

Power in Partnership

Response to the Public Consultation Draft of the Mayor's Energy Strategy
May 2003



2020 - 20% Renewables

Demand

Skills

Planning and regulations

Targets

Power in Partnership

Response to the Public Consultation Draft of the Mayor's Energy Strategy

May 2003

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Greater London Authority
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London: “a vast ocean in which survival is not certain... a city built upon profit and speculation, not upon need... [a] labyrinth, half of stone and half of flesh”, London: *The Biography*, P Ackroyd, 2000

Energy: “power derived from physical or chemical processes to provide light and heat or to work machines”, *Concise OED*, 2002

Partnership: a situation in which there is “an enduring relationship” between “two or more actors, at least one of which is public” that have “a good deal of latitude for action” where “each partner contributes material and/or immaterial resources” and where “responsibility for outcomes is shared”, Peters BG in *Partnerships in Urban Governance, European & American Experience*, 1998

Chair's foreword



This is the second report that the Assembly has prepared, commenting on the Mayor's Draft Energy Strategy. Once again it is only right that we start by welcoming the strategy and acknowledging the important work that the Mayor and the Energy Team have done in order to get this far.

The aim of the Energy Strategy is 'to develop London as an exemplary world class city for sustainable energy and enhance social, environmental and economic improvement'. Despite the fact that the Energy Strategy is not a statutory strategy, it represents one of the major challenges for London. We must therefore congratulate the Mayor and the team for bringing this work to London.

We support the Mayor's proposal to set up a London Energy Partnership as the mechanism for delivering this strategy. In preparing this report, we have built on previous work of the Environment Committee and officers and have given clear guidance for the development of the Partnership.

We are at the beginning of yet more exciting times for energy in London and the recent Government White Paper has given some clear indications of targets for reducing CO2 emissions, energy saving and renewable energy. We had hoped to see a statutory requirement for an Energy Strategy for London – although this was not included, the White Paper does give London a clear green light for our work to deliver the national energy targets through planning and partnership.

Many innovative projects are already underway. The development of the Hydrogen Action Plan will help towards improving air quality and reducing noise in London. A Combined Heat and Power 'Ring Main' for London has the potential to make a major contribution to reducing CO2 emissions. The Solar City Programme has made great strides in developing the growth in Solar Water Heating and Photovoltaics. It is my hope that this work and much more will continue and grow as part of the London Energy Partnership.

Finally I would like to thank all those who have contributed to the preparation of this report – my fellow Committee Members; all those who submitted evidence to the Scrutiny; the Committee's consultants – David Fell and Sarah Griffith of Brook Lyndhurst; and the Assembly officers in particular Jane Mulholland, Lena Troth, Sue Riley, Andrew Smith, Kelly Flynn and John Williams.

Samantha Heath

Samantha Heath
Chair of the Environment Committee

The Committee

Membership

The London Assembly agreed at its meeting on 8 May 2002 the following membership for its Environment Committee in 2002/03:

| | |
|----------------------------|------------------|
| Samantha Heath (Chair) | Labour |
| Roger Evans (Deputy Chair) | Conservative |
| Brian Coleman | Conservative |
| Nicky Gavron | Labour |
| Darren Johnson | Green |
| Graham Tope | Liberal Democrat |

Terms of reference

At the 10 April 2002 meeting of the London Assembly, the Environment Committee's terms of reference were agreed:

- To examine and report from time to time on -
 - the strategies, policies & actions of the Mayor and the Functional Bodies
 - matters of importance to Greater Londonas they relate to the environment and sustainable development in London
- To examine and report to the Assembly from time to time on the Mayor's Air Quality, Biodiversity, Energy, Noise and Waste Strategies, in particular their implementation and revision
- To consider environmental matters on request from another standing committee and report its opinion to that standing committee
- To take into account in its deliberations the cross cutting themes of: the health of persons in Greater London; and the promotion of opportunity
- To respond on behalf of the Assembly to consultations and similar processes when within its terms of reference.

Mayoral Strategies

Copies of the Mayor's Strategies for London can be downloaded from the GLA website: www.london.gov.uk/mayor/strategies/index.jsp

Contacts

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Details of the Committee's work programme, reports, meeting agendas and minutes can be found on the London Assembly web pages at www.london.gov.uk/assembly/scrutiny/environment.jsp

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Executive Summary and summary of recommendations

Introduction

The Mayor of London published his Draft Energy Strategy for public consultation on 21 January 2003.

The draft Strategy recognises that the Mayor cannot achieve all of the aims of the Strategy on his own. Policy 34 of the Strategy states 'The Mayor will work in partnership with a range of sectors and organisations to achieve widespread change on energy use in London and enhance existing work in the field.' Section 6 of the Strategy then sets out the Mayor's proposals for a London Energy Partnership to take forward this work.

The Committee has previously submitted comprehensive comments to the Mayor on the first 'Assembly and Functional Bodies' draft of the Energy Strategy. In view of the crucial importance of putting in place adequate delivery mechanisms for the strategy, this stage of our scrutiny focuses exclusively on these proposals for the London Energy Partnership (LEP).

In carrying out this scrutiny we engaged consultants¹ to conduct research and analysis on our behalf, in particular on how other cities and regions have used partnerships to deliver on environmental goals; and the factors which will determine the success of a London Energy Partnership. We also questioned a range of expert witnesses at an evidentiary session on 1 April 2003 at City Hall.

Partnership working

Partnerships are now ubiquitous features of public policy delivery. We review the theoretical and academic background to the rise of partnership working; together with a number of recent, formal evaluations of partnerships, and identify important lessons for the development and implementation of the LEP.

Building on this general and theoretical framework we also review the practical experiences of a number of partnerships currently operating in the UK. Most are energy partnerships; some are London-specific partnerships that, whilst not energy specific, hold potentially useful lessons for the LEP.

We also seek to set the development of the Mayor's Energy Strategy in a national and regional context by reviewing a number of relevant broader factors including the deregulated energy market; the abundance of networks already in existence; and the publication on 24 February 2003 of the Energy White Paper.

Findings

Arising from our consideration of all the above factors and evidence collected, we feel that in general terms, the Mayor's proposals for the LEP are consistent with the themes of best practice emerging from research and evaluation at European and UK level.

¹ The Committee's consultants in relation to the Mayor's Draft Energy Strategy were Brook Lyndhurst Ltd. The Consultants' report was submitted to the Committee in March 2003 and David Fell, Director of Brook Lyndhurst was present at the Committee's meeting on 1 April 2003.

The work of the Partnership is crucial to delivering the objectives of the strategy. However, in order for the Partnership to be effective:

- The Partnership must focus on key areas and key deliverables, striking a balance between partnership and delivery.
- It will be important to make rapid progress, particularly in order to establish the Partnership's credibility and to access national funding streams, but this should not be at the expense of developing effective partnership working.
- To this end the number and range of tasks with which the Partnership is charged, particularly in the early stages, should be reduced from that proposed.
- The Partnership must be independent – and must have the support of adequate dedicated staffing - but in order to secure funding and ensure delivery the GLA should take a lead in the first instance
- The GLA will be instrumental in establishing core funding and should take into account the longer-term resource requirements of the Partnership in its budget process over the forthcoming three years.

We also consider that the Mayor's diagrammatic representation of the proposed partnership structure is unhelpful and an oversimplification. In particular, it conveys the notion of an "end state", a position when the LEP will be "complete".

In our view, the LEP needs to be conceived of as a "process" not a "state" – and the current proposals seem to propose no more than a start up and inception phase, followed by a "state". Linked to our this we have further concerns that the proposed mechanisms for establishing the various component parts of the LEP appear "idealised" rather than practical.

The current proposals do not seem to take proper account of the potential difficulties of introducing such a large, new structure into a constituency with little track record of partnership working. Potential partners will in our view be put off by the scale of what is being asked of them. We feel that the range and nature of the tasks is inappropriate.

With regard to the timing and sequence of development for the LEP, a balance needs to be struck between, on the one hand, moving forward too quickly and, on the other, moving too slowly. A rapid move forward – building on the momentum already achieved in some partnerships, building on the momentum generated by the Energy Strategy itself, recognising the urgency of some of issues at stake – runs the risk of "forcing" the partnership, of not allowing the fabric of trust and mutual responsibility required for successful partnership working to develop. A 'middle way' is required.

Finally, we note that the Draft Strategy states that "The Mayor considers that the London Energy Partnership should be independent" and that he "does not expect to be in a position of greater influence over partnership decisions than any other individual member organisation" (6.7). However, the Strategy then goes on to state that the London Energy Partnership's work "would be expected to deliver the strategic framework set out in the Mayor's Draft Energy Strategy" (6.10). We believe there is considerable tension in this position. The partnership will undoubtedly need strong leadership; on the other, if it is *perceived* to be under the control of a single organisation (or narrow clique) – and it is the perception that is key – then it will fail against several of the most important success criteria identified in the literature.

Summary of recommendations

Recommendation 1

The Mayor's Strategy should address the key issues of the timing and sequence of development for the LEP, and the Committee's concern that the desirability of swift progress during 2003/04 must be balanced by effective and thorough partnership development. The Mayor should consider the suggested timetable/development sequence set out in Annex A and summarised in recommendation 2 below.

Recommendation 2

The Development of the LEP should be undertaken in 5 phases as summarised below and set out more fully in Annex A:

- Phase 1 (May 2003-September/October 2003) – Shadow Steering Group to be established, comprising mainly existing groups (as de facto working groups). First meeting to be called by the Mayor in May 2003, then monthly meetings
- Phase 2 (September 2003-December 2003) – First meeting of the London Energy Partnership Forum in September/October 2003. To establish full Steering Group, additional working groups, develop Draft Action Plan and rules for membership and participation. Completion of the dedicated staff team.
- Phase 3 (January 2004-April 2004) – Finalisation of Action Plan, rules for membership and participation. Confirmation of detailed timetable for 2004/2005.
- Phase 4 (May 2004 – September 2004) – Review of progress, establish new working groups, proposals for cross-cutting themes, prepare for second meeting of the LEP Forum
- Phase 5 (October 2004 – March 2005) - LEP fully established, with a rolling 3 year Action Plan.

Recommendation 3

The number of tasks with which the LEP is charged must be reduced. We suggest that tasks be prioritised in accordance with the needs of developing the partnership – that is to say, in the early phases of the LEP, priority should be given not to tasks that are the most urgent from an *energy policy* perspective but from a *partnership development* perspective.

Recommendation 4

In accordance with recommendation 3, we recommend that the key tasks for the initial phase of the partnership should focus on a limited range of deliverable objectives, building on work which is underway or currently proposed. Indicative tasks for each of the working group areas are included on the diagram at Annex B and are listed below:

Renewable energy

- Awareness raising/education programme
- Lobbying for London's fair share of £60m Government funding

Hydrogen Partnership

- Development of the Action Plan

Climate Change

- Awareness raising
- Address climate change impacts of London's growth areas and transport infrastructure

Energy Saving

- Promote engagement of the commercial sector including development of the Green Procurement Code to include CO2 targets

Combined Heat and Power

- Development of the emerging Ring Main for CHP in London
- Lobby Government for London's share of national funding

Recommendation 5

The Mayor should recognise that in some cases existing entities are well-positioned actually to be or become working groups of the LEP, and should conceive of existing networks/partnerships as nascent working groups of the LEP as part of a 'middle way' development route.

Recommendation 6

Membership of the LEP should be driven, in the first instance, by the composition of the Shadow Steering Group and, thereafter, by willing participation in the Forum and/or participation in new and evolving task groups.

Recommendation 7

The full "rules" should be worked out by the members; not by consultants, the Assembly or the Mayor (this will maximise the role of the partnership and help to ensure that it both is, and feels, independent).

Recommendation 8

Priority should be given to establishing adequate staffing for the LEP at an early stage, and the core funding for this should be provided by core members of the partnership. In the very first instance, since it is the Mayor that is 'calling' the meeting, the Mayor should identify funds to catalyse this core funding with a substantial contribution from within existing budget allocations.

Recommendation 9

That the Mayor should further take into account the funding requirements of the LEP in his budget making process for 2004/05 and 2005/06, and should work with partners to ensure that adequate core funding is available throughout this period to provide the necessary certainty to enable the Partnership to develop effectively.

Recommendation 10

The process of review should be an ongoing one, particularly during the early, developmental phases. The LEP and the London Assembly should discuss and reach agreement on the best mechanisms for providing an external perspective to the review process.

Recommendation 11

Whatever form the Partnership takes, and irrespective of the speed with which it is eventually set up, the LEP should be given several years – perhaps four or five – before any definitive attempt at assessing “success” or “failure” is made.

