

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**16 JULY 2015**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Environment – Lead Cabinet Member – Councillor Mike Smith**

#### **COVENANT OF MAYORS – EUROPEAN CARBON REDUCTION PROJECT**

1. Summary

This report presents the rationale for formally withdrawing from the EU Covenant of Mayors initiative (CoM). It was established in 2008 as a voluntary commitment for local and regional authorities across Europe to publicly demonstrate actions to exceed the European Union objective of a region wide 20% Carbon Dioxide (CO<sub>2</sub>) reduction by 2020. By submitting a Sustainable Energy Action Plan (SEAP) and thereafter bi-ennial monitoring reports, it was publicised as an opportunity for technical support and assistance in carbon reduction, favourable access to external funding and European Investment Bank (EIB) support to unlock investment potential for actions.

Despite a number of shared concerns, all North East local authorities, encouraged by ANEC, became signatories in 2009 and we submitted our SEAP in February 2010, to deliver a greenhouse gas emissions reduction of 21% by 2020 on a 2005 baseline. Without significant financial support the plan was undeliverable and it was anticipated that investment would be forthcoming via ANEC and the CoM.

However in the intervening 6 years we have yet to receive any communication from the CoM on our original submission, we have never been requested to submit a monitoring report, the supporting structures no longer exist, and none of the anticipated financial support, grant funding and other financial streams have materialised.

In discussion with neighbouring authorities, there is now a shared willingness to withdraw from the initiative. Irrespective of the CoM, we have performed extremely well in the last 5 years. Against the original 2005 benchmark, we have achieved a 32.5% reduction in CO<sub>2</sub> against the 2005 baseline, thereby exceeding our original target.

Not being a formal signatory of the Covenant of Mayors programme will reduce the bureaucratic burden and reduce the risk of significant administration should they request updated reports, while we have exceeded our original targets and in 2015/16 will see the development of our new long term, comprehensive Climate Change Strategy to see continuous improvement in our carbon reduction performance.

## 2. Recommendations

It is recommended that:

1. Members note the positive performance in recent years with a 32.5% reduction in greenhouse gas emissions in the Borough between 2005 and 2013, and our recent support for the LGA's Climate Local Initiative.
2. Members note the challenges faced by local authorities since the voluntary Covenant of Mayors was established.
3. Members support our formal withdrawal from the initiative.

## 3. Reasons for the Recommendations/Decision(s)

To enable Stockton-on-Tees Borough Council to focus on the development of a long term Climate Change Strategy for the Borough while releasing the administrative burden of an initiative which has not delivered the anticipated financial benefits or technical assistance for carbon reduction.

## 4. Members' Interests (the text below is fixed and should not be altered by the author, however, extensive guidance on the Members' Code of conduct is available to officers if required)

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

## Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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**RECOMMENDATIONS**

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### 3. Members support our formal withdrawal from the initiative

