

Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to:	Environment and Economy Scrutiny Committee
Date:	10 September 2019
Subject:	Lincolnshire Utility Strategy - Next Steps

Summary:

The County Council, working with the Greater Lincolnshire LEP, has been making real progress into looking at the future of energy. This includes concentrating on the effect not only from an economic perspective, but also at how people will be able to live and work with all that the Government's Net Zero, and County Council's commitment to a carbon neutral status by 2050 will bring.

Activities supported that underpin the Greater Lincolnshire Energy Strategy look at a credible baseline of energy demand predictions for the future that look at both growth and housing requirements, and then use this to form robust business cases to deal with utility constraints, or frame the correct operations or technical solution to meet Net Zero /carbon neutral ambitions for Lincolnshire.

The strategy has the following elements of (i) creating an evidence baseline of open data with regard to energy requirements (ii) establishing a credible energy council to deliver informed guidance on the subject (iii) helping businesses to respond to both energy and circular economy pressures, and (iv) develop demonstrable energy projects that support Net Zero, and make the important links between waste, transport, sustainable energy production, planning, digitalisation/5G and place.

Progress against each of these elements has been good, and will be explored in more detail during the scrutiny committee meeting.

Adopting this approach will position Lincolnshire well to attract funding to solve these constraints, and deliver exportable opportunities, thereby supporting growth whilst also supporting the council's commitment to be carbon neutral by 2050.

Actions Required:

Members of the Environment and Economy Scrutiny Committee are invited to:

1. Scrutinise the performance against each of the elements of the strategy, as summarised in paragraphs 3.1 to 3.6 of the report.
2. Recommend officers produce a clear methodology for prioritising different aspects within the strategy as described in paragraph 4.5.

1. Background

- 1.1 In a previous report to the Scrutiny Committee, dated 15/3/2019 there was an update on the progress on the commissioned Utility, Study and Energy Strategy for Greater Lincolnshire.
- 1.2 That report outlined a number of developments, which have pursued since the initial study.
- 1.3 At that Committee meeting, it was agreed that an update paper would be presented six months later, to report back on progress, but also to lead the debate on the future direction of energy with the Environment and Economy Scrutiny Committee.
- 1.4 The Greater Lincolnshire LEP and Lincolnshire County Council continues to take a lead on the outlining connections between the economic agenda, and the landscape for energy.
- 1.5 The world is undergoing an energy revolution, a move towards a new, more dynamic and efficient model of energy generation, distribution and usage, and this revolution is opening up new possibilities for energy companies and others.
- 1.6 However at the same time the threat of climate change and pollution call for radical changes in the way our economy works in order to reduce CO² and pollutant emissions. All of this sits within the Government's commitment to Net Zero, and the technological changes through digitisation and the internet of things, which will make more agile responsive solutions the norm.
- 1.7 For Lincolnshire with more limited power options and geographic spatial considerations (carrying both a heavy price tag and delays in implementation), there is an imperative to explore options that combine innovation, and a more efficient way of balancing its local demand utilising more of its natural capital.
- 1.8 Lincolnshire finds itself on the threshold of an age where this energy transformation will have a fundamental impact upon both how our economy will work in the future, but also more importantly how wider society will be able to live and work. There will be no aspect of life, both now and in the future, where energy will not be a vital component – whether in its direct delivery, or in creating opportunities, whilst responding to these wider external factors.
- 1.9 Recent studies carried out by the Greater Lincolnshire LEP, show that developments can be stalled by the lack of power, or the by the costs of dealing with unforeseen reinforcement costs. This will make it increasingly more difficult to deliver the housing and employment land needed to deliver growth, in the Lincolnshire area.
- 1.10 The UK has also become the first major economy in the world to pass laws to end its contribution to global warming by 2050. The target will require the UK

to bring all greenhouse gas emissions to net zero by 2050, compared with the previous target of at least 80% reduction from 1990 levels.