1. Introduction

- 1.1 The Mayor of London published his Draft Energy Strategy for public consultation on 21 January 2003². The Draft Strategy can be downloaded from the Internet at www.london.gov.uk/mayor/strategies/energy/index.jsp.
- 1.2 This report represents the response of the London Assembly Environment Committee to the Mayor's Draft Strategy and is also available on the internet at www.london.gov.uk/assembly/scrutiny/environment.jsp
- 1.3 The timetable for the development and adoption of the Mayor's Energy Strategy is as follows:
- March 2002: 'Assembly and Functional Bodies Draft' of the Strategy published.
 - July 2002: Assembly's response submitted to the Mayor
 - January 2003: 'Public Consultation Draft' of the Strategy published
 - By 22 April 2003: Responses to the Public Consultation Draft submitted to the Mayor
 - September 2003: Strategy to be published in agreed form.
- 1.4 Section 2 of this report gives a brief outline of the scrutiny which the Environment Committee previously carried out on the first draft of the Energy Strategy. The remainder of the paper focuses on the most recent draft, setting out the Committee's comments and recommendations on a number of key issues which we feel are critical to the achievement of the Strategy's objectives.
- 1.5 This stage of our scrutiny focuses exclusively on the Mayor's proposals for a London Energy Partnership (LEP). This is because unlike the Mayor's four other environmental strategies, the Energy Strategy does not have statutory status³, and partnership working will be key to delivering the aims and objectives of the Strategy. The proposals for the LEP are set out in detail in Chapter 6 of the Mayor's Draft Energy Strategy.
- 1.6 Following this introduction and background information, the report is arranged into 9 main sections:
- Section 2 describes in turn the scrutiny work which the Committee has already carried out on the 'Assembly and Functional Bodies' (first) draft of the Mayor's Energy Strategy; and the process which has been followed for this scrutiny of the Public Consultation draft.
 - Section 3 summarises the Mayor's proposals for the London Energy Partnership as set out in the draft Strategy
 - Sections 4 and 5 draw together information and good practice in relation to the development of partnerships – section 4 addresses a range of general and theoretical considerations and draws widely on the relevant literature,

² 'Green light to clean power' – The Mayor's Draft Energy Strategy, January 2003

³ The Energy Strategy is not one of the Strategies which the Mayor is required to publish by the GLA Act 1999

whilst section 5 presents practical details and lessons from a number of partnerships currently operating in the UK.

- Section 6 sets the Energy Strategy in a national and regional context, including the Energy White Paper published on 24 February 2003.
- Section 7 records the key issues raised during questioning of expert witnesses at the Committee's evidentiary session on 1 April 2003.
- Finally, sections 8, 9 and 10 set out our findings based on the evidence included in the previous sections. Section 8 identifies key themes and good practice to guide the establishment of the LEP, Section 9 contains our overall critique of the Mayor's current proposals and Section 10 includes our recommendations for the establishment of the LEP.

1.7 A number of Annexes provide additional information in relation to the scrutiny, to supplement that included in the main report. In particular Annex A sets out our detailed suggestions for the timing and development sequence for the LEP.

1.8 The Committee would like to extend our thanks to all those who provided evidence for our scrutiny whether in writing or in person (as listed at Annex D) and also to David Fell and Sarah Griffith of Brook Lyndhurst Ltd, who provided technical consultancy support to the Committee during the course of the scrutiny and on whose work this report is substantially based.

2. Scrutiny of the Mayor's Energy Strategy

Background/Scrutiny of the Assembly Draft

- 2.1 In July 2002 the Committee submitted comprehensive comments to the Mayor on the first 'Assembly and Functional Bodies' draft of the Energy Strategy, which had been published in March 2002. A copy of the Committee's report of July 2002 is posted on the London Assembly website at www.london.gov.uk/assembly/reports/energy/energy.pdf.
- 2.2 In summary the Committee's report welcomed the commitment the Mayor has shown to sustainable energy management in London by publishing a London Energy Strategy, but sought further work in the following five key areas:
- (1) fuel poverty and energy efficiency
 - (2) renewable energy
 - (3) hydrogen infrastructure
 - (4) the role of planning
 - (5) the London Energy Partnership
- 2.3 The Public Consultation Draft of the Strategy has responded, at least in part, to many of the recommendations made⁴ by the Assembly in its July 2002 report.

The Public Consultation Draft

- 2.4 Our scrutiny of the Public Consultation Draft Strategy has focussed on one main aspect – the Mayor's proposals for a London Energy Partnership.
- 2.5 We stated in our comments on the first draft of the strategy that we support the Mayor in his proposals for setting up a London Energy Partnership. However, we stressed that he should develop these proposals further to enable stakeholders to comment on specific details. In particular we felt the proposals should include⁵:
- clearly defined aims and objectives
 - the envisaged structure
 - key issues to be addressed by the working groups
 - how the working groups relate to existing London energy networks
 - potential sources of funding for the Partnership
 - the likely timescales for the Partnership to become operational and key milestones.
- 2.6 We also recommended the Mayor to be pro-active in working with others to lobby for more London Stock Exchange trading in greenhouse gas emissions⁶; and to set a framework for the London Sustainable Development Commission so

⁴ The recommendations are listed in the paper forming agenda item 5 for the London Assembly Environment Committee meeting 24 July 2002 – available on the web via: www.london.gov.uk/assembly/envmtgs/2002/envjul24/envjul24Item05.pdf

⁵ Environment Committee response to first draft Energy Strategy – Recommendation 28

⁶ *ibid* – Recommendation 29

that it sets a target of at least that of the national level for carbon dioxide emission reductions⁷.

- 2.7 For the current scrutiny we engaged consultants⁸ to conduct research and analysis on our behalf of the proposals for the London Energy Partnership and to assist us in developing our further response to the Mayor, focussing in particular on:
- An analysis of how other cities and regions have used partnerships to deliver on environmental goals; and
 - Consideration of the particular factors which will determine the success of a London Energy Partnership.
- 2.8 Our consultants carried out a literature review of relevant research and policy documentation⁹; and consultations with representatives of a selection of relevant partnerships¹⁰. Drawing also on their own experience in the field¹¹ they then reported to us their analysis and recommendations.
- 2.9 We then held an evidentiary session¹² at which we had the opportunity to question a range of expert witnesses to assist us in finalising our recommendations. These witnesses are listed in Annex E to this report.
- 2.10 This response is based on the report submitted by our consultants and the findings of the evidentiary session on 1 April.
- 2.11 Although the focus of this report is the Mayor's proposal for a London Energy Partnership, there is unavoidably a close set of linkages between the proposals for the LEP and the other elements of the Strategy. In particular, the suggested activities for the proposed partnership¹³ are driven by the overall shape, priorities and content of the Strategy¹⁴; while limits to the proposed responsibilities of the LEP are in part determined by the proposals for action on the part of the GLA's functional bodies¹⁵.
- 2.12 Accordingly, we have in some instances made remarks about other features of the Strategy, but only where we consider these to be of direct relevance to the structure, functioning or efficacy of the LEP.

⁷ *ibid* – Recommendation 30

⁸ The Committee's consultants in relation to the Mayor's Draft Energy Strategy were Brook Lyndhurst Ltd.

⁹ Sources are cited as footnotes throughout

¹⁰ See Section 5, case studies 1-9 below

¹¹ See Annex F

¹² Evidentiary session held at City Hall on 1 April 2003

¹³ "Green Light for Clean Power", Section 6.30 onwards, pp219-257

¹⁴ *Ibid*, chapters 3 and 4

¹⁵ *Ibid*, chapter 5

3. London Energy Partnership - The Mayor's proposals

The Mayor's Draft Energy Strategy

- 3.1 The Mayor has recognised that 'the way we use energy in London has huge implications for our environment, for economic regeneration and in terms of social equity'¹⁶. Issues around energy feature strongly in other mayoral strategies including transport, air quality, municipal waste management and economic development; and in the draft London Plan.
- 3.2 The Mayor has therefore decided to produce an Energy Strategy for London. The Strategy is seen as central to the Mayor's policies for sustainable development, and sets out proposals to secure sustainable energy for London over the next ten years and beyond.¹⁷
- 3.3 The Draft Energy Strategy aims to deal with all forms of energy and fuel sourced outside London as well as locally. These include fossil fuels, renewable energy, hydrogen, electricity and heat. The strategy focuses on local sustainable generation of London's power, increasing the proportion sourced from renewables and combined heat and power, and promoting an integrated approach to heat management, particularly in buildings. The aim and objectives of the Draft Energy Strategy are:
- To develop London as an exemplary world class city for sustainable energy and enhance social, environmental and economic improvement. In particular:
 - to minimise the impact of London's energy production and use on health, and the local and global environment
 - to reduce London's contribution to climate change by minimising emissions of carbon dioxide from all sectors (commercial, domestic, industrial and transport) through energy efficiency, combined heat and power, renewable energy and hydrogen
 - to help eradicate fuel poverty, giving Londoners, particularly the most vulnerable groups, access to affordable warmth
 - to contribute to London's economy: increasing job opportunities and innovation in delivering sustainable energy and improving London's housing and other building stock.
- 3.4 The Committee has previously submitted comprehensive comments on the first (Assembly) draft of the Energy Strategy. This report focuses on one aspect of the Strategy – the Mayor's proposals for a London Energy Partnership (LEP).
- 3.5 The Strategy recognises that 'although the Mayor can deliver considerable change through his own activities, the implementation of all his energy objectives requires the work of existing organisations and networks. The Mayor proposes to work in partnership with others to tackle issues he cannot adequately address alone, and will facilitate the establishment of a London Energy Partnership as a focus for this work'¹⁸

¹⁶ The Mayor's Draft Energy Strategy, foreword (p i)

¹⁷ *ibid*, executive summary (p iii)

¹⁸ *ibid*, (p xiii)

The London Energy Partnership (LEP)

- 3.6 The Mayor's proposals for the London Energy Partnership are set out in section 6 of the draft Energy Strategy. Policy 34 of the Strategy states 'The Mayor will work in partnership with a range of sectors and organisations to achieve widespread change on energy use in London and enhance existing work in the field.' The remainder of section 6 includes the Mayor's proposals for the role, work and structure of the LEP and suggests how the Partnership will be brought into being.
- 3.7 The Mayor sees the LEP as a solution to a number of problems:
- The Mayor cannot achieve all the aims of the Strategy alone.
 - There are a number of London energy organizations, but no forum where cross-sectoral energy stakeholders can meet to address London energy issues.
 - Energy is a cross-cutting issue that requires collaborative action to solve problems (6.2 and 6.3).
- 3.8 The Mayor wishes to involve the full range of public, private and voluntary sector organisations in the work of the LEP, including energy suppliers, industry and business representatives, London Boroughs, the GLA Group organisations, NGOs and other existing groups and networks. He suggests that following the consultation process for the Strategy, a working group will be set up (whose membership is to be discussed during consultation). The working group will then establish a Steering Group for the London Energy Partnership (6.28). This Steering Group would be served by a secretariat and would decide the Partnership's work and Task Groups. The Steering Group would be drawn from, and informed by, the wider London Energy Constituency: the London Energy Partnership Forum (6.10-6.20). Figure 22 of the Draft Strategy provides a diagrammatic representation of the Mayor's proposed structure.
- 3.9 The draft Strategy recognises that there are a number of pre-existing energy groups and networks in London (6.22 – 6.26) and advocates that the LEP adopts principles setting out its intention to build on, not duplicate, the work of existing networks (Box 5).¹⁹
- 3.10 The Mayor suggests a purpose for the LEP, which includes delivering the Energy Strategy's Strategic Framework, developing and implementing a London Energy Action Plan, co-ordinating activity on energy in London, and providing a platform for funding bids (Box 4).²⁰
- 3.11 Proposals for the LEP's work are fleshed out in more detail in the 'framework for activities' for the LEP (table 11)²¹ and in a 'framework for action' (6.30-6.131). The suggested actions are many and varied, ranging from broad, London-wide strategic initiatives to specific one-off, small-scale projects.

¹⁹ p215.

²⁰ P208.

²¹ P209.

4. Partnerships – general & theoretical considerations

4.1 Partnerships are now ubiquitous features of public policy delivery. This chapter of our report briefly explains the reason why this has become the case; highlights some of the theoretical and academic background to the rise of partnership working; and presents findings from recent, formal evaluations of partnerships that has important lessons for the developments and implementation of the LEP.

4.2 The advocates of partnership hold one basic belief in common: that a successful partnership can achieve more than the sum of its individual partners. For some, this is not simply a desirable way of working, but a necessary one – the attributes of the modern economy and modern politics have brought with them a corresponding devolution in power to a number of different players, meaning that objectives once achievable by government alone are now only achievable through a web of governance²².

