual' approach.

### **Next Steps**

16. Once the Solent Energy Strategy is approved it is crucial that key stakeholders work together effectively within an integrated governance structure to ensure that the aims and objectives of the strategy are delivered. Identification of funding streams is also key to success.

17. Future Solent is committed to continuing to work with PUSH to deliver the Solent Energy Strategy's objectives through high level Board support and has set aside £2000 to fund a facilitated workshop in April involving all key stakeholders. The aim of the workshop is to identify suitable partners to lead and contribute to the development of detailed work programmes for each of the four strategy objectives as set out above.

18. Initial discussions with the Solent LEP indicate that delivery of the Solent Energy Strategy would fit within the remit of their Land, Property and Infrastructure Delivery

Panel. This gives a great opportunity to link in with the Strategic Economic Plan and to help gain access to associated funding streams.

19. Regular updates will be made to PUSH and the Solent LEP.

### **Resources**

20. The following resources were requested and agreed at the Joint Committee in March 2015 to enable the delivery of the Solent Energy Strategy:

- a) Carry forward from last year the £20,000 budget allocated to the Energy and Green Economy Panel for an intern.
- b) Carry forward from last year the remaining budget allocated to the Energy and Green Economy Panel for the development of the Energy Strategy.
- c) **APPROVAL of** an additional £5,000 to support the development of work programmes and initiatives necessary to achieve the four Energy Strategy objectives.

### **Enquiries:**

For further information on this report please contact:-

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