- 1.11 The UK has already reduced emissions by 42% while growing the economy by 72%, and has put clean growth at the heart of our modern Industrial Strategy. This could see the number of “green collar jobs” grow to 2 million, and the value of exports from the low carbon economy grow to £170 billion a year by 2030.
- 1.12 At a previous full council meeting Lincolnshire County Council noted the progress that has made in reducing carbon emissions, in response to climate issues, and committed to making the Council's activities carbon neutral by 2050.
- 1.13 It also committed to working in partnership with, but not exclusively, the LGA, District, Town and Parish Councils in Lincolnshire, local organisations, businesses and community groups with the aim of making Lincolnshire carbon neutral, within the same time scale.
- 1.14 It also called on central government to provide the necessary powers and resources to make possible the 2050 target.
- 1.15 The next stage will be to receive an update at the December 2019 full council meeting with the details of actions taken and with an action plan, including annual reviews, for the 10 year period from 2020-2030.
- 1.16 With the increasing importance of Net Zero, and the Carbon 2050 agenda, the way in which the circular economy work will make the difference between achieving carbon reduction, and the engagement of micro and small SME's into this carbon abatement process will be crucial.
- 1.17 The ability of house builders within Lincolnshire to lead on the next level of sustainable housing developments, with the support of local plan policies, will also be necessary - within the arsenal of sustainability measures needed to reach the ambitious targets of Net Zero.
- 1.18 In terms of energy and mobility the Lincolnshire area also connects many of the key national roads, rail and marine transportation links, which provide vital logistics routes connecting east to west and north to south. Given the importance of these major links to all parts of the country, energy provision to power these mobility options is of paramount importance. Lincolnshire will therefore need to investigate an integrated approach to the future of mobility, which ensures all of the above elements are considered, and appropriate facilitation can be delivered.
- 1.19 A Lincolnshire approach to Whole-Systems analysis will ensure the impacts within water management and waste are also considered. This will also need to be done in tandem with co-ordination of any emerging digitalisation strategies within proposed energy transformation, ensuring smooth user experiences across this wide spectrum.

2 Important Considerations for our Energy Future

- 2.1 Delivering this vision will need to look at how we can contribute to delivering this energy transformation debate. Government Net-Zero targets, and how these national policies will take effect in our local area, will have a specific effect in a dispersed area with significant issues around local energy capacity. It will also need to assess range of assets which can be drawn upon - especially given the increased availability of more agile responsive solutions e.g., the internet of things, and place based disruption.
- 2.2 Understanding and shaping place is critical to delivering the energy transformational ambitions for Lincolnshire. Lincolnshire has a great opportunity to maximise this energy transformation by harnessing place as the key to unlocking the potential for jobs, housing, business and SME capacity building, health and local community engagement, that all benefit from the local infrastructure being 'fit for purpose'.
- 2.3 Given that place is made up of local people, resources, infrastructure and ideas, it will be vital that we are able to identify how to enable appropriate growth and productivity in the Lincolnshire area to deal with this, and still continue to work towards carbon reduction 2050 targets.
- 2.4 Within all of this we need to recognise the key role that energy plays in society, to not only deliver jobs in energy, but more to provide the flexible, low carbon and affordable resource to power the food industry, manufacturing and technology companies, the visitor economy, transportation and logistics, water supply and treatment, waste, housing and commerce.
- 2.5 In order to be able to link future energy transformation to a place, it is necessary that we are able to identify how we will be able to delivery future energy need, in order to enable appropriate growth and productivity in the Lincolnshire area. We will need to have a strong evidence base, and any delivery set against energy transformation, will need to be rooted in that strong evidence.
- 2.6 Energy demand curve data and methodologies will be instrumental in determining the basis for local energy needs, and then translating this data into the kind of local energy intelligence that will allow Lincolnshire to set out its stall around circular economy opportunities, carbon reduction targets, and develop robust business cases - the will bring in much needed green finance investment to turn all of this into reality.
- 2.7 Energy transformation in Lincolnshire will also need to be based around a need to utilise a Whole-Energy System approach in its delivery, and will need to be guided by a set of Enabling Frameworks for Lincolnshire, to make it meaningful to the public, business, policy makers, planning functions, and investment.

- 2.8 The delivery of a clear set of Enabling Frameworks for energy transformation will be instrumental in delivering outcomes across all sectors, with a clear Clean Energy Framework being one of many important frameworks that will need to be developed, based on LCC/LEP and its key stakeholders creating the space to identify these needs, and to remove obstacles for development.

3 Update on Progress from previous paper

- 3.1 The following activities were outlined as the first steps to creating this Greater Lincolnshire Transformational Energy Movement. These steps were stated as subject to further refinement during April 2019, based on the comments of this Committee, and others.