## DETAIL

### Background

1. The Covenant of Mayors (CoM) is a European Union (EU) initiative established in 2008 involving local and regional authorities voluntarily committing to increase energy efficiency and use of renewable energy, and reduce greenhouse gas emissions. The initiative encouraged Local Authorities to sign up, meet and exceed the European Union objective of a region wide 20% Carbon Dioxide (CO<sub>2</sub>) reduction by 2020. It aimed to encourage local and regional authorities to work collaboratively, share ideas and strategies, allocate resource and document actions to mitigate the effect of climate change.
2. In becoming a signatory, a local authority was required to produce and submit a Sustainable Energy Action Plan (SEAP) to the EU setting out measurable, costed and deliverable proposals to deliver significant greenhouse gas emission reductions exceeding 20% by 2020 from a range of sectors including domestic energy, transport, industry and even local electricity production. In addition, it was a requirement for each signatory to:
  - submit a monitoring report every two years to report progress against the targets
  - purchase and use specific licensed software at £1,000 per annum to baseline their own greenhouse gas emissions and to use to measure the effect of actions, irrespective of whether the authority had previously undertaken this by other means
  - Deliver 'energy days' in co-operation with the EU to encourage behavioural change to reduce emissions
  - Attend and contribute to the annual 'EU Conference of Mayors' in Brussels
3. The Covenant of Mayors offered a series of supporting structures to any local authority signatory to encourage participation, including:
  - Peer support from the Local Authority's regional body (in our case, ANEC)
  - Technical and administrative support the European Covenant of Mayors office
  - European Investment Bank (EIB) support to unlock investment potential for actions
  - Academic research and support disseminated to assist signatories in action planning
  - Increased access to external funding streams to deliver measures
4. In 2008, all 12 North East Local Authorities were approached by ANEC, who fully supported the initiative, and encouraged to sign up. However, the Tees Valley local authorities, who had formed the Tees Valley Climate Change Partnership in 2005, shared a number of concerns with ANEC namely:
  - Local authorities had already committed to meeting challenging climate change targets (which would be further strengthened with the Climate Change Act 2008)
  - The CoM proposed to 'name and shame' signatories that missed targets on emissions reductions with no indication of how targets would be measured at that stage
  - Reporting would be based on different indicators under different parameters to those that we were duty bound to measure under the National Indicator Set (NI 185, 186 and 188)
5. As a group of 5 Tees Valley LA's it was felt that the CoM was aimed at mainland European countries where emissions reductions was less well developed and where no national inventory existed. However ANEC had a desire for the whole NE region to be bound by the Covenant and a decision was taken at regional level. Subsequently in January 2009 Stockton-On-Tees Borough Council became a signatory of the CoM initiative. The peer support, and technical assistance for signatories, was to be provided by Climate North

East, the North East Climate Change Partnership, which had existed since July 2007 and we were already part of.

6. Since 2009, only 34 out of 433 local authorities in the UK have signed up to the CoM, 12 of which were those from the North East. There are currently 5790 signatories from across Europe.

### Our SEAP

7. From point of signature, local authorities were required to submit a fully populated SEAP within 12 months. In February 2010 following a huge amount of resource, our SEAP was submitted to the CoM office in Brussels uploaded to the CoM website, and awaited feedback after they had analysed it for 'compliance'. This SEAP was in addition to our Climate Change Action Plan which was adopted by Cabinet on 11 June 2009 as the measurements and parameters of the SEAP had to fit the CoM template.
8. Our SEAP was based on a greenhouse gas emissions reduction of 21% by 2020, representing 613Kt of CO<sub>2</sub>e savings on a 2005 baseline. 71% of this (438Kt) was to be achieved via emissions reductions from industrial and commercial operations. The SEAP contained 61 specific measures, 27 of which had no finance quantified or were uncosted. £23.6m would be required for 11 of the actions alone, while many others needed loans, grants or partner contributions to be identified.
9. Without significant support from the region, particularly financial, and especially without the proposed financial support from the EU, the plan was undeliverable. The full sign up of North East local authorities was intended to be used as a unique selling point for a regional EIB bid for the European Local Energy Assistance (ELENA) programme. Throughout 2010 and 2011 this was managed at a regional level in the hope that monies would be forthcoming under the overall theme of Low Carbon Communities to assist all local NE local authorities to deliver on the objectives.
10. Following submission of our SEAP in 2010, we were required to submit a monitoring report in 2012, however following no response and feedback with regard to compliance of our original plan, the deadline was extended to 2013. However as already stated, we are still awaiting any communication.