4.3 Against this kind of background, a plethora of approaches has emerged:

“Real world partnerships can be regarded as arenas where different actors and interests meet in conflict or in consensus. Sometimes these negotiations lead to compromise, sometimes they are just superficial, hiding outcomes that one-sidedly favour one partner, sometimes the partnerships end up in rhetorical declarations with no tangible results. Some partnerships are narrow, exclusively used by actors and interests that are already privileged, whereas other partnerships include groups which are commonly marginalized. *Each partnership must be analysed on its own terms. There is no universal answer as to the effects of partnerships, neither in terms of efficiency nor in terms of democracy*”²³ [our emphasis].

4.4 This European level perspective is echoed by the “Bremen initiative” which identifies eleven principles for the effective implementation of partnership working (on the basis of 148 partnership projects from 49 countries around the world)²⁴:

- Each partnership is unique
- Establish a clear governance structure that defines partner roles and responsibilities
- Successful business and municipality partnerships maximise the sectors’ respective strengths and contributions
- Successful business and municipality partnerships set commitments or ground rules that guide the partnership in its work
- Successful partnerships are broad-based and include key groups from the outset

²² Mayer M (1995) ‘Urban Governance in the Post-Fordist City’, in Healy et al., *Managing Cities, The New Urban Context*, Wiley

²³ Querrien & Elander (2002) in “United Nations: Economic Council of Europe – Liveable & Sustainable Cities”, UNECE

²⁴ “Creating Better Cities Together”, 2nd International Conference on “Business & Municipality – New Partnerships for the 21st Century” (2001)

- Successful partnerships have clear objectives and goals, are outcome-focused, aim to achieve positive results for each partner, and continuously measure progress
- Successful partnerships make their projects visible to the public and other stakeholders
- Business and municipality partnerships are instrumental in setting new standards and introducing innovations
- Business and municipality partnership bring mutual benefits
- Under certain conditions business-municipality partnership concepts and models can be transferred to other regions of the world
- Problems can be solved, obstacles can be avoided

4.5 The Bremen initiative also recommends that:

- “Every initiative will, at some stage, have to confront obstacles... Good, effective and long-term partnership depends on being realistic about difficulties...” p17
- “Starting from different viewpoints it is difficult to make local authorities, business and the public [as well as other institutions] aware at first glance of the benefits of partnership... Many...are still sceptical about dealing with each other as partners...” p17
- “Time is a problem. The whole process of partnership is very time-consuming. Businesses are very time conscious: there is no experience that investment of time at the beginning of or during a partnership will save time and costs at the end.” p18
- “Partnership projects need a strong, dedicated and effective management structure and cannot rely upon traditional and weak management capability.” p18

4.6 Some UK analysis implies that the uniqueness of partnerships prevents transferability of any kind. For instance, it has been suggested that success depends on a balance of “leadership, expertise and participation; consensus and diversity”.²⁵ Or that “invisible factors of personalities, command of resources, linkages between areas and agencies and the locally marketable assets” will determine success.²⁶

4.7 More generally in the UK, however, there is a consensus that not only is partnership working “better”, but that general lessons are applicable in different places and for different issues. Much of the most public and well-documented effort in this regard has attended to the partnership processes associated with regeneration; and, most recently, with the implementation of Local Strategic Partnerships (LSPs).

4.8 ODPM Guidance on LSPs²⁷, for example, explains that partnership working makes it more likely that:

²⁵ Balloch S and Taylor M eds (2001) *Partnership Working, Policy and Practice*, The Policy Press, p7

²⁶ Bailey N (1994) ‘Changing Institutional Responses to the Regeneration of Peripheral Industrial Locations in London: An Evaluation of Partnerships and Local Capacity Building’, *Planning Practice and Research* vol12 no3, Carfax, p274

²⁷ “Local Strategic Partnerships – Final Government Guidance”, 2001, from www.local-regions.odpm.gov.uk

- the benefits of sustainable growth are achieved across the country
- economic, social and physical regeneration happens – and is sustained – in deprived areas
- public services work better and are delivered in ways which meet people’s needs
- local people can influence decision-making and take action to improve their neighbourhoods
- business and the community and voluntary sectors can play a full and equal part

4.9 In order for these benefits (the analogies for regional-level partnerships and/or partnerships focused on other issues such as energy are clear) to be secured, however, takes more than merely listing them.

4.10 Evaluation work by the Joseph Rowntree Trust²⁸, for example, identified the following key elements for partners wishing to assemble a strategic partnership:

- strong leadership
- trust among partners
- an independent staff team
- a common understanding/knowledge base
- capacity to focus on overarching issues
- co-ordinated planning processes
- integrated action plans across partners
- increased synergy in accessing and deploying resources
- mechanisms for review and evaluation
- scope for innovation
- parallel processes for capacity building within member organisations

4.11 The Trust also concluded that:

“A critical factor... was the amount of dedicated staff time given to sustaining their momentum. A team [is] essential to:

- give the partnership its own identity
- service the partnership
- maintain an overview of strategy and progress
- network across sectoral, organisational and professional boundaries encompassing the roles of broker, mediator, advocate and interpreter”²⁹

4.12 A deeper and more recent evaluation, conducted by the Department of Land Economy at Cambridge University on behalf of the then DTLR³⁰, reached a still more dramatic set of conclusions with respect to partnerships:

²⁸ “Local Strategic Partnerships: lessons from the experience of the New Commitment to Regeneration”, JRF, November 2001

²⁹ Ibid.

³⁰ “Neighbourhood Regeneration: lessons and evaluation evidence from ten Single Regeneration Budget case studies”, DTLR, 2002

“Relative performance [of regeneration schemes] is not systematically correlated with size, duration or theme... the implication is that relative *success is more to do with how partnership works and its structure. There is no perfect formula for partnership working* that if followed would ensure the optimal benefits.” [our emphasis]

4.13 The Cambridge University report identifies six common issues for effective partnership working:

- “avoid missing-out partners, or ensure that the partnership scheme has access to the missing partners through [another] link... It is also important to avoid a dominant partner... not only does this mitigate against good partnership by reducing possible synergies but it usually means that there is little likelihood that the partnership will continue when specific funding comes to an end”
- “ensure that the partnership has effective monitoring and reviews procedures... The analogy with management information systems in a well-run company is apt”
- “avoid shot-gun marriages no matter how convenient they appear to the funding agency in appeasing bidders for scarce... funding. They rarely work and have little chance of being sustainable. In a similar vein, avoid re-inventing the wheel and partnership proliferation for its own sake”
- “it is not clear that the private sector is best placed to be the lead partner... [It] has a critical role to play but provides best outcomes when playing to its key strengths...”
- “a partnership should identify its key objectives and how they may “fit” with wider goals... Successful partnership sources identify emerging policy agendas at an early stage”
- “where existing partnership structures are weak [it] will take successive rounds of funding over a sustained period to build capacity.”

4.14 We have used the variously defined characteristics of a successful partnership, as summarised in this section, to inform our analysis of the proposals for an LEP in sections 8, 9 and 10 of this report. However, before proceeding to that analysis, we will build on the theoretical basis for our critique by referring to a number of practical examples of energy-sector and London-specific partnerships in section 5 below.

5. Partnerships – specific examples & case studies

5.1 This chapter of the report presents details of a number of partnerships currently operating in the UK. Most are energy partnerships; some are London-specific partnerships that, whilst not energy specific, hold potentially useful lessons for the LEP. In all cases, the information presented has been obtained from discussions by our consultants with individuals responsible for or participating in the partnerships in question. For three of the examples – the Western Isles Alternative and Renewable Energy Partnership, the Cornwall Sustainable Energy Partnership and the Nottingham Energy Partnership - the information presented builds on and embellishes the summary information presented in the Draft Energy Strategy³¹.

Case Study 1 - Cornwall Sustainable Energy Partnership (CSEP)

CSEP evolved out of a pilot scheme funded by the Energy Saving Trust in 2000, designed to help local authorities deliver on the Home Energy Conservation Act. It initially involved only local authorities, but it soon became evident that the most effective way of dealing with energy was through cross-sector partnership working.

The partnership emerged organically: domestic energy efficiency often involved health issues, and therefore representatives from Cornwall's health sector became involved; sustainable energy came to be seen as the key to Cornwall's social and environmental energy issues and LA21 officers and housing associations became involved; sustainability raised questions about how energy was being generated and so the renewables sector became involved; the initiative was originally designed only for the domestic sector and so the business sector became involved.

The partnership has no formal constitution. Its aim is to be open, inclusive and flexible. It does have an agreed structure: a steering group and four task groups (domestic sector and health, renewables, business sector, public sector).

To set up the steering group, eight key energy sectors were identified: environment; local authorities; business; energy efficiency; renewable energy; education; community; and health. Each sector was asked to put forward a nominee.

To secure broader membership, a conference was held to attract potential partners and now over 50 partner organisations belong to the CSEP.

The biggest barrier the partnership had to overcome at the outset was to convince people that the partnership was needed. Initial progress was slow and it required persistence, determination and patience to make it succeed.

Funding is secured from a number of sources. In addition, support in kind is given by local authority officers. Management fees are then charged for the project management of energy initiatives. There are no membership joining fees.

³¹ "Draft Energy Strategy", Box 6, pp219

Case Study 2 - Nottingham Energy Partnership (NEP)

NEP began as a joint venture between the City Council and the local district heating generator. The aim of the venture was to drive forward energy efficiency and reduce the city's greenhouse gas emissions. It was decided to extend the initiative to all sectors and therefore invitations to join were sent out to begin the partnership process. A big 'launch' event was also staged to encourage widespread participation in the partnership.

Its structure and function has changed over time: it started as a loose partnership which generated ideas and suggested projects for others to carry out; it is now a registered charity with a company limited by guarantee, is able to manage its own funds and carries out its own projects. There is a Board of cross-sector partners which carries out strategic management.

It began with four task groups: transport; public buildings; housing; and business. The first two groups no longer operate – transport has been adopted at the higher Greater Nottingham strategic level and the 'public buildings' group was not a success as initially conceived, and therefore may be reshaped into a public services task group.

Those outside the Board and task groups who are interested in NEP's work are invited along to topic-specific seminars, site visits or meetings. In this way the partnership seeks to achieve a balance between encouraging widespread participation and keeping the numbers involved in strategic and project work to a manageable size.

Funding is sourced from a number of project-specific funds. There is no membership fee to join.

Case Study 3 - Regen South West (RSW)

RSW is a not-for-profit company that has recently been set up by the South West Regional Development Agency and Government Office South West. It has eleven board members drawn from different sectors and three observers on the board (public agencies that for legal reasons are not able to act as full board members). Its purpose is to promote the development of renewable energy in the South West.

The idea for setting up the company came out of the regional renewables assessment and then the regional draft energy strategy.

The region already had a number of existing renewables networks at the regional and sub-regional level, and out of this a smaller network was formed (led by the RDA) to progress the idea of developing some kind of dedicated renewables agency in the region. A feasibility study into the idea of setting up a company was commissioned by the RDA.

The process of engaging with the wider constituency and of developing members/partners beyond those on the board has yet to be decided.

A dedicated staff of 4 has recently been put in post: a chief executive; a team administrator; a planning advisor; and a business support advisor.

The company has funding of £0.5 million over the first 5 years from the RDA for operational costs and £280,000 from the Government Office South West for specific projects.

Case Study 4 - Renewables North West (RNW)

RNW developed out the regional renewables assessment, which identified the need to establish a central renewables agency to push forward renewables in the North West. The recommendation was picked up by the RDA who, in partnership with United Utilities, set up RNW in 2002.

It is a not-for-profit company currently employing 3.5 staff. Its board members are drawn from a number of different sectors and include: the Co-operative Bank; Scottish Power; Manweb; NWRDA; United Utilities and UMIST.

Working groups are developed as projects come on stream, but there are no fixed task groups. Partnerships are also formed around the delivery of specific projects. The strategic direction has been set out in the company's business plan. Having a clear single-issue focus – the deployment of renewables in the region – helps to keep all the partners on board.

Base funding has been contributed equally by the Regional Development Agency and United Utilities. Additional project funding has also been secured (in particular from the DTI's planning facilitation fund). Funding on a project-specific basis will be sought.

Case Study 5 - Thames Valley Energy (TVE)

The partnership developed originally out of the initial enthusiasm of Keith Richards, who had a long track-record in the renewables industry and felt that the potential for its growth was not being delivered in the Thames Valley area. Keith worked with a number of local authorities to set up a partnership that would promote renewable energy.