3.2 *Creating the right environment*

The following activities were outlined as opportunities to progress, and the following progress has been made:

- Delivery of Local Industrial Strategy Evidence Base research and strategic development has been completed by July 2019. This document is now being used, to formulate input into the rural test bed for energy and water option within the emerging Local Industrial Strategy for Greater Lincolnshire
- The appointment of the Greater Lincolnshire LEP Board Energy Lead was proposed at the May 19 Board meeting. Following discussion it was agreed to pursue a Co-opted Board Member to fulfil this role
- Appointment of individuals to the Energy Council, to support the Energy Lead on the LEP Board, is now also being pursued, and individuals are in the process of being approached. Cllr Barry Dobson will be representing LCC on the Energy Council
- Engagement of Industry/Professional Bodies to provide external specialist input into the Energy Board, will still happen by October 2019

3.3 *Making Energy part of the Greater Lincolnshire area's business DNA*

Progress to supporting businesses in Lincolnshire on energy issues, has the following progress:

- Briefing of Growth Hub Advisors on energy issues and the strategy and prospectus, so they are able to advise businesses accordingly—discussion are still on-going to provide the right targeting, through the emerging debate
- Targeted Business Energy Events across the whole county will have a draft programme developed by September 2019, this will cover Technology Roadshow Event, highlighting energy technologies that are available to business, and SME Energy Efficiency Event looking at the future business benefits to be gained
- Informative Energy webpages on Business Lincolnshire Website developed, which provide current thinking, and support available to them is still on target for September 2019

3.4 Greater Lincolnshire LEP Stakeholder Events:

There is a need to provide a high level event across the whole of the Greater Lincolnshire, looking at the important strategic needs of the area and informing vital stakeholders of both the 'ask', and input needed off them.

Further discussions around this agenda include:

- A Greater Lincolnshire Energy Summit to be held in 2020, which will focus on Net Zero, technology and innovation developments, the rise of green finance initiatives through Government, and the links to renewables

3.5 Setting information base for Greater Lincolnshire

The importance of having a robust evidence base, to back up energy assertions within the Greater Lincolnshire area, will need the following activities to be put in place, namely:

- Energy Demand Curve Methodology Commission for Greater Lincolnshire has now been commissioned, and is due to be completed by October 2019. An initial stakeholder event was held in July 19, to help shape the direction, with a further wider event to be held in September 2019
- Strategic links into Midlands Energy Hub Commissions and initiatives have been developed, with the opportunities identified for Rural Community Energy Fund opportunities, and the investment into the energy and mobility – with a funding application being made to the Midlands Energy Hub Consultancy Funds programme
- Working with open data sources, and enriching the information with local data input where applicable, is still being pursued. An exploratory meeting with the LORIC and Bishop Grosseteste College has been scheduled for late August/early September to progress options available for Lincolnshire

3.6 Igniting Action within Greater Lincolnshire

Initial activities, that were identified kick starting the energy delivery agenda are still on-going, including:

- Supporting the SMARTLincs ERDF bid, being developed by Lincoln University, through to successful full application – November 2019
- Supporting the production of the utility report for Southern Grantham Gateway, being proposed by developers in Grantham – October 2020
- Alternative energy proposals around the Holbeach FEZ phase 1 programme, which has been completed by August 2019

4.0 Next Steps

- 4.1 Given the important local agenda that energy transformation provides, ranging from a jobs/growth and productivity perspective, to one in which the County Council has a purview over in terms of environment/planning/waste/public health & care/community resourcing and roads, we will need to have coherent plan to keep track of future developments.
- 4.2 The overview and importance of this will need the collaboration across a range of Executive and Scrutiny Committees within LCC, to ensure delivery does not lead to duplication and dilution of approach, particularly given the disruptive nature that Net Zero will have in the future.
- 4.3 Against a background where local government is striving to translate limited public sector resources into better outcomes for local people, in a context that is often complex and challenging, we will need to develop an effective partnership model that works for the Lincolnshire area.
- 4.4 Further work will be needed to start to debate real alternatives in this arena. It will be inevitable that deeper reflection will be required to tackle these difficult conversations, and provide the basis upon which hard choices may need to be made.
- 4.5 We will not be able to please everyone in the energy transformation arena, given the span of responsibilities that LCC has. Inevitably, in order to show investment of resource and time, that has the maximum impact, prioritisation of delivery will be required. This will also necessitate the other organisations involved within the wider activity, to be delivering their roles also.
- 4.6 It is becoming increasingly apparent that there will not be a perfect plan to tackle this, and if one is expected then it may lead to paralysis, and become an obstacle to successful transformation. Any planning will need to be treated like multiple sprints, rapid and time-bound. These plans will inevitably need to be changed and improved once implementation begins; however delivery will need to be seen as a group marathon, with a steady pace and momentum sustained over time.

5. Conclusion

A strong and reliable energy supply is critical to the growth of Lincolnshire. The energy Strategy will help to tackle the challenge, but it will require a concerted effort over many years, to be delivered.

6. Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

Risk and Impact analysis will be completed once consultations have been concluded.

7. Background Papers

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