



To: Executive Councillor for Planning and Climate Change: Councillor Tim Ward
Report by: Head of Planning
Relevant scrutiny committee: Development Plan 16/10/2012
Scrutiny Sub Committee
Wards affected: All Wards

**Assessment of the effectiveness of Percentage Renewable Energy (Merton rule) Policies
Not a Key Decision**

1. Executive summary

- 1.1 The 2006 Cambridge Local Plan includes a 'Merton Rule-style' policy requiring major new developments to meet at least 10% of their energy requirements through the use of on-site renewable energy (Policy 8/16). Similar policies have been adopted by South Cambridgeshire District Council, Huntingdonshire District Council and East Cambridgeshire District Council. While these policies have been successful in delivering renewable energy technologies into new developments where otherwise their use may have been unlikely, there has been little monitoring of the efficacy of these policies.
- 1.2 To this end, South Cambridgeshire District Council, working with the other Cambridgeshire authorities, commissioned consultants to carry out research into the impact of the Merton Rule-style policies in the four local planning authorities. This committee report outlines the main findings from this study.
- 1.3 The study also makes recommendations in terms of the future role of Merton Rule-style policies in the planning system. An option considering the retention of a Merton Rule approach was included within the carbon reduction policy options of the Local Plan Issues and Options Report.

2. Recommendations

- 2.1 This report is being submitted to the Development Plan Scrutiny Sub-Committee for prior consideration and comment before decision by the Executive Councillor for Planning and Climate Change.
- 2.2 The Executive Councillor is recommended:

- To consider the findings of the Merton Rule Assessment Study and to endorse its use as part of the evidence base for the review of the Local Plan.

3. Background

Background to Merton Rule-style renewable energy policies

- 3.1 The 'Merton Rule' refers to a planning policy first developed by the London Borough of Merton in 2003. The rule requires the use of on-site renewable energy generation to reduce the annual emissions of CO₂ in the built environment. It has been adopted by the majority of Councils, with local authorities in Scotland and Wales implementing their own versions of the policy.
- 3.2 Cambridge City Council adopted a Merton Rule-style policy as part of its 2006 Cambridge Local Plan, with further guidance on the application of the policy provided in the Council's Sustainable Design and Construction Supplementary Planning Document (2007). This policy sets out that "developers of major proposals above a threshold of 1,000 square metres or 10 dwellings will be required to provide at least 10% of the development's total predicted energy requirements on-site, from renewable energy sources. These requirements may be relaxed if it can clearly be demonstrated that to require full compliance would not be viable". Similar policies have been adopted by South Cambridgeshire District Council, Huntingdonshire District Council and East Cambridgeshire District Council.
- 3.3 Merton-style policies have brought renewable energy technologies and valuable additional carbon savings into new developments where otherwise this was unlikely. They have also helped to provide important experience of the role of renewable energy in new development in advance of the arrival of zero carbon standards from 2016, and to some degree, have also boosted the supply and support skills chains within the development of the microgeneration and larger scale renewable energy sector.
- 3.4 However, some important shortcomings have also been identified but, to date, have not been supported by evidence, notably:
 - Little, if any, monitoring/enforcement activity is carried out to ensure that the renewable energy specification approved as part of planning applications is delivered on the ground;
 - Very little, if any, follow-up evaluation is carried out to ensure that the installed renewable energy technologies are delivering the levels of carbon savings predicted as part of the information submitted with planning applications;

- A vacuum exists in terms of support to new property owners and occupiers in terms of living with, and maximising the benefits of, the installed renewable energy technologies.

3.5 To this end, South Cambridgeshire District Council, working with officers from the City Council and other districts with Merton Rule-style policies, procured consultants to carry out a review of the implementation of these policies across the districts. The specific objectives of the study were:

- To provide evidence of the effectiveness or otherwise of Merton Rule-style policies as implemented 'on the ground';
- To provide a technical and socio-economic appraisal of the renewable energy technologies installed as a consequence of these policies;
- To provide evidence of the influence of Merton Rule-style policies on the local supply chain;
- To conduct a thorough review of Merton Rule-style policies as currently applied within the LPAs;
- To recommend practical and achievable options for improving delivery outcomes in this policy area; and
- To provide a substantiated view on the future of this type of policy in the context of national policy and regulation.

A full version of the Merton Rule study can be found in Appendix A of this committee report.