The partnership now involves both the public and private sectors and is steered by a strategic board and local authority advisory council. The latter involves cross-departmental representation from five county councils and identifies priorities for local authority work and projects to drive those priorities forward. The strategic board considers the balance of activities across the partnership and looks at cross-cutting issues such as funding. Regional government observers attend board meetings.

The partnership is funded by its partners, who contribute sponsorship funds. It also accesses funding on a project-by-project basis.

Case Study 6 - Western Isles Alternative and Renewable Energy Partnership (WIAREP)

The partnership, in its first incarnation, resulted from a conference hosted by the local authority in 1999. The conference generated a lot of interest in promoting renewable energy in the area and a cross-sector group of interested parties from many different sectors decided to work together to that end.

In June 2001 a group of core public agency partners decided to form a management group to drive the partnership forward, because little concrete progress had been made up to that time.

The management group agencies are: Western Isles National Health Service; Western Isles Enterprise (including Highlands and Islands Enterprise); the local housing agency (and its energy advisory service); the University of the Highlands and Islands (Millennium Institute); Scottish National Heritage.

All these groups shared a common vision of what was needed to move the partnership forward and, importantly, had access to the resources necessary to put that vision into practice. An action plan has been drawn up by the management group.

The management group remains a wholly public-sector partnership, but non-management membership is open to all sectors and open meetings are held for wider members to attend. Joint public-private sector working has been taking place on a project-by-project basis.

WIAREP is not a formally constituted, legal entity, but a loose partnership. This was decided upon to allow the group to take action quickly and to avoid becoming bogged down in lengthy legal procedures. However, now it is up and running, its constitutional status will be reviewed.

The partnership itself cannot hold any funds in its currently un-constituted state. The partners themselves have access to funding and this is given to the partnership in the form of in-kind support. For instance, the local authority provides secretariat services and hosts WIAREP's website.

Case Study 7 - London Waste Action (LWA)

London Waste Action came into being in 1995/6. It emerged from the joint concerns of London First (a business campaign body) and the Association of London Government (ALG), that London's waste issues were not being tackled.

These concerns were articulated, in the first instance, by the Chief Executives of both organisations. They agreed to co-fund a part-time Chief Executive for the new partnership, whose principal initial tasks were two-fold: to raise money to support the future work of LWA; and to develop a Strategy for Waste in London. The Chief Executive of LWA is a former Chief Executive of a London Borough Council, and is therefore very well versed in the niceties of London's political and institutional arrangements.

It was agreed at an early stage that the relationship between the two founder organisations – which have very different structures, funding mechanisms and status – was such that a relatively formal vehicle would be required to take things forward. LWA was thus constituted as a legal not-for-profit entity (rather than an informal partnership) with its own Board, owned 50:50 by London First and the ALG.

The Board composition developed organically over a period of a couple of years, with the Chief Executives of all three organisations identifying individuals/organisations whose presence would be valuable in terms of the two initial objectives.

Steady progress accelerated dramatically in 1999/2000 with a successful SRB6 bid. LWA won more than £5mn to set up London Remade (a model programme, invented in Washington and current being applied in several places in the UK) to focus on developing new markets for products made from recycled materials. LWA had four years to build up momentum before the successful Remade bid, during which time progress was often very limited.

London Remade is not, itself, a partnership. It has a Board, which happens to have members from a variety of backgrounds, but the Board follows SRB rules for accountability purposes and does not behave like a "partnership" at all.

Case Study 8 - London Climate Change Partnership (LCCP)

Although called a partnership, this currently takes the form of a relatively short-lived, informal coalition.

Prompted by the Central Government decision that each region should conduct a climate change impact assessment, the Greater London Authority (GLA) called the first meeting. It was not a “partnership” at this point, just a meeting of interested parties to discuss the requirement to conduct the assessment.

Invitees included all the London-specific institutions with some sort of profile that the GLA thought might be interested – such as the Environment Agency, London First, Friends of the Earth and Imperial College.

At the first meetings there was a well-received notion that all those present should be thinking of others who could join in. The meetings got bigger as more people heard. There was a general presumption of inclusion.

The initial meetings were fairly chaotic, as competing interests sought to identify what the group was supposed to be doing. By about the third meeting, the group had begun to identify itself as the London Climate Change Partnership.

LCCP existed to oversee the climate change impact assessment work, which was to be carried out by external consultants. This required the raising of funds to cover costs, and for a steering group to be put in place to make decisions on behalf of LCCP.

The Steering Group was made up mainly of the partners who had contributed funding. The remaining partners attended periodic consultative seminars.

The assessment was launched in October 2002, since when little further progress appears to have been made.

Case Study 9 - Emissions Trading Group

The ETG was formed in July 1999 by the CBI and the Advisory Committee on Business and the Environment (ACBE) to represent the UK business interest in greenhouse gas emissions trading.

When the ETG submitted Outline Proposals for a UK Emissions Trading Scheme in March 2000 the UK Government welcomed them as helpful and constructive and subsequently committed £215 million over 5 years to provide the financial incentive which the ETG had recommended for companies that took binding caps on their emissions.

Thereafter, the ETG worked closely with the UK Government in advising on the detailed development of the UK Emissions Trading Scheme prior to its launch on 14 August 2001 and has since assisted with the drafting of the legal rules and provision of explanatory guidance.

5.2 There are several potential lessons to be drawn from these examples. Of particular relevance are the following.

5.3 The case studies show a clear divide between the way in which their strategic bodies (boards in the case of the companies limited by guarantee, and steering groups in the other cases) were established.

- The ‘renewables’ organisations, such as Regen South West, Renewables North West and Thames Valley Energy, all have hand-picked strategic bodies: their clear focus on a single issue has meant that the organisations/individuals driving them forward, could identify the key players and seek to involve them.
 - The more broad-based energy partnerships, such as The Cornwall Sustainable Energy Partnership and the Nottingham Energy Partnership, both started out as looser, more inclusive organisations and evolved strategic direction from a wide base of interest.
- 5.4 The partnerships, most of which have only existed for a short time and have not yet therefore been evaluated in any formal fashion, have already restructured themselves or dissolved task groups that were initially thought to be a good idea, and have done so as a way of improving their effectiveness:
- The Nottingham Energy Partnership closed down one of its task groups and is considering redefining another. It has changed its overall role from one of idea-maker and networker to include project management, and has acquired charitable status and has set up a not-for-profit company in order to do this.
 - The WIAREP began with a large multi-sector steering group which developed into a core group of public sector agencies that work with partners from other sectors on a project-by-project basis, rather than at a strategic level.
 - London Waste Action set up London Remade, a separate company limited by guarantee, several years after it was formed by London First and The Association of London Government.
- 5.5 The partnerships also illustrate the broad range of potential funding mechanisms:
- In-kind funding from local authorities and other public agencies (WIAREP)
 - Financial support from the regional development agency (Renewables North West and Regen South West)
 - Financial support from Government Office (Renewables North West and Regen South West)
 - Financial support from corporate partners (Renewables North West and the Thames Valley Energy Partnership)
 - Raising finance from project-management services provided (CSEP and the Nottingham Energy Partnership)
- 5.6 It should be noted that, with one exception, none of the energy partnerships researched have charged a fee to participate: the consensus of opinion is that it is more important to get partners on board, and anything that might deter membership – such as a joining fee - is to be avoided.

- 5.7 Also noteworthy is that none of the existing energy organisations employed large numbers of permanent staff from the outset, but they have experienced growth over time as they have become more successful and expanded their workloads.

6. National & Regional Context for the LEP

- 6.1 In addition to the Mayor's Draft Energy Strategy itself, there are three other factors we consider to be relevant to the context within which the proposed LEP would be developed.

Deregulated energy market

- 6.2 In many other European countries frequently cited as having renewable energy or energy efficiency schemes that are much more developed than in the UK, energy supply and energy service companies are predominantly still under the control of central, regional or city-level government. In effect, political decisions can simply be implemented by arms of the state³².
- 6.3 In the UK, by contrast, the energy market is not merely fully privatised, but it has been so for many years. It is therefore a mature private sector market in which large corporations are subject the same pressures as enterprises in all other sectors of the economy and – other things being equal – behave in a similar fashion.
- 6.4 In such circumstances, there is a “double whammy”: on the one hand, it is only through engagement with such corporate entities that strategic energy solutions can be effected; on the other, the importance of ensuring attractive and effective means of engaging such entities in the LEP is paramount. If major energy companies are not properly engaged, then it is our judgement that the LEP will not be able to deliver and support effective sustainable energy initiatives.

Network Overload versus Partnership Novices

- 6.5 London has, in general, a superabundance of networks, partnerships and alliances, covering every conceivable area of policy. This is probably inevitable in a city of such scale and complexity.
- 6.6 However, not all networks or partnerships are effective, and in the field of energy it is difficult for us to conclude that there is a thriving culture of effective network operation. Indeed, if some of the existing networks had been operating more effectively in the past, then some elements of the Mayor's Strategy would be redundant – the issues would already have been addressed.
- 6.7 On the other hand, a review of the composition of London's energy networks reveals a relatively small number of “usual suspects” – well-resourced, usually state-funded organisations that are able to engage with climate change, hydrogen, renewables and so on all at the same time.

³² The profoundly different political and institutional arrangements in countries such as Denmark are part of the reason that continental European examples of energy partnerships have not be illustrated in this study. See, however, the forthcoming review of “London's Environment Sector” by the London Development Agency, undertaken by Brook Lyndhurst in conjunction with MORI and Herbert Girardet and which includes a comparative review of the institutional arrangements associated with the development of strong environment sectors in a variety of European cities.

- 6.8 In comparison with, for example, the world of regeneration, it is nevertheless the case that London's energy "constituency" is relatively inexperienced at partnership working.
- 6.9 The development of the LEP will, in our view, need to proceed sensitively in such circumstances. Move too fast, and the initiative will quickly become dominated by the well-resourced "usual suspects" to the exclusion of a range of other partners whose participation should, in theory at least, be beneficial; move too slow, and more experienced partners may become disillusioned with the whole idea.

Energy White Paper

- 6.10 The Government's Energy White Paper was published on 24th February 2003³³. It is beyond the scope of this report to give a full assessment of the relationship between the White Paper and the Mayor's Draft Energy Strategy, or to assess the potential impact of the one for the other.
- 6.11 However, there is no doubt that the interaction between the national and the regional strategies will be a material issue for the outcome of both strategies and, indeed, for the operation of the proposed LEP.
- 6.12 The White Paper contains a number of recommendations – associated, for example, with targets for the reduction in CO₂, or the uptake of CHP – that align closely with the proposals in the Mayor's Strategy. We have not systematically appraised these issues.
- 6.13 However, a number of the White Paper's proposals are clearly of direct relevance to the need for and operation of the LEP. The White Paper:
- states that a working group with OFGEM will be set up to explore how to create effective markets for energy services
 - states that existing national targets for CHP will be maintained and new CHP targets for the Government Estate will be implemented
 - signals the intention to amend the regulatory framework to facilitate connection to the distribution network of an increasing number of small renewable and CHP generators
 - offers an additional £60m in capital grants for renewables over the period 2002-2006
 - urges regional and local government to develop local policy to balance national energy policy against local/regional concerns, to set targets negotiated between local and national government and to develop detailed action plans on renewable energy and energy efficiency

³³ DTI (2003) "Our Energy Future – creating a low carbon economy"

- states that statutory guidance on social and environmental issues to OFGEM will be made more specific and the code panels which advise on code revisions will include people with expertise in renewables and the environment
 - states that the existing guidance on information required to accompany power station consent applications is to be reviewed so that applicants will need to provide significant evidence clearly demonstrating that they have considered all economically viable options of CHP and community heating
 - states that a Sustainable Energy Policy Network of department units involved in delivering the White Paper's commitments will be set up and supported by a Sustainable Energy Policy Advisory Board of senior independent experts and stakeholders
 - states that The Sustainable Energy Policy Network will develop partnership with local and regional bodies on energy issues
- 6.14 All these factors will clearly form an important part of the backdrop to the foundation and operation of the LEP. The White Paper does not set out in detail how exactly the above intentions are to be acted upon, but the Government has committed to publish an 'implementation plan' within the next year and then to report annually on progress that has been made towards achieving the objectives set.
- 6.15 As the above bullet-point summary shows, many of the initiatives that the government intends to put in place look set to help the Mayor, and any London Energy Partnership, deliver the aims of the Strategy. However, it also raises the potential for more central government involvement in energy issues at the local and regional level, and more partnership working at the national level. This will bring with it a corresponding increase in the demands made on players in the London energy sector. This point underlines a point already made in the Strategy: the need for a London Energy Partnership to be set up, and to function, with a keen awareness of how to bring on board, but not to duplicate, the work of other initiatives, networks and partnerships.

