

Lofty ambitions

The role of councils in reducing domestic CO₂ emissions

Summary

October 2009



The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Climate change poses a major strategic challenge: parliament has set targets to reduce carbon dioxide (CO₂) emissions

- Unchecked climate change will have major consequences for the natural and built environments, human health, the economy and public services.
- Reducing emissions to limit climate change will be less costly than adapting to its effects in the future.
- Parliament has set a legally binding framework to reduce UK greenhouse gas emissions by at least 80 per cent of their 1990 level by 2050.
- This will require both reductions in energy consumption and changes in energy production.

Tackling domestic energy will reduce emissions and bring financial savings for households

- One-third of CO₂ emissions in England comes from energy used to heat and power homes.
- These emissions can be tackled cost effectively and quickly while reducing domestic fuel bills and helping the more than 4 million households in fuel poverty.
- Reducing domestic emissions by 29 per cent using energy efficiency measures could cost nearly £50 billion, but the resulting savings in household fuel bills would equal the investment in eight years.

Spending is not always well-targeted or sustainable

- Government policies have driven action and considerable expenditure on domestic energy; around £18 billion from 2008 to 2011.
- Home energy efficiency has improved, although there is much more to do, and more effort is needed to promote low-carbon and renewable sources of energy.
- Funding to address domestic energy could be better targeted at areas or households most in need of support.
- Spending on fuel poverty that does not also tackle CO₂ emissions is not sustainable.

Funding to address domestic energy could be better targeted at households most in need of support

Pioneering councils have shown the way to reduce emissions, but many have yet to take concerted action

- Pioneering councils have been leading work to make homes more energy efficient and championing low-carbon and renewable energy generation.
- Since 2008, two-thirds of local strategic partnerships have set a target to reduce CO₂ emissions.

Few areas have developed ambitious long-term strategies to drive CO₂ reductions

- But only one in five partnerships has set a stretching target and many areas with high emissions have no target.
- Few areas have developed ambitious long-term strategies to drive CO₂ reductions.

Councils spend relatively little money themselves in this area, but can punch above their weight

- Councils can tackle energy use in their own housing stock but have most impact where they lead, oblige and subsidise social landlords and private sector homeowners to reduce domestic CO₂ emissions.
- Financial constraints will limit councils' spending but they can lead local action and work strategically with partners to deliver emissions savings.
 - By understanding local needs and priorities, councils can ensure that funding is appropriately targeted.
 - By using their own resources to lever in external funding, they can ensure that public expenditure secures the greatest value.
 - By making links between action on domestic energy and other objectives, such as improving health, councils can engage partners to achieve maximum impact on domestic emissions.
- The recession also makes it more difficult for local areas to prioritise CO₂ emissions reduction, but work on domestic energy can:
 - bring local economic benefits by creating and sustaining employment in related trades; and
 - help people without jobs or on low incomes to heat homes affordably, freeing up spending power for other goods and services.



**One-third of CO₂ emissions in
England comes from energy
used to heat and power homes**

Recommendations

The government should:

- do more to promote a sustainable response to the challenges of reducing CO₂ emissions and fuel poverty by:
 - reviewing expenditure on winter fuel payments to ensure that it is better targeted toward reducing fuel poverty and is spent in a way that also reduces domestic CO₂ emissions; and
 - building on the Community Energy Saving Programme, ensuring that the programme of work to deliver the Heat and Energy Saving Strategy prioritises energy efficiency improvements in fuel-poor households;
- review, in the light of the experience of local area agreements from 2008 to 2011:
 - the usefulness of national indicator 186 as a means of measuring progress on CO₂ emissions reduction in local areas; and
 - whether the voluntary approach to the agreement of local targets on CO₂ emissions is delivering the progress required to meet national targets;
- assist councils to better target activities by rapidly taking forward plans for a national energy efficiency data framework that will improve access to data – for example, on:
 - energy efficiency of homes from energy performance certificates (EPCs);
 - measures installed through the energy supplier obligation schemes; and
 - domestic energy consumption at postcode level and;
- use the opportunity presented by the 2010 revision to Part L of the Building Regulations to introduce a requirement for householders to improve the energy efficiency of homes when undertaking major improvements.

Councils should:

- lead by example, taking action on energy use in buildings they own
 - including housing – and use their influence, legal powers and resources to encourage their partners and local communities to act on domestic CO₂ emissions;
- make greater use of their existing powers to address domestic emissions reduction – for example:
 - use planning powers to set standards for sustainable energy use in new homes;

- monitor compliance with the requirements of Building Regulations; and
- enforce the standards set out in the Housing Health and Safety Rating System (HHSRS);
- pursue greater economy, efficiency and effectiveness – for example, working with partners to undertake area-based programmes of work on energy efficiency;
- closely monitor the take-up of their financial incentives, grants and loan schemes to ensure that funding is targeted at those households most in need of financial support;
- identify sites for renewable energy generation through local development plans, drawing on evidence of future energy demand and potential for energy supply, and work with their communities to make the case for the development of renewable energy capacity; and
- explore opportunities – for example, with Partnerships for Renewables – to make use of their own land for renewable energy generation.