### Where are we now

11. In the 6 years since becoming a signatory, and 5 years since submitting our SEAP to the CoM office, we have yet to receive any communication from them on our original submission. Contact from the CoM office to local authorities has been patchy; many like us have had no contact while others such as Sunderland and South Tyneside have had detailed requests for information. In Sunderland's case, they have been informed 5 years on that there are 'some serious issues in their SEAP template which have to be solved before the submission of the monitoring template'. We have never been requested to submit a monitoring report and no correspondence has been received on any aspect of our participation.
12. The supporting structures in the region such as ANEC and Climate North East no longer exist and there is no regional peer or technical support in place to assist signatories. The peer support, network opportunities, and technical and strategic assistance offered to signatories has only ever been available in Brussels and the EU, at vast cost of travel and time.
13. Perhaps most importantly, a unique selling point that was emphasised by ANEC and the CoM was the ability of signatories to access financial support to implement actions, priority

for grant funding and other financial streams, and more favourable rates for EIB loans. Seven years on, none of this finance has materialised.

14. In recent years, local authority restructuring and efficiency savings has led many in the North East to shelve their CoM programmes especially given the undeliverable nature of them. The Tees Valley Climate Change Partnership has disbanded, and in discussion with our neighbouring authorities, there is now a shared willingness to withdraw from the initiative.

### Performance

15. Irrespective of the CoM initiative and, which can be described as a distraction to the work of carbon reduction in Stockton, as a local authority and Borough, we have performed extremely well in the last 5 years. The following highlights extensive CO<sub>2</sub> reductions across a range of sectors and the achievements we've made, and stated we would make in our own Carbon Management Climate Change action plans.

| Year   | Industry and Commerce | Domestic | Road Transport | Grand Total | Per Capita |
|--|-----------------------|----------|----------------|-------------|------------|
| 2005   | 2600                  | 439      | 356            | 3395        | 18.2       |
| 2013   | 1582                  | 385      | 326            | 2292        | 11.9       |
| <b>% reduction against original 2005 benchmark</b> | 39%                   | 12%      | 8%             | 32.5%       | 34.6%      |

Figure 1 – CO<sub>2</sub> emissions in tonnes within the scope of influence of Local Authorities (previously called NI186: per capita CO<sub>2</sub> emissions in the LA area) using the original 2005 benchmark figure as used for Stockton on Tees Climate Change Action Plan and Covenant of Mayors SEAP.

16. The most up to date statistical release for 2013 (published in June 2015) by the Department of Energy and Climate Change (DECC) shows that the direction of travel for emissions for the Stockton-On-Tees Local Authority area is in the right direction with a significant overall reduction. Taken as a total reduction against the original 2005 benchmark which was used to set the Council's target reduction of 21%, the 2012 figures the Council can show a 32.5% reduction against the 2005 baseline. And as Figure 2 shows, we are on track to significantly exceed the carbon reduction targets articulated in the CoM through very effective Carbon Management action plans and programmes in recent years.