7. Evidentiary hearing

- 7.1 On 1 April 2003, the Committee held an evidentiary hearing at City Hall. At the hearing, Members had the opportunity to question a number of expert witnesses (listed at Annex E) in connection with the scrutiny.
- 7.2 Each witness outlined briefly their experience of partnership working in the energy or other sectors, and answered questions from Members on the lessons learned and how these related to the proposals for the LEP.
- 7.3 The key themes identified during the evidentiary session were as follows:

Partnership structures

- 7.4 Cornwall Sustainable Energy Partnership (CSEP)³⁴ has a similar structure of steering groups and task groups to that proposed for the LEP, with the local authorities at the heart of a partnership of 50 private- and public-sector organisations.
- 7.5 Regen South West (RSW)³⁵ is established as a not-for-profit company, effectively the renewable energy office for the south west.

Steering group/task group membership

- 7.6 CSEP task groups cover 8 sectors – the steering group provides high level strategic support. Initially it was difficult to obtain ‘buy-in’ from partners but key organisations are now keen to join the steering group as they have real effects and outcomes from the work. However, it is important for this group not to be too large. Crucial to success has been securing the appropriate senior individuals to serve on the task groups. Key task group players from the public sector are the local authorities (including those with planning responsibilities) and the health trusts (who have an important role in relation to fuel poverty). Private sector representation has been secured through existing umbrella business organisations.
- 7.7 Other witnesses³⁶ supported an approach of building on the work of existing/emerging projects and partnerships to form the initial task groups, with others developing as issues emerged. This would enable early delivery of projects while the partnership was forming, which would in turn help to ‘sell’ the partnership and obtain the necessary buy-in.
- 7.8 The CHPA representative considered that it was not necessarily a disadvantage that many of these existing groups were GLA-led as this would provide the necessary early leadership and a London-wide perspective. Over time it was hoped that other partners would increasingly take the lead within the groups.

³⁴ Tim German, Programme Co-ordinator, Cornwall Sustainable Energy Partnership

³⁵ Duncan Price, Principal Consultant, ESD Ltd (consultants to Regen South West)

³⁶ Mike King, Consultant to the Combined Heat and Power Association (CHPA); Tim Curtis, Chief Operating Officer, Energy Saving Trust

Leadership of the partnership

- 7.9 A number of witnesses with experience of energy partnerships stressed the importance of the partnership having a ‘champion’³⁷ with the profile and force of character to provide leadership and rally others behind the work, especially initially before the partnership had evolved. For this reason it would be important for the Mayor to be closely identified with the initiative, although one witness³⁸ questioned whether the Mayor himself would be able to focus adequately on this one issue, given the many other matters vying for his attention. There was also value in the ‘champion’ being seen to be independent from funders.
- 7.10 Experience in Cornwall³⁹ showed that it was equally important to have champions within each of the partner organisations; and that the main drivers for the partnership are the actions and strategies it produces. These are what make people want to get involved, and demonstrate that the partnership is more than a talking shop.
- 7.11 The EST representative⁴⁰ agreed that potential partners - local authorities, businesses and others - would consider what extra outcomes they would see when assessing the value of participation. The point was made⁴¹ that people would get involved if they thought something was going to happen, and effective strategic leadership from the centre would help to give confidence that this was the case. However there is a balance to be struck and the ‘lead’ organisation should not be too dominant⁴². It is important to take account of all partners’ agenda and be prepared to revisit areas which were not working satisfactorily and start again from scratch.

Timing/speed of development

- 7.12 A number of witnesses referred to the importance of this factor. A speedy development of the partnership can provide early delivery of outcomes and capitalise on initial enthusiasm, but there was a possibility that important issues or potential partners might be left behind.
- 7.13 Those involved in partnerships elsewhere stressed the crucial need for consultation and discussion in the early stages to ensure that all partners’ agendas were addressed. CSEP⁴³ had published a concise action plan at the outset of the work - this was signed by all the partners and was subsequently developed into a more detailed business plan once the partnership was operational. Experience at ReGen South West (which did not have a strategy document in place at the start) and the Energy Efficiency Partnership for Homes (EPPFH)⁴⁴ had also shown the importance of the buy-in process and of not devaluing this in the rush to get the partnership up and running. Certainly it

³⁷ Mike King, CHPA; Duncan Price, ESD Ltd.

³⁸ Julian Carter, Manager, Renewables North West

³⁹ Tim German, CSEP

⁴⁰ Tim Curtis, Chief Operating Officer, Energy Saving Trust (EST)

⁴¹ by Mike King, CHPA, based on experience of the Energy Efficiency Partnership for Homes

⁴² Tim German, CSEP

⁴³ Tim German, CSEP

⁴⁴ Duncan Price, ESD Ltd; Tim Curtis, EST

was not productive to discuss detailed arrangements/ membership fees before buy-in was secured and aims and objectives agreed. Both partnerships had experienced a period of some confusion at the start but this was necessary to foster ownership and resolve tensions (e.g. between energy suppliers and efficiency experts). The main task for the first 6-9 months would be to secure positive engagement and buy-in from stakeholders.

- 7.14 Set against this need for a buy-in period, however, is the importance of delivering some early achievements and 'quick wins' both to foster confidence in the process and to provide a foundation for further projects. The EST now accept that the EEPFH took too long (3 years) to become fully focussed and operational.
- 7.15 Early action was particularly important in the field of renewable energy where Government funding was time-limited and there was a window of opportunity for development before nuclear energy came back onto the national agenda⁴⁵. The Energy White Paper provides a context for the work and confidence that action will be possible, and makes it clear that partnership working is the way forward. Many other regions were already appointing 'renewables champions' to take advantage of the available funding⁴⁶.
- 7.16 A number of witnesses felt that the best way forward was therefore to target a limited number of initial, specific priorities to be progressed as quickly as possible with the involvement of existing groups and partnerships, to foster confidence in the process while the detailed arrangements and wider programmes were developed in joint discussion over a longer time frame.

The agenda for the Partnership

- 7.17 Three witnesses⁴⁷ stressed the importance of addressing adequately the social agenda. Experience had shown that there was a danger this could be marginalised as the work focussed on the economic and environmental agendas. However, strategies would not be genuinely sustainable if they did not embrace fully all three themes.
- 7.18 CSEP has a priority programme directed at each of its task groups, which are the main drivers of action. However it was important not to duplicate the work of existing organisations or agencies - the partnership had to adding value and doing something unique (e.g. linking together areas previously being progressed separately). The Cornwall partnership only meets as a whole once a year due to its size. It provides an overall cohesive approach but the main work is in the task groups. Some participants are only interested in a single issue and buy-in to the relevant task group. This structure enables a 'bottom up and strategic down' approach.
- 7.19 Regen South West had also demonstrated the value of such links. Energy and emissions targets had been in place for many years but had not been met. The partnership could make a difference by bringing together the people delivering projects with those assessing the strategy.

⁴⁵ Duncan Price, ESD Ltd

⁴⁶ Julian Carter, Renewables North West

⁴⁷ Tim German, CSEP; Duncan Price, ESD Ltd; Mike King, CHPA

- 7.20 A number of witnesses⁴⁸ emphasised the importance of the partnership focussing on a limited number of key objectives and not trying to do too much, especially in the early days. There was a feeling that the range of tasks envisaged for the LEP was too wide and numerous. It would be better to focus on 3 to 6 clear specific objectives which could be achieved in a reasonable time, rather than attempt to do everything from day one. Tim Curtis⁴⁹ felt that the approach should be to ‘simplify, focus and communicate.’
- 7.21 A key and valuable role which the partnership in the North West⁵⁰ had developed was dealing with enquiries and signposting organisations through the confusing plethora of funding streams which were available.
- 7.22 With regard to monitoring of achievements, all witnesses agreed that this was crucial. Regen South West had found that monitoring was essential for the partnership to retain credibility and demonstrated that it was not merely a talking shop. Renewables North West had clear targets and a work plan in place which were subject to regular monitoring. EST and CHPA felt that it was particularly important to set targets in cross-sectoral areas of work, e.g. where a range of technologies was involved.

Funding the Partnership

- 7.23 CSEP started without core funding. Funding for management of the partnership is ‘top-sliced’ from the resources generated for projects. There is no charge for membership in order to encourage inclusive participation as possible.
- 7.24 Other witnesses⁵¹ felt that adequate funding was crucial if the partnership was to deliver, and that it was not productive for the partnership itself to have to identify funding for subsequent years, as this would inevitably become the priority for the partnership, distracting attention from other projects and/or skewing the partnership’s agenda towards larger funders. A partnership with secure core funding for up to 2 or 3 years would find it easier to obtain buy-in from partners and to recruit quality ‘champion’ staff, as there would be greater confidence that the partnership meant business and was there for the long term.
- 7.25 Ultimately it was important for a variety of partners to contribute funding, but witnesses⁵² felt that in the shorter term this core funding may have to come from the GLA, possibly in the form of an agreement to underwrite the costs. It was recognised that the LEP’s task was larger and more complex than in many other regions and that adequate support would be required.

An independent partnership/staffing support

- 7.26 Experience in Cornwall and elsewhere⁵³ suggests that even though the local authority needs to be seen as the driving force behind the partnership, at least

⁴⁸ Tim Curtis, EST; Duncan Price, ESD Ltd; Julian Carter, Renewables North West

⁴⁹ Tim Curtis, Chief Operating Officer, Energy Saving Trust (EST)

⁵⁰ Julian Carter, Manager, Renewables North West

⁵¹ Tim Curtis, EST; Julian Carter, Renewables North West

⁵² Duncan Price, ESD Ltd; Mike King, CHPA

⁵³ Tim German, CSEP; Duncan Price, ESD Ltd

initially, there is value in the partnership having staff resources who are seen as independent and are able to champion the partnership's agenda and where necessary question the funders. The Manager of the Cornwall SEP is not employed by any of the participating local authorities. A similar model is in place in the Western Isles.

- 7.27 The Energy Efficiency Partnership for Homes is facilitated by the Energy Saving Trust. EST's leadership was crucial in the early stages, to get the partnership up and running and give it credibility. Subsequently (after 3 years) the partnership has started to assert its independence and other partners have taken over the chairs of working groups, whilst EST has adopted more of a secretariat role.

Issues for the partnership to address

- 7.28 Witnesses identified a number of key issues which were not currently included in the proposed tasks for the LEP as set out in the Mayor's draft Strategy, but which experience elsewhere had shown were important matters to be addressed either in the short- or medium- term:
- 7.29 Education⁵⁴ - there was a need for awareness raising about energy efficiency and renewable energy, not merely amongst the public, schools etc, but also amongst local authority members and officers involved in the planning process. In many areas severe problems had been encountered in obtaining planning permission for important renewable facilities.
- 7.30 The planning process⁵⁵ - in addition to education programmes there was a need for a planning framework to enable the major opportunities presented by significant new developments such as the Thames Gateway to be seized.
- 7.31 Developing the Green Economy⁵⁶ and assisting businesses to benefit from the growth in this market sector.
- 7.32 Sub-regional targets⁵⁷ - translating regional targets into sub-regional and local targets is absolutely key to making projects happen on the ground. The greatest challenge in the South West was transferring the regional aspirations to a local level and getting buy-in from local partners. This will be a particular issue across the 33 boroughs of London.
- 7.33 National funding timetables⁵⁸ - there would sometimes be tension between the need to spend time developing the partnership/bringing partners on board and the need to respond to the tight deadlines set for national funding opportunities.
- 7.34 Marketing and delivery of energy efficiency initiatives.

⁵⁴ Tim German, CSEP; Julian Carter, Renewables North West

⁵⁵ Julian Carter, Renewables North West; Duncan Price, ESD Ltd.

⁵⁶ Julian Carter, Renewables North West

⁵⁷ Duncan Price, ESD Ltd

⁵⁸ Tim German, CSEP

8. Findings – Key themes

8.1 In the light of our review of the general literature and research on partnerships, and the more specific investigation of energy- and London-specific partnerships in the UK at present, and drawing on the evidence presented by our expert witnesses, we have identified a number of key themes and principles which we feel represent good practice and should guide the development of the LEP:

- There is a need for early action, particularly in relation to renewables funding. The Partnership needs to make speedy progress in order to capitalise on initial enthusiasm and to enhance its credibility
- At the same time, the early progress should not be at the expense of the crucial development work required to bring partners fully on board and secure their buy-in to the work.
- Therefore it makes sense to build on existing work and incorporate existing networks into the Partnership.
- It will be valuable for the Mayor to take a lead in the development of the partnership but he should not dominate the process. Consultation and ownership of the process by stakeholders is key and all partners' agendas must be addressed.
- Initially there should be a limited number of tasks and objectives for the partnership.
- This approach can be characterised by the following guiding principles:
 - Simplify
 - Focus
 - Communicate
 - Act
- Subsequently a broader agenda will be appropriate, involving all sectors and addressing the full range of issues including health, education and the planning process.
- Core funding should ideally be available for a three year period to enable the Partnership to develop and to focus on delivering objectives.
- Adequate dedicated core staff should be available to the Partnership.
- Crucially, the partnership should ensure that the social, environmental and economic agendas are all progressed with equal emphasis. It should add value to, and not duplicate, the work of other agencies; and should ensure that effective targets and monitoring systems are in place for all initiatives.