The Audit Commission will:

- draw on the findings of this report when undertaking Comprehensive Area Assessment (CAA) to:
 - evaluate the plans and progress made by local partnerships on reducing domestic CO₂ emissions;
 - explore how effectively councils are working with partners to achieve maximum impact on domestic emissions; and
 - establish how well councils are making the links between their work on domestic energy and other objectives, such as fuel poverty.

Two-thirds of local strategic partnerships have adopted targets as part of local area agreements

Reducing domestic CO₂ emissions – the council's role

Avoiding catastrophic climate change will require urgent and extensive reductions in the amount of greenhouse gases – principally CO₂ – emitted into the atmosphere. Parliament has set stretching national targets for CO₂ emissions reduction. Councils are well placed to lead and influence local action on CO₂ emissions, and two-thirds of local strategic partnerships have adopted targets as part of local area agreements.

Councils can use their influence, legal powers and resources to:

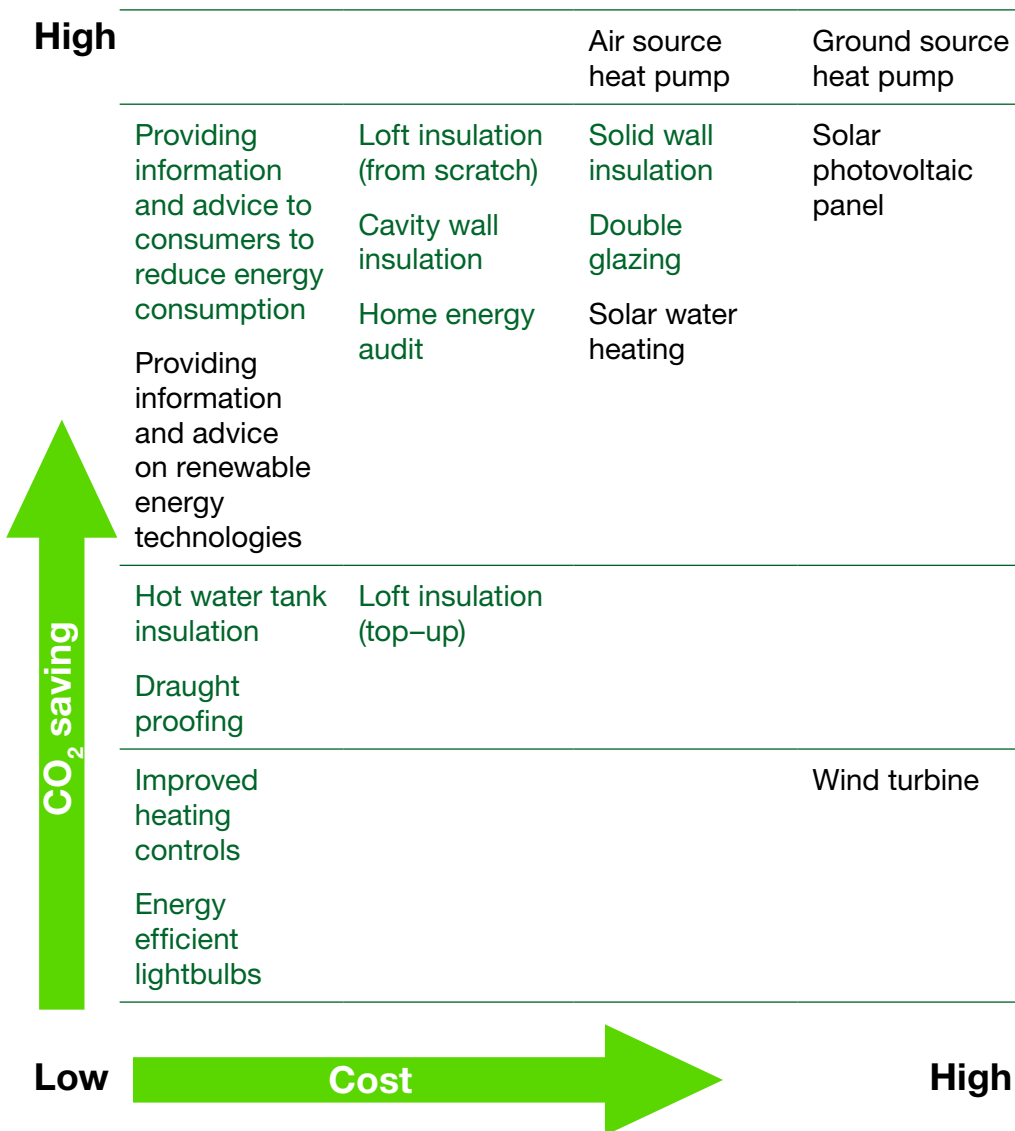
Lead – encouraging local communities and public and private sector organisations to take action on domestic energy by developing a clear strategic vision, facilitating partnership working, providing information, advice and support and championing energy issues;

Oblige – using powers within the planning system to promote the development of more sustainable homes and increase the supply of low-carbon and renewable energy; enforcing Building Regulations; and using the HHSRS to improve private sector homes; and

Subsidise – funding measures in council homes and using financial incentives – such as council tax rebates, and direct funding, for example – home improvement grants or loans to promote take-up of measures to improve energy efficiency and supply low-carbon and renewable energy.