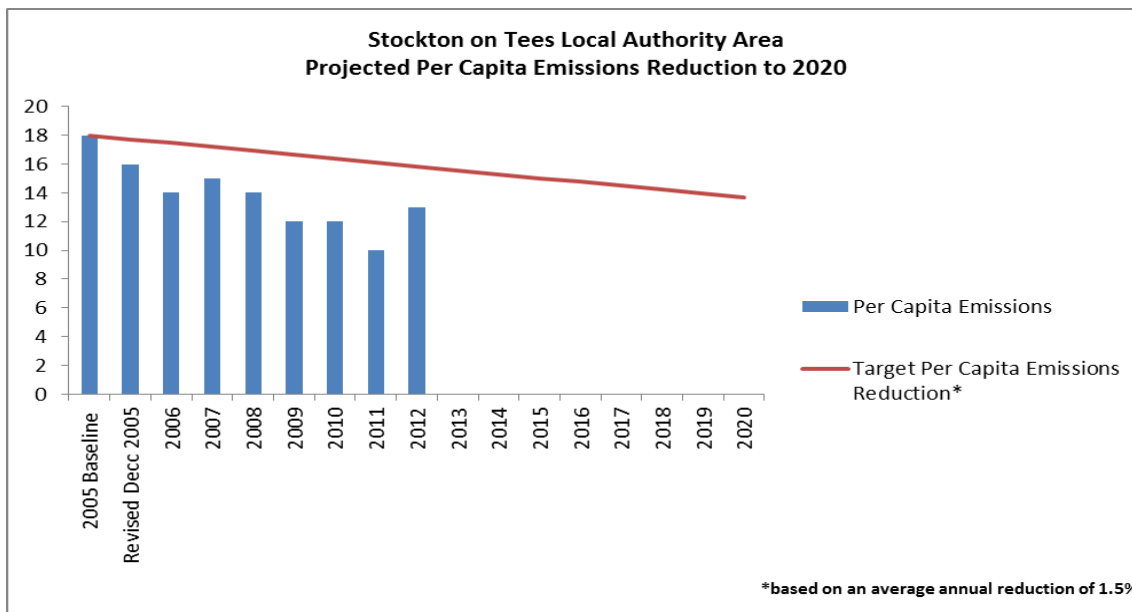


Figure 2: Stockton on Tees Local Authority area per capita emissions in tonnes from a 2005 baseline and projected emissions to 2020

### Next steps

17. The CoM has offered no assistance nor improved our ability to develop good carbon reduction programmes, and having performed so well outside of this bureaucratic programme it is timely to focus on more appropriate areas. On 19<sup>th</sup> March 2015, we became a signatory of 'Climate Local', an LGA and Environment Agency led voluntary programme to support councils both to reduce carbon emissions and to increase resilience to a changing climate. With over 100 local authorities involved already it's seen as much more engaging, light touch and supportive for councils, while giving councils freedom to develop their own targets and frameworks.
18. In 2015 we will be rationalising all our climate plans and strategies (including out of date climate change action plan, climate change strategy, renewable energy strategy, carbon management plan) and presenting to Cabinet a new single rationalised, action focused Climate Change Strategy with mitigation plan and adaptation plan, to set long term carbon reduction targets and build resilience into our services with a changing climate.
19. Not being a formal signatory of the Covenant of Mayors programme will reduce the bureaucratic burden and remove the risk of potentially being required to provide a revised action plan five years after initial submission, which would not align with national targets or our own monitoring programmes, and any future monitoring and update reports. It has failed to provide any financial support of positive publicity for our good carbon reduction work and is not recognised as a positive element of climate change response. As such it is recommended to formally withdraw and focus on developing our new long term climate change strategy.

### **FINANCIAL IMPLICATIONS**

20. There are no financial implications associated with exiting from the Covenant of Mayors. The cost of implementation of any climate change actions within a newly developed Climate Change Strategy being developed in 2015/16 will be met within existing resources, stakeholder and partner contributions will be sought where appropriate and external funding applications will be developed.



## LEGAL IMPLICATIONS

21. There are no legal implications of exiting from the voluntary Covenant of Mayors initiative. We have a duty to report our annual greenhouse gas emissions to the Department of Energy and Climate Change under the Memorandum of Understanding between DECC and the LGA and we report annually on 31 July, outside of the voluntary CoM programme.

## RISK ASSESSMENT

22. There are consequences of not addressing climate change in terms of economic, social and environmental impacts, and these have been widely reported through mechanisms such as the Stern Review of the Economics of Climate Change in 2006, and the Pitt Review – Learning the lessons from the 2007 floods. However our performance has demonstrated that we are mitigating those risks through previous carbon management programmes, and will be developing a comprehensive, long term Climate Change Strategy with mitigation and adaptation plan in 2015/16.

## COUNCIL PLAN THEMES

23. Economic Regeneration and Transport  
Environment and Housing

## EQUALITIES IMPACT ASSESSMENT

24. This report is not subject to an Equality Impact Assessment. A full EIA will be undertaken during the development of the Climate Change Strategy later in 2015/16 and submitted with the subsequent Cabinet Report.

## CONSULTATION INCLUDING WARD/COUNCILLORS

25. None at this stage

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Education related

No

Background Papers

None

Ward(s) and Ward Councillors:

Not ward specific

Property

Not applicable