9. Critique of the Mayor's proposals

- 9.1 Consistent with the themes outlined above, we make the following comments on the Mayor's proposal for the London Energy Partnership:
- 9.2 In general terms, the proposals are consistent with the themes of best practice emerging from research and evaluation at European and UK level.
- 9.3 However, the Mayor's diagrammatic representation of the proposed partnership structure is unhelpful and a potentially misleading simplification. In particular, it conveys the notion of an "end state", a position when the LEP will be "complete".
- 9.4 In our view, the LEP needs to be conceived of as a "process" not a "state" – and the current proposals seem to propose no more than a start up and inception phase, followed by a "state". Linked to our concerns about this are further concerns about the proposed mechanisms for establishing the various component parts of the LEP – in general, they appear "idealised" rather than practical.
- 9.5 The current proposals do not seem to take proper account of the potential difficulties of introducing such a large, new structure into a constituency with little track record of partnership working. Whilst we find it relatively straightforward to see why some partners should join specific issue groups (or networks or partnerships) the sheer scope and generality of "energy" will, in our view, be beyond many potentially important participants.
- 9.6 Potential partners will also, in our view, be put off by the scale of what is being asked of them. Chapter Six of the Draft Energy Strategy identifies no less than 8 policies and 34 proposals for action for an entity that doesn't yet exist. Such a remit would be daunting even for an established, capable and well-resourced organisation.
- 9.7 In addition to the number of tasks, the range and nature of the tasks is, in our view, inappropriate. At one extreme, the LEP is invited to conduct strategic level review of the overall Strategy⁵⁹, at the other, it is invited to review the HelpCo scheme (6.39), promote Barkantine CHP (6.41), evaluate Thamesway Energy (6.42) and assess the benefits of the Newham Warm Zone (proposal 112). We find it difficult to envisage how a new, strategic partnership could manage such a dichotomous brief.
- 9.8 Finally, we note that the Draft Strategy states that "The Mayor considers that the London Energy Partnership should be independent" and that he "does not expect to be in a position of greater influence over partnership decisions than any other individual member organisation" (6.7). However, the Strategy then goes on to state that the London Energy Partnership's work "would be expected to deliver the strategic framework set out in the Mayor's Draft Energy Strategy" (6.10). The rest of Chapter 6 of the Strategy (from 6.30 onwards) goes on to set out in some detail the work that the Mayor wishes a London Energy Partnership to undertake.

⁵⁹ Mayor's Draft Energy Strategy, Box 4, pp 208

- 9.9 We believe there is considerable tension in this position: on the one hand, the partnership will undoubtedly need strong leadership; on the other, if it is *perceived* to be under the control of a single organisation (or narrow clique) – and it is the perception that is key – then it will fail against several of the most important success criteria identified in the literature.

10. Recommendations for establishing the LEP

Timing/sequence of development

- 10.1 In the light of the findings from the literature and from our consultations, the current London context and our concerns about the current proposals for the London Energy Partnership, we reach the following general conclusions.
- 10.2 First and foremost, there is a balance to be struck between, on the one hand, moving forward too quickly and, on the other, moving too slowly. A rapid move forward – building on the momentum already achieved in some partnerships, building on the momentum generated by the Energy Strategy itself, recognising the urgency of some of issues at stake – runs the risk of “forcing” the partnership, of not allowing the fabric of trust and mutual responsibility required for successful partnership working to develop.
- 10.3 A rapid move forward might make it possible to achieve some outcomes in the short term, but may reduce the chances of success in the longer term.
- 10.4 Developing more slowly would allow the London energy constituency more time to learn the rules of partnership working. However, develop too slowly and the LEP runs the risk of failing to persuade key partners of the value of the partnership.
- 10.5 Timing issues are not merely of theoretical or abstract interest. The timing of the consultation phase on the Strategy and the projected date for publication of the final strategy are such that early moves may be (or may seem) premature; while delaying could run into the practical difficulties associated, say, with the election timetable. A tactical ‘middle way’ is, in our view, required.
- 10.6 In order to illustrate how such a ‘middle way’ might work in practice, we set out at Annex A our proposition for a practical development sequence for the LEP, building on the work of and incorporating a number of existing networks.
- 10.7 Annex B sets out in diagrammatic form the way in which these networks might relate to the LEP , bringing together a wide range of partners to inform and deliver the Partnership strategy.

Recommendation 1

The Mayor’s Strategy should address the key issues of the timing and sequence of development for the LEP, and the Committee’s concern that the desirability of swift progress during 2003/04 needs to be balanced by effective and thorough partnership development. In this regard the Mayor should consider the suggested timetable/development sequence set out in Annex A and summarised in recommendation 2 below.

Recommendation 2

The Development of the LEP should be undertaken in 5 phases as summarised below and set out more fully in Annex A:

- **Phase 1 (May 2003-September/October 2003) – Shadow Steering Group to be established, comprising mainly existing groups (operating as de facto working groups). First meeting to be called by the Mayor in May 2003, then monthly meetings**
- **Phase 2 (September 2003-December 2003) – First meeting of the London Energy Partnership Forum in September/October 2003. To establish full Steering Group, additional working groups, develop Draft Action Plan and rules for membership and participation. Completion of the dedicated staff team.**
- **Phase 3 (January 2004-April 2004) – Finalisation of Action Plan, rules for membership and participation. Confirmation of detailed timetable for 2004/2005.**
- **Phase 4 (May 2004 – September 2004) – Review of progress, establish new working groups, proposals for cross-cutting themes, prepare for second meeting of the LEP Forum**
- **Phase 5 (October 2004 – March 2005) - LEP fully established, with a rolling 3 year Action Plan.**

Work programme for the LEP

- 10.7 The current array of tasks which is envisaged for the LEP is both too long and too broad. Even the exercise of inviting the (non-existent) partnership to do its own prioritisation is a very challenging place to start.

Recommendation 3

The number of tasks with which the LEP is charged must be reduced. We suggest that tasks be prioritised in accordance with the needs of developing the partnership – that is to say, in the early phases of the LEP, priority should be given not to tasks that are the most urgent from an *energy policy* perspective but from a *partnership development* perspective.

- 10.8 In this context it is possible to identify one or two main tasks within each of our suggested working group areas which could both provide a focus for the initial work and assist in the development of the partnership itself. For example, we believe it is essential that London should receive its fair share of the £60m funding announced nationally for the development of renewable energy, as a solid foundation for the LEP's work in this area. It would therefore be appropriate for the Renewables Group to prioritise lobbying for an adequate level of funding for London.

- 10.9 With regard to Combined Heat and Power, a viable CHP network will be necessary if London is to achieve its targets for reduction of CO2 emissions, and

we consider that progressing the development of the emerging 'Ring Main' for CHP in London will be particularly valuable in this regard.

- 10.10 On energy saving, there is a readiness on the part of the commercial sector to address this issue for both environmental and economic reasons, particularly in the light of the Climate Change Levy. The potential contribution of this sector is very significant and enhancing their engagement should be an early priority. The Green Procurement Code offers a significant opportunity in this area.

Recommendation 4

In accordance with recommendation 3, we recommend that the key tasks for the initial phase of the partnership should focus on a limited range of deliverable objectives, building on work which is underway or currently proposed. Indicative tasks for each of the working group areas are included on the diagram at Annex B and are listed below:

Renewable energy

- **Awareness raising/education programme**
- **Lobbying for London's share of £60m Government funding**

Hydrogen Partnership

- **Development of the Action Plan**

Climate Change

- **Awareness raising**
- **Address climate change impacts of London's growth areas and transport infrastructure**

Energy Saving

- **Promote engagement of the commercial sector including development of the Green Procurement Code to include CO2 targets**

Combined Heat and Power

- **Development of the emerging Ring Main for CHP in London**
- **Lobby Government for London's share of national funding**

Membership and Partnership Development

- 10.11 We believe that the London Energy Partnership must be seen as an ongoing process, not as an institution with some "end state" configuration. The complexities of partnership working, of London and of energy issues are such that any detailed prescription for an end-state will be, at best, misplaced and, at worst, counter-productive.
- 10.12 We strongly feel that the boundary implied by the current proposals between LEP working groups and existing (or potential) networks/partnerships is an artificial one. We would prefer an approach which inverts the model suggested in the Strategy: rather than initiating a partnership which then devises working groups, we propose that *de facto* working groups are brought together to

become the partnership. It must be recognised (building, in particular, on the Cambridge University research into regeneration partnerships) that it is the partnership that makes the difference, not the issue, not the place, not the level of resources. It is of the highest importance for the Energy Strategy – and for London – to get this right.

Recommendation 5

The Mayor should recognise that in some cases existing entities are well-positioned actually to be or become working groups of the LEP, and should conceive of existing networks/partnerships as nascent working groups of the LEP as part of a 'middle way' development route.

Recommendation 6

Membership of the LEP should be driven, in the first instance, by the composition of the Shadow Steering Group and, thereafter, by willing participation in the Forum and/or participation in new and evolving task groups.

Recommendation 7

The full "rules" should be worked out by the members; not by consultants, the Assembly or the Mayor (this will maximise the role of the partnership and help to ensure that it both is, and feels, independent).

Resourcing – staffing and budgets

10.13 Considering the proposed structure and developmental path, and in the light of the levels of resourcing currently devoted to energy partnerships in other parts of the country, we estimate that a team of four individuals would be required as a core secretariat in the first instance.

10.14 This would comprise:

- a Chief Executive
- a senior support professional (with partnership development experience)
- a researcher
- an administrator

10.15 Annual costs for such a team would run at approximately £200,000 per annum. Assuming that such a team was in place by the autumn, costs in Year One (2003/04) would be in the region of £100,000.

10.16 The GLA's agreed budget for 2003/04 includes a number of allocations to the key areas of the LEP's activity and proposed tasks:

- Partnership development: A sum of £30k is included to develop the LEP, with £60k and £80k earmarked in 2004/05 and 2005/06 respectively. The GLA's contribution is expected to lever in over £100k per year from Central Government, industry, the Energy Saving Trust and other sources. We are hopeful that additional leverage can be applied to bring the total figure close to £200k.
- Renewable Energy: In October 2002 the GLA successfully led a partnership bid to the DTI for funding totalling £461k to stimulate action to help meet the renewable energy targets proposed in the strategy. This figure includes provision for a post, which will promote exemplary projects and the delivery of renewable energy targets. This post will be the cornerstone of the Renewables partnership work and will be crucial to obtaining funding from other sources including the £60m DTI funding referred to at paragraph 6.13.
- Energy Action Areas: An amount of £60k is included in 2003/04 (growing to £100k in 2005/06) to identify areas and proposals for high profile, large scale demonstration projects of sustainable energy technologies. The projects identified will be developed within the context of the LEP and may include energy efficiency, combined heat and power, and photovoltaic programmes.
- Hydrogen Partnership: £25k is earmarked in each year from 2003/04 to 2005/06 to facilitate and pump prime the partnership. Additional funding from other members of the partnership is expected to amount to at least £100k per year.
- Marketing Campaign – Green Power for London: This work will begin in 2004/05 (£50k budget). It will promote greater awareness of the benefits of renewable energy installations, and will take forward the 'renewable energy targets' project.

10.17 We feel that the Mayor should prioritise the identification of core funding for the Partnership from within existing budget allocations from 2003/04.

Recommendation 8

Priority should be given to establishing adequate staffing for the LEP at an early stage, and the core funding for this should be provided by core members of the partnership. In the very first instance, since it is the Mayor that is 'calling' the meeting, the Mayor should identify funds to catalyse this core funding with a substantial contribution from within existing budget allocations.

10.18 Core costs in Year Two (2004/05) would then be covered by a mix of inputs, according to discussions among partners (analogous to the London Climate Change Partnership discussions, for example). Core costs thereafter would need to be considered as part of the rolling Action Planning work by the LEP and its officers. However, in order to provide the certainty required to develop the LEP effectively, we consider that the Mayor should take the longer term funding needs of the LEP into account in his budget process for 2004/05 and 2005/06.