Different actions will offer councils and their partners different levels of cost effectiveness. The figures below provide an indication of the relative cost and impact of a range of measures to reduce energy consumption and increase the supply of low-carbon and renewable energy, for an individual household and for a neighbourhood or district.

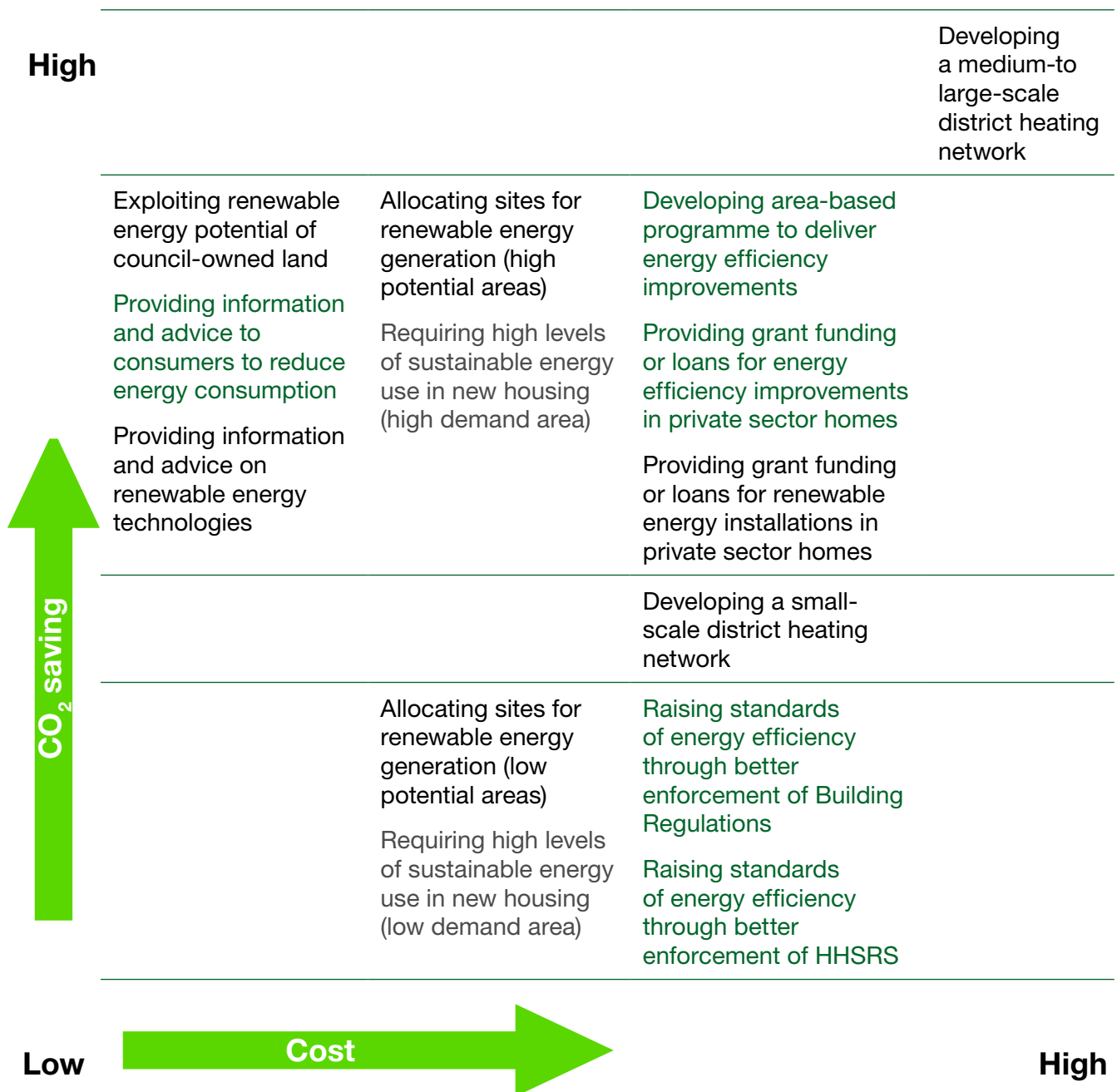
Figure 1: **Achieving CO₂ savings cost effectively at the household level**



Key: Measures marked green relate to reducing energy consumption
 Measures marked black relate to renewable energy supply

Source: Audit Commission

Figure 2: **Achieving CO₂ savings cost effectively at the neighbourhood or district level**



Key: Measures marked green relate to reducing energy consumption
 Measures marked black relate to renewable energy supply
 Measures marked grey relate to reducing consumption and renewable energy supply

Source: Audit Commission

Given the contextual nature of decisions about what is cost effective, the matrices above do not claim to provide a definitive answer, but will provide a useful starting point for the exploration of which actions might be most cost effective in different local areas.

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We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: nationalstudies@audit-commission.gov.uk

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