

# Local authorities should be at the forefront of going green. This will see economic returns as well as environmental benefits

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**Paul O'Brien** argues that councils should be leading the way with renewable energy schemes. They can reap important economic and social rewards as well as environmental benefits.



***This is the eleventh article in a series on climate change and environmental policy being hosted by British Politics and Policy at LSE.***

A report recently published by the Association for Public Service Excellence (APSE) suggests there is still a business case for local government-led renewable energy schemes. We are finding that many councils around the UK are pushing ahead with the renewables agenda and would urge others to do the same. Our new research provides evidence as to both the business case and broader impacts of renewables for local economies and communities.

APSE commissioned the Centre for Local Economic Strategies (CLES) to examine the issue. Our report, *Powerful Impacts: Exploring the economic and social benefits of renewable energy schemes*, assesses the benefits of projects in terms of: payments from Feed in Tariffs (FiTs); number of people employed; value to supply chains; training and skills development; and savings in carbon emissions.

CLES researchers found that £1 invested in local renewable energy schemes that were early to get off the ground could deliver an average £2.90 in cashable benefits. They also found that a scheme fitting solar panels to 500 homes can create 12 full-time equivalent jobs and save 650 tonnes a year in carbon emissions.

The model built in sensitivity tests for factors that are liable to fluctuations, principally FiT rates, borrowing rates, equipment costs and energy costs. While government proposals to cut FiTs for solar schemes might have dented confidence, public sector decision-makers are now recognising that lower tariffs can be offset by falls in costs of equipment that are forecast.

Researchers re-calculated the return on investment in light of the latest information on reductions to FiTs. Based on reducing the tariff from 43.3p per kWh to 21p for solar schemes, they found this falls to £1.50.

A return on investment of £1.50 is obviously a drop compared with rewards for those trailblazer projects. But £1.50 can still be a healthy return and the predicted fall in the cost of solar panels also means the initial outlay is reduced.

The report features case studies demonstrating how forward-thinking councils have not only developed renewable energy projects as a way of cutting energy bills, enhancing energy security and reducing emissions, but also used them as a catalyst to stimulate jobs, skills and supply chains locally.

It must be remembered that solar is just one element of renewables. While the authorities discussed in our report have used solar technology, we believe similar benefits can be derived from other projects such as wind, biomass, electric fleet and energy efficiency schemes.

APSE's previous publication, *The Virtuous Green Circle*, set out how a 'revolving fund' for investment in sustainable energy can operate in local government. CLES researchers found critical success factors are to deliver schemes at minimum cost and risks to the local authority and to 'lock in' economic benefit – and that a direct local authority approach offers most ability to control these factors.

Our new report argues that impacts of renewable energy on local economies should be fully recognised in local decision-making and national funding mechanisms. To this end, we are pleased that the Department of Energy and Climate Change appears to have recognised the need to differentiate between schemes that provide a community benefit and those driven by profit and will consult to protect social landlords from an additional cut for multi-installations.

This distinction is an important one. If cuts to FiTs make commercial rent-a-roof schemes less attractive to those seeking purely to maximise profits, there is all the more reason for councils that can make a sound business case for renewables but also have broader environmental, social and economic ambitions, to take a direct approach.

Fortune has most definitely favoured the brave and pioneering authorities have seen the best return on investment in renewables schemes. We suggest that others should push ahead as a matter of urgency.

**This article was originally [published](#) on the Association for Public Service Excellence (APSE) blog.**

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*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics.*

### **About the author**

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