Recommendation 9

That the Mayor should further take into account the funding requirements of the LEP in his budget making process for 2004/05 and 2005/06, and should work with partners to ensure that adequate core funding is available throughout this period to provide the necessary certainty to enable the Partnership to develop effectively.

- 10.19 Other (project) income would need to be considered on a case-by-case basis, with resources, tasks and management all carefully considered and integrated in an ongoing fashion. This is further justification for having more than merely a nominal secretariat. A list of possible sources for such project-type income is provided at Annex C.

Monitoring, evaluation & feedback

- 10.20 It will be very important, both for the operation of the Partnership and for the wider credibility of its work, for clear and effective monitoring, evaluation and feedback mechanisms to be in place.

- 10.21 The Strategy suggests that at the end of the first year, the Steering Group should conduct a review of the structure and function of the Partnership and recommend whether and if so, how, it should continue (6.16).

- 10.22 The review will serve two main functions:

- Internal: it will allow the partners to assess the Partnership's strengths and weaknesses, failures and successes, and hopefully to build on what has been learnt (or in the worst case scenario, disband the Partnership).
- External: it will provide a process whereby the wider constituency can comment on the work of the Partnership, and provide a document that will report on the review process and its findings. This will provide an opportunity for scrutiny by and accountability to, the wider London energy constituency.

- 10.23 In both cases, the support and/or perspective of external partners will be important. The London Assembly, as a scrutiny body, is well positioned to play this role.

Recommendation 10

The process of review should be an ongoing one, particularly during the early, developmental phases. The LEP and the London Assembly should discuss and reach agreement on the best mechanisms for providing an external perspective to the review process.

Closing Remarks

- 10.24 We are aware that the concepts of “success” and “failure” in partnership development are very relative concepts. On the one hand, anything falling short of the best practice standards outlined in Chapter 4 will constitute failure; on the other, even very modest achievement by the LEP might represent success.
- 10.25 There are examples of partnerships that looked very much like failure after two or three years, but which now – a further two or three years on – are heralded as beacons of success.

Recommendation 11

Whatever form the Partnership takes, and irrespective of the speed with which it is eventually set up, the LEP should be given several years – perhaps four or five – before any definitive attempt at assessing “success” or “failure” is made.

Annex A - Suggested Developmental Sequence

Phase 1 – May 2003-September/October 2003

- 1.1 A shadow Steering Group should be established in May 2003. It should comprise representatives [from the Steering Groups] of the following groups. Most of which are currently in existence:
- **London Renewables Group**
 - **London Hydrogen Partnership**
 - **London Climate Change Partnership**⁶⁰
 - **A London Energy Saving Partnership** (London Remade, GLEEN, HECA Forum, Association for Conservation of Energy, SEA, CEN, Carbon Trust including Energy Action, Business Line, Waste Watch).
 - **A London Combined Heat and Power Group** (GLA, ALG, Boroughs, GOL, LDA, Energy Saving Trust, CHPA, SEA, CEN etc.)
- 1.2 Annex B sets out in diagrammatic form the way in which these groups would relate within the overall LEP structure to inform and deliver the Partnership strategy. It also lists the constituent organisations of each and identifies indicative tasks for each group in the first phase of the Partnership.
- 1.3 The first meeting of the Group should be called by the Mayor. It should anticipate meeting at least once per month during the first phase. The participating groups should operate as *de facto* working groups of the partnership during Phase 1.
- 1.4 The immediate tasks for the shadow Steering Group should be as follows:
- to plan for a first meeting of a London Energy Partnership Forum in September/October 2003
 - to begin the process of appointing a staff team (including making decisions on where such a team could be based and how it can be funded – see Resourcing, below)
 - to draft a broad statement of aims for the partnership ('a mission statement'), which defines at the highest strategic level, the essence of what the partnership has been formed to do (that is, reduce CO₂ emissions and alleviate fuel poverty). The draft Strategy sets out a 'suggested purpose' for the LEP (Box 4 p208). However, in our view this suggestion is too detailed and constricting to allow the partnership to develop independently and evolve its role over time as it sees fit.
 - to prepare a first Draft Action Plan (which should build upon the by-then-published Final Energy Strategy; should incorporate, if the London Strategy has not fully done so, the Energy White Paper; and should consider these proposals for working group structure and sequencing)

Phase 2 – September 2003-December 2003

- 2.1 The London Energy Partnership Forum meeting (in early autumn) should:

⁶⁰ Curiously absent from the partnerships cited in Chapter 6 but, in our view, given the priority of CO₂ emissions within the strategy and the fact that the partnership already exists, a useful participant.

- modify and/or endorse the Shadow Steering Group, at which point it becomes the Steering Group
- reach decisions on the extent to which the de facto working groups can continue as “actual” working groups or whether new, parallel working groups are required
- comment on the Draft Action Plan
- comment on and/or agree to proposals for working group structures and evolution

2.2 Phase 2 should also, in our view, involve:

- initiating two new additional “working groups”, including one focusing on energy efficiency (without, in the first instance, distinguishing, as the Draft Strategy does, between domestic and commercial)
- to begin specifying the rules for membership of and participation in the LEP itself
- further development of the Draft Action Plan (including preliminary work on targets, as well as work on task prioritisation)
- completion of the dedicated staff team⁶¹

2.3 During Phase 2, the (post-Forum) Steering Group should still be meeting around once per month.

Phase 3 – January 2004-April 2004

3.1 The objectives in Phase 3 should be:

- to finalise and publish the LEP’s Action Plan, highlighting in particular the priorities for *their* action and the targets they are suggesting for the various indicators highlighted in the Draft Energy Strategy
- to finalise clear rules for membership and participation, for all the constituent parts of the LEP – Steering Group, working groups and Forum.
- to confirm a detailed timetable for 2004/2005

3.2 A key target will be for the Steering Group to reach these milestones before the Mayoral and Assembly elections which, we think it is reasonable to expect, could be disruptive for a number of initiatives, particularly those such as the LEP which will still be relative new and fragile.

Phase 4 – May 2004 – September 2004

4.1 During this phase, the following should be priorities:

- reviewing progress of current working groups, and amending the partnership’s structure accordingly

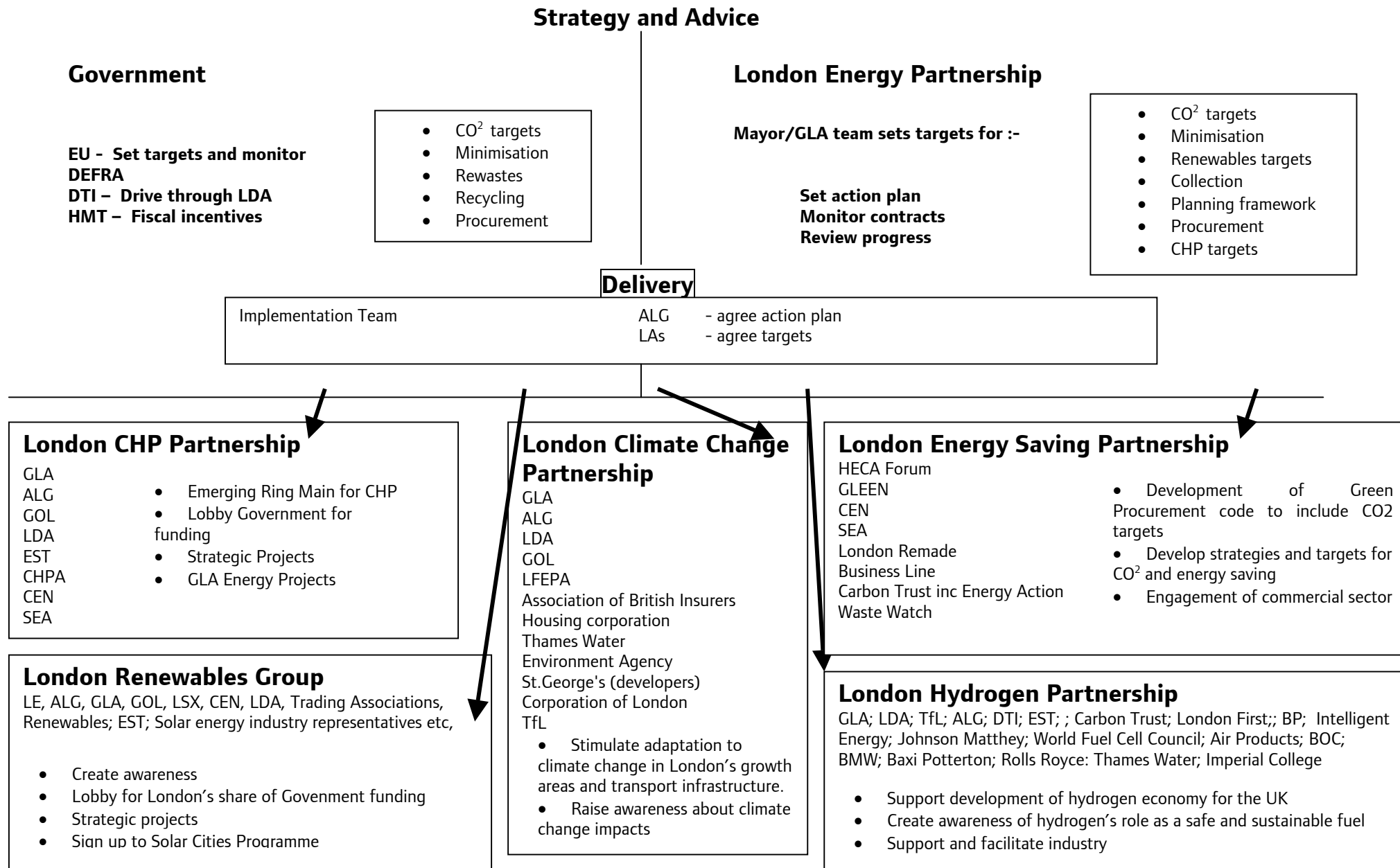
⁶¹ The most important appointment will be that of a Chief Executive (see Resources). Such an individual may well be difficult to find and appoint. Tactical decisions on the part of the Shadow Steering Group will need to be taken in terms of the timing of events and the timing of recruitment/appointment.

- establishing the following new working groups (as per the suggestions in the Draft Strategy): energy services, energy action areas (decisions on the location of which should by then have been made), and splitting the energy efficiency group into the commercial and residential sub-sets suggested in the Draft Strategy
 - reaching decisions on how best to treat the cross-cutting themes (of, e.g. funding and communications) since, in our view, working groups may not be the best way of managing these issues
 - establishing full monitoring and evaluation mechanisms
 - preparing for and, subject to precise timing, the second [annual] meeting of the London Energy Partnership Forum
 - subjecting the Steering Group to an annual elective process by the wider partnership (and/or the working groups from which the partnership is comprised) according to the rules and protocols developed during Phase 3
- 4.2 Clearly, in addition, the various working groups will need to be making progress against the Action Plan.

Phase 5 – October 2004 – March 2005

- 5.1 The LEP should now be fully established, with an Action Plan on a rolling three-year basis.
- 5.2 Key indicators of success or failure will, by this stage, be apparent: resources and funding from other sources will, or will not have been secured; decisions on whether to incorporate, remain an affiliation, set up not-for-profit delivery arms and so on will be practical and reasonable decisions to be taking by this stage.
- 5.3 In our judgement, this is as far ahead as it is reasonable to think at this stage.
- 5.4 Finally, however, there is no “final”. The LEP will not be “complete” by this stage, it will merely be up and running.

Annex B: London Energy Partnership - Strategy & Advice/Delivery Structures



Annex C – Potential sources of funding for project costs

The funding utilised by the partnership can, broadly, be of two kinds (although these are not mutually exclusive): core/strategic and project-based. In the case of the latter, the funds available will depend to a large extent on the type of projects being undertaken. The following table gives an indication of some of the funds currently available.

| |
|--|
| 'Clear Skies' Renewable Energy Grants, DTI/BRE |
| The Community Renewables Initiative, DTI/Countryside Agency |
| Community and Household Capital Grants Scheme, DTI |
| Community Energy, DEFRA/EST/Carbon Trust |
| Solar Grants Programme and Innovative PV Schemes, EST |
| Innovation Programme, EST |
| Kings Fund Development Grant |
| Housing Investment Programme, Government Office |
| Social Economic and Environmental Development (SEED) Programme; Renewable Energy Programme; Green Spaces and Sustainable Communities Initiative, all from the New Opportunities Fund |
| Transco Affordable Warmth |
| Innovation and Good Practice Research Grants, Housing Corporation |
| 'Working with Health Authorities', Health Authority |
| Eaga Partnership Charitable Trust (to relieve fuel poverty and promote energy efficiency) |
| Funding is available from the following European Union funds: |
| ALTENER III |
| ENERGIE |
| SAVE/ Intelligent Energy for Europe |
| URBAN |

Annex D: Current London energy networks

1. London HECA Forum

Regular meetings of local officers responsible for implementing the Home Energy Conservation Act (HECA) within their boroughs. Exchange of information and experience, discussion of issues relating to HECA.

