

Local Environmental Governance: UK Practices

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Lund Urban Arena
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Governance: the problem

🎬 Finance: \$14
Trillion to save banks

🎬 Ecology

🎬 Society

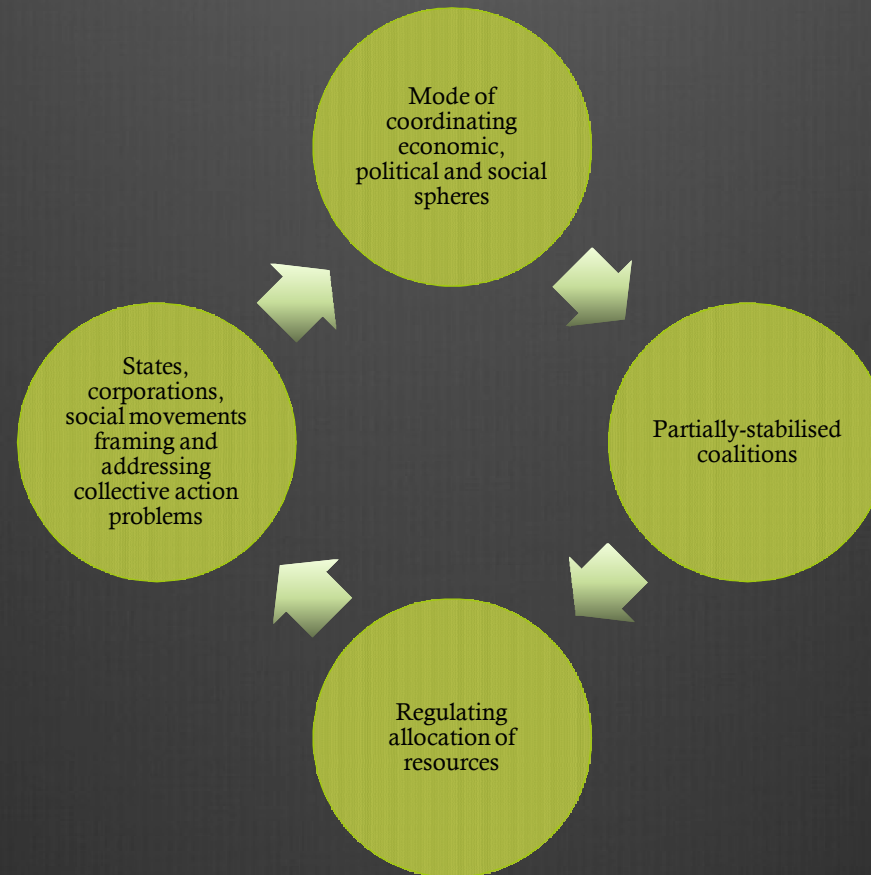


Governance Context

- ❁ Socio-economic uncertainty
- ❁ Continuing search for unlimited economic growth
- ❁ Climate protection policies
- ❁ Can 'carbon democracies' engage with collective action for sustainable society?



Sociology of Governance



Avoids normative theory of 'good governance' as political-economic panacea

Heat and the City Research

- ⊗ Situated practices of governance for innovation in local energy
- ⊗ Complex of *actors*
 - ⊗ City scale ‘municipal’
 - ⊗ EU and UK state and devolved governments
 - ⊗ Global energy markets
 - ⊗ Global finance, legal and technical expertise
 - ⊗ Local populations
- ⊗ No simple segregation of ‘levels’ but interlocking processes and practices



UK - Neo-Liberal Experiment

- ⊗ Early privatisation of public infrastructures
- ⊗ *De*-contextualising processes of finance capitalism
 - ⊗ Standardised risk assessment instruments govern investment
- ⊗ Contested local governance:
 - ⊗ Competition and market mechanisms
 - ⊗ Performance management
 - ⊗ Centralised financial control
 - ⊗ Contractualisation replacing trust-based relations



UK *Local* Governance?

- 🌐 Climate Protection Policy
 - 🌐 Energy markets
 - 🌐 Behaviour change by households and individuals
- 🌐 Neglected potential for change at URBAN or city scale?
- 🌐 Yet UK neo-liberalism means more reliance on urban authorities to resolve struggles between
 - 🌐 social movements, local businesses, mobile capital
- 🌐 Urban: locus for resource interdependence - water, food, transport, waste, pollution....



UK Experiments in Local Energy Governance: A Tale of Three Cities

Private
Concession Model



Local Authority-
Led Model



Community Non-
Profit Model

CITY A - Concession Model

- Urban regeneration and carbon reduction
- Political conservatism
- CHP/DH - long-lived assets
- Concession creates certainty of returns:

‘someone takes the commercial risk, makes the investment, gets their money back, so the concession lasts a long time. Once that’s done, you now have a set of assets which you can do something with’ (BL)



Concession: Costs and Benefits?

‘What the council wanted to do was say “yes, we’ve solved the city wide heat problem...at the same time as spending no money”, an irresistible combination. But of course they haven’t solved the city wide heat problem, because Cogen-Co has made no commitment, other than to come to A and make some money... Cogen-Co have secured a market advantage in return for nothing, because they haven’t committed to doing anything, you see. If the commitment was “let’s connect up the nearest housing estate and a thousand homes”, okay brilliant, but no - nothing like that at all. They have been conned, basically’ (BL)

Concession: Costs and Benefits?



‘Effectively the public sector needs to package something up, hand it over and keep their fingers crossed that they will be able to somehow influence the private sector going forward’ (TD)

A concession is a monopoly, and because it’s a monopoly it has to be regulated. And then the transaction costs go shooting up’ (BL)

CITY B - local authority led

- ❁ Urban regeneration, social and environmental goals
- ❁ Public funding
- ❁ Immovable deadline
- ❁ AND neither Contractor nor Council had ever delivered an energy centre and heat network
- ❁ Original contract – commercial ESCo
- ❁ Subsequent Council decision to separate ‘design and build’ from ‘operation’



Local Governance Contested: CITY B

- ❁ Firefighting and uncertainty
- ❁ Energy Centre built on basis of letters of intent
- ❁ Contract Amendment still to be agreed
- ❁ Council exploring governance models
 - ❁ city-wide ESCo to extend network
 - ❁ and link up energy sources



CITY C - Non-Profit Community Business

- ⊗ 'For the benefit of the citizens of C'
- ⊗ Social goals and carbon saving
- ⊗ Political courage
- ⊗ Acquired expertise to develop, govern and operate ESCo
- ⊗ Non-profit business, surplus used to reduce prices, or reinvest
- ⊗ Supply to commercial sectors?



Practising UK Local Environmental Governance

- ⊗ Committed actors identify local energy as accessible carbon saving innovation
- ⊗ Public benefit translated into financial logic of risk mitigation
- ⊗ Innovation co-produced by state, market and civil society
 - ⊗ *De*-localised finance in global energy market
 - ⊗ Engineering, legal and technical expertise
 - ⊗ Local social economy
 - ⊗ Unstable regulatory frames

UK Local Environmental Governance: Contested Space

The quest for recovery does not welcome policies and projects which might be seen as adding undue complexities to short term economic growth

Our renewable energy/sustainability champion has resigned from cabinet

The Council has opted to take an arms length approach to this (local energy) project - transferring most of the risk and reward into the private sector

Improving Local Environmental Governance?

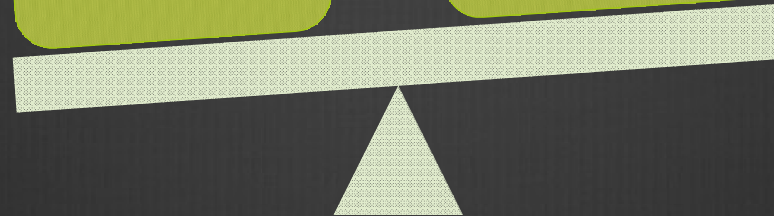
Inter-organisational governance prone to recurring crises

More supportive public policy requires political leadership:

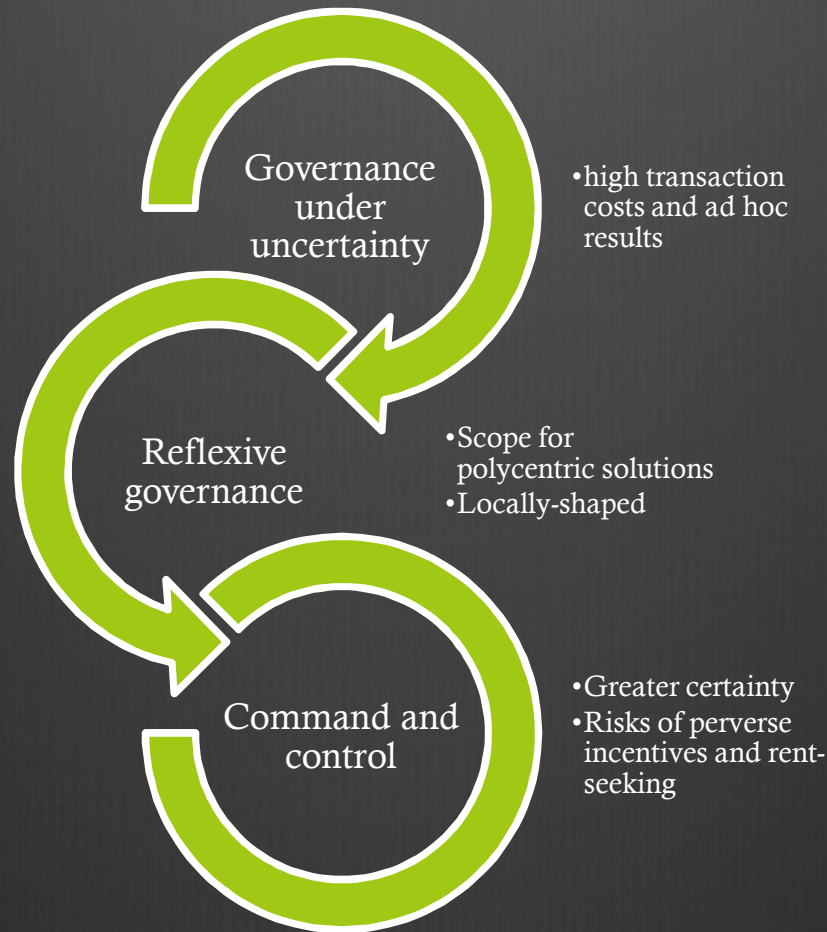
Mobile capital

Local political, economic and social interests

Governance to bridge the gap



Governance Continuum



Reflexive Governance

- ⊗ Circumstances shape solutions to complex issues of
 - ⊗ finance and resource allocation
 - ⊗ concerns over accountability, legitimacy, credibility and equity
- ⊗ Changing the regulatory frame reshapes risk calculus:
 - ⊗ Integrating social and environmental goals
 - ⊗ Devolved control of resources
 - ⊗ Changes pace and scale of innovation
- ⊗ Entails political engagement over contested frameworks of value

Government can accept risks that nobody else can accept (BL)

Local Environmental Governance – Polycentric Solutions

- ⊗ Effective local governance for urban sustainability?
 - ⊗ UK cases demonstrate capacity for improvised solutions to locally-valued objectives in circumstances of limited legitimacy
 - ⊗ Local configurations of market, state and civil society actors
 - ⊗ High transaction costs when urban authorities assert the long-term public interest/value in locally-controlled solutions
- ⊗ Are processes for sustainability innovations urban and regional?
 - ⊗ UK cases show they are inherently so
 - ⊗ but these are integral to other spheres of society, government and market



Research Councils UK Energy and Communities

HEAT

October 2010 – September 2014

Exploring affordable,
low carbon
community heating
in cold climate cities

and the CITY

www.heatandthecity.org.uk

A research collaboration between the
Universities of Edinburgh and Strathclyde



Thank you!