2. London Boroughs Energy Managers Group (LBEMG)

Regular meeting of local authority officers and others (e.g. LFEPA, Metropolitan Police, Imperial College, Energy Consultants) responsible for energy management in public buildings. Arrange visits to sites of interest, e.g. Citigen, BedZed, etc.

3. London Utilities Consortium

Consortium of London Boroughs who have combined their purchasing power to obtain energy services.

4. Central London Energy Managers Group (CLEMG)

Network of energy managers from central London local authorities and large commercial organisations.

5. Local Agenda 21 Co-ordinators Forum

Network of LA21 co-ordinators

6. GLEEN (Greater London Energy Efficiency Network)

Current activities include:

- Development and management of a regional on-line database and information exchange network for London, including information on energy data, case studies, organisations and contacts, important documents, resources, etc
- Facilitation of a consultation process with the London local authorities to provide a consensus response from all the London boroughs to the Mayor's Energy Strategy. In partnership with the London HECA Forum and the LBEMG
- Management of financial incentive schemes to encourage the installation of condensing boilers in East London (in partnership with five local authorities)
- A combined grant and loan scheme for energy efficiency measures in the private rented sector (in partnership with 15 local authorities)
- Development of a private sector revolving loan fund to help Londoners invest in energy efficiency measures
- One-Stop-Surveyor pilot scheme in East London
- Creation and management of a network of energy efficiency installers, across London
- Subsidiary company, HelpCo, is a not-for-profit energy services company for London.

7. National Energy Action Fuel Poverty Forum

Quarterly meetings to discuss fuel poverty issues in London.

8. London and South-East Region Energy Efficiency Advice Centres

Quarterly meetings of the EEACs which serve London and the Home Counties. EEACs are funded by the Energy Saving Trust and other local sponsors to provide free and impartial energy efficiency advice to householders and small businesses within their catchment area.

9. Solar Cities

A proposal that is being mooted is the Solar City Programme. This hopes to bring together partners in industry, research and Regional and Local Government, who are working on renewable energy in London.

A Solar City programme is being promoted under the auspices of the International Energy Agency. The principal aim is to ensure that our cities realise a necessary and fundamental shift away from fossil fuel dependency. Further information can be sought from the Solar City website: www.solarcity.org.

Annex E – Witnesses providing evidence to the scrutiny

1. Julian Carter, Manager, Renewables North West

Renewables Northwest is an existing partnership which is the key agency driving and supporting the region's developments, through identifying and encouraging initiatives in vital renewable energy sources. It developed from the regional renewables assessment, which identified the need to establish a central renewables agency to push forward renewables in the North West.

Renewables North West is a not-for-profit company, with board members drawn from a number of different sectors and include: the Co-operative Bank; Scottish Power; Manweb; NWRDA; United Utilities and UMIST. Base funding has been contributed equally by the Regional Development Agency and United Utilities. Additional project funding has also been secured (in particular from the DTI's planning facilitation fund).

2. Tim German, Programme Co-ordinator, Cornwall Sustainable Energy Partnership (CSEP)

CSEP is a consortium of Local Authorities, Health Sector organisations including the Health Authority and Primary Care Trusts, local businesses, the renewable energy sector, community groups and voluntary organisations from Cornwall and the Isles of Scilly. It was initially developed at the request of a consortium of local authority officers who have responsibility for the delivery and administration of the Home Energy Conservation Act 1995 (HECA), to work with other external partners in order to be able to deliver effective energy saving and carbon reducing programmes across the communities and authorities of Cornwall.

Following 12 months of consultation including a strategic conference, the local authorities, housing associations, health trusts plus businesses and community organisations signed an Action Plan For Energy Partnerships.

The Partnership is overseen by a strategic steering group, which comprises of Chief Executive/ Director level representatives from each of the following sectors; Local Authorities, Health Sector, Education, Energy Efficiency, the Business Sector, the Renewable Energy Sector, the Community Sector and the Environmental Sector. Further information on the CSEP has been circulated separately to Members.

3. Duncan Price, Principal Consultant, Energy Sustainable Development (ESD) Ltd.

ESD was established in 1989 and is a leading international climate change and sustainable energy company. Working with clients in international, corporate and public markets ESD delivers sustainable energy solutions that transform climate change liabilities into social, economic and financial assets.

ESD works across the carbon climate change market - shaping the carbon market through policy, market mechanism development and trading; building

low carbon strategies for commercial and public clients and managing its effective delivery through low carbon and sustainable energy implementation.

Duncan Price joined ESD in November 2002. He has over 7 years' experience of energy in buildings and renewable energy technology and was previously Associate Director at Whitby Bird & Partners Engineers where he was responsible for innovative sustainable energy and sustainable development projects, particularly building-integrated photovoltaics, community wind power, solar-hydrogen-transport systems and sustainable urban regeneration.

4. Tim Curtis, Chief Operating Officer, Energy Saving Trust (EST).

The EST was set up by the UK Government after the 1992 Rio Earth Summit and is one of the UK's leading organisations addressing the damaging effects of climate change. Its goal is to achieve the sustainable and efficient use of energy, to cut the carbon dioxide emissions which are the key contributor to global warming. EST is a non-profit organisation funded by governments and the private sector.

Working with a range of partners, EST focuses on delivering practical solutions for households, small firms and the road transport sector - solutions which save energy and deliver cleaner air. Current priorities are:

- to stimulate energy efficiency in UK households and achieve social, environmental and economic benefits
- to create a market for clean fuel vehicles which will deliver local and global environmental benefits
- to stimulate a market for renewable energy which will achieve social, environmental and economic benefits

The EST also facilitates the Energy Efficiency Partnership for Homes - an independent group of over 250 organisations and individuals all working together on different aspects of domestic energy efficiency.

5. Mike King, Consultant to the Combined Heat and Power Association (CHPA) on Community Heating.

The aim of the CHPA is to promote the wider use of high efficiency Combined Heat and Power (CHP) and Community Heating. The Association, along with its Members who comprise the key organizations at work in the UK CHP sector, work with national and local and devolved government to:

- address the barriers that currently face CHP and Community Heating;
- ensure that when Government policies are developed they allow CHP and Community Heating to play their full role in delivering economic, social and environmental benefits to the UK; and
- educate and inform Government, business and the wider community about the benefits of CHP and the great potential that exists in the UK to take advantage of it.

Annex F: The Committee's consultants - Brook Lyndhurst Ltd

David Fell, Director of Brook Lyndhurst and co-author of this report, has undertaken partnership development work in a variety of locations around the UK (including Dover, Marlborough and the Isle of Wight), evaluation of partnership functioning in regeneration programmes (including in Birmingham and London) and has prepared advisory papers for the ODPM on partnership and governance issues in both the UK and continental Europe.

He has also participated in a number of partnerships (including the London Climate Change Partnership and London Waste Action).

In addition, through both his consultancy work and, more recently, via his membership of the London Sustainable Development Commission, he has been a close observer of the institutional, political, economic, environmental and social structure of London for many years.

Sarah Griffith, co-author of this report and a Consultant with Brook Lyndhurst, has been focusing on energy and renewable energy issues. She currently leads Brook Lyndhurst's work in this area, including – in particular – a major enquiry on behalf of the ODPM exploring how renewable energy schemes can most effectively be integrated into local and regional governance and regeneration programmes.

Annex G: Scrutiny principles

The powers of the London Assembly include power to investigate and report on decisions and actions of the Mayor, or on matters relating to the principal purposes of the Greater London Authority, and on any other matters which the Assembly considers to be of importance to Londoners. In the conduct of scrutiny and investigation the Assembly abides by a number of principles.

Scrutinies:

- aim to recommend action to achieve improvements;
- are conducted with objectivity and independence;
- examine all aspects of the Mayor's strategies;
- consult widely, having regard to issues of timeliness and cost;
- are conducted in a constructive and positive manner; and
- are conducted with an awareness of the need to spend taxpayers' money wisely and well.

More information about the scrutiny work of the London Assembly, including published reports, details of committee meetings and contact information, can be found on the GLA website at <http://www.london.gov.uk/assembly/index.jsp>

Annex H : Further information, orders and translations

How to Order

For further information on this report or to order a copy, please contact

John Williams
Scrutiny Manager,
London Assembly Secretariat,
City Hall, The Queen's Walk,
London SE1 2AA
Tel. 020 7983 4421
Fax. 020 7983 4437
Or e-mail at john.williams@london.gov.uk

See it for Free on our Website - You can also view a copy of the report on the GLA website: <http://www.london.gov.uk/assembly/reports/index.jsp>

Large Print, Braille or Translations

If you, or someone you know, needs a copy of this report in large print or Braille, or a copy of the summary and main findings in another language, then please call us on 020 7983 4100 or email to assembly.translations@london.gov.uk.

আপনি বা আপনার পরিচিত কেউ এ রিপোর্টের সারসর্ম ও প্রস্তাবের কপি বিনামূল্যে বড়ছাপা বা ব্রেইল, অথবা তাদের নিজের ভাষায় চাইলে 020 7983 4100 এ নাম্বারে ফোন করুন বা ই-মেইল করুন এ ঠিকানায়: assembly.translations@london.gov.uk

જો તમને કે તમે જાણતા હો તેવી કોઈ વ્યક્તિને, આ અહેવાલમાંથી કાર્યકારી સંક્ષેપ અને ભલામણોની નકલ મોટા અક્ષરોમાં છપાવેલી, બ્રેઈલમાં કે તેમની પોતાની ભાષામાં વિના મૂલ્યે જોઈતી હોય, તો કૃપા કરીને ફોન દ્વારા 020 7983 4100 ઉપર અમારી સંપર્ક કરો અથવા આ સરનામે ઈ-મેઈલ કરો assembly.translations@london.gov.uk

Se você, ou alguém de seu conhecimento, gostaria de ter uma cópia do sumario executivo e recomendações desse relatório em imprensa grande ou Braille, ou na sua língua, sem custo, favor nos contatar por telefone no número 020 7983 4100 ou email em assembly.translations@london.gov.uk

ਜੇ ਤੁਸੀਂ ਜਾਂ ਕੋਈ ਤੁਹਾਡਾ ਜਾਣ-ਪਛਾਣ ਵਾਲਾ ਇਸ ਰਿਪੋਰਟ ਦਾ ਅਗਜ਼ੈਕਟਿਵ ਖੁਲਾਸਾ ਅਤੇ ਸੁਝਾਵਾਂ ਦੀ ਨਕਲ ਵੱਡੇ ਅੱਖਰਾਂ ਵਿਚ, ਬ੍ਰੇਅਲ ਵਿਚ ਜਾਂ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਮੁਫਤ ਪ੍ਰਾਪਤ ਕਰਨਾ ਚਹੁੰਦਾ ਹੈ ਤਾਂ ਕ੍ਰਿਪਾ ਕਰਕੇ ਸਾਡੇ ਨਾਲ 020 7983 4100 ਤੇ ਟੈਲੀਫੋਨ ਰਾਹੀਂ ਸੰਪਰਕ ਕਰੋ ਜਾਂ assembly.translations@london.gov.uk ਤੇ ਸਾਡੀ ਈ-ਮੇਲ ਕਰੋ।

Si usted, o algún conocido, quiere recibir copia del resumen ejecutivo y las recomendaciones relativos a este informe en forma de Braille, en su propia idioma, y gratis, no duden en ponerse en contacto con nosotros marcando 020 7983 4100 o por correo electrónico: assembly.translations@london.gov.uk

اگر آپ یا آپ کا کوئی جانتے والا اس انگریزیکٹوسمری اور اس رپورٹ میں سے سفارشات کی ایک کاپی بڑے پرنٹ میں یا بریل پر یا اپنی زبان میں بلا معاوضہ حاصل کرنا چاہیں تو براہ کرم ہم سے فون 020 7983 4100 پر رابطہ کریں یا assembly.translations@london.gov.uk پر ای میل کریں۔

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Haddii adiga, ama qof aad taqaanid, uu doonaayo inuu ku helo koobi ah warbixinta oo kooban iyo talooyinka far waaweyn ama farta qofka indhaha la' loogu talagalay, ama luuqadooda, oo bilaash u ah, fadlan nagala soo xiriir telefoonkan 020 7983 4100 ama email-ka cinwaanku yahay assembly.translations@london.gov.uk

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