Findings of the study

3.6 The study illustrated that the existence of Merton Rule-style policies has succeeded in their primary purpose of delivering renewable energy generation on new developments where otherwise this would not have been the case. The evidence, however, identifies a number of shortfalls in the current policy approach, notably:

- The need for significant specialist knowledge in assessing applicants' proposals for meeting the policy requirements. The study found significant variation in the quality of information included within Energy Statements. It did, however note, that given the guidance provided in the City Council's Sustainable Design and Construction SPD and its standard proforma for submitting energy calculations, there was less variation in Energy Statements for developments in Cambridge. The study recommends that this approach be adopted across the Cambridgeshire authorities to ensure consistency of approach.
- Developers have not yet bought into the idea of renewable energy being a standard and routine aspect of the design of new buildings. This particularly applies to new homes, where there was little evidence of designs being modified to make better use of

renewable technologies.

- Resident/occupier satisfaction levels were good for those technologies requiring minimal intervention; this typically applies to solar hot water and photovoltaic systems. By contrast, those systems requiring a higher level of user intervention registered a higher level of dissatisfaction, with, in some cases, technologies switched off. Issues such as incorrect specification of equipment and poor installation compounded this dissatisfaction.
- Monitoring and assessment of effectiveness on the ground was very difficult to achieve in a consistent and reliable way, especially for space heating systems.

3.7 The study concluded that the implementation of Merton Rule policies would be improved through close collaboration between local planning authorities, and specifically:

- Through the use of common wording of policies across local planning authorities; and
- By consistent use of the same template for processing energy statements, with the recommendation that Councils' adopt the template included within the City Council's Sustainable Design and Construction SPD.

3.8 The study also recommends developing a closer working relationship with developers themselves to encourage them to 'buy into' and support these policies. One recommendation is that Councils work with developers to provide new home owners and occupants with advice and information on how to get the best from their renewable energy systems. The Study also suggests that local planning authorities should use their policies to encourage developers to use local renewable energy suppliers, in an attempt to maximize the local economic benefits of Merton Rule policies. The monitoring of renewable energy system performance be sought through planning conditions

Future of Merton Rule-style policies

3.9 A key consideration for the study was the future of Merton Rule-style policies within local planning authorities Local Plans. There has been some debate about the future of these policies in light of the national Zero Carbon Agenda. Under the original definition of zero carbon development, where from 2016 all new development would have needed to deliver zero carbon emissions from all energy use in new homes, Merton Style policies would have clearly become redundant. However, given that the requirements of zero carbon have now been 'diluted' there could still be a role for these policies up to 2016.

- 3.10 The study recommends that if Merton Rule policies are to continue to have a role in planning policy that they should focus on those technologies with a proven track record of performance and ease of use for building occupants. To this end, the study recommends adopting a 'solar first' approach, with either solar thermal or pv being required for new homes, and pv being required for all non-residential development. It also recommends that a more flexible approach be adopted for large estates, for example University of Cambridge academic sites, so that a site-wide approach to specifying renewable energy can be considered as opposed to requiring every new building on a site to include 10% renewable energy. The arguments in favour of a 'solar first' approach include that they are mature technologies and are relatively simple to monitor and enforce. However, in the past national planning policy has been opposed to the use of policies that are technology specific, and developers tend to be opposed to such an approach. There is no specific wording in the National Planning Policy Framework that would support or object to this approach, and as such it is likely that it would be tested at examination.
- 3.11 Any continuation of, or amendment to, Merton Rule policies, would need to take account of other future policy options in relation to carbon reduction from new development and other evidence base, including the Decarbonising Cambridge Study (2010). The Decarbonising Cambridge Study examined options for cutting carbon emissions from new development in the city. This recommended that the Council adopt a policy requiring a level of on-site carbon reduction from new development that would go beyond the requirement contained within national zero carbon policy (70% as opposed to 44-60%). If a policy were to be developed requiring 70% on-site carbon reduction, then achievement of this level would undoubtedly require the use of renewable energy, therefore making the need for a Merton Rule style policy redundant. Beyond these on-site levels of carbon reduction, further measures would need to be implemented to enable developers to meet national zero carbon requirements, which come into force in 2016. Possible measures were considered in the work to investigate the development of a Cambridgeshire Community Energy Fund (2012) and Cambridgeshire Renewables Infrastructure Framework (2012), reports on which have been discussed at this committee.
- 3.12 A number of carbon reduction policy options were included in the Local Plan Issues and Options Report, as set out in Appendix B of this committee report. These included an option related to 70% carbon reduction one option related to continuing with a Merton Rule approach on top of national zero carbon requirements. Officers are currently working through the representations received to the Issues and Options Report, and policy recommendations will be discussed

with Members at this committee in the near future.

4. Implications

(a) Financial Implications

There are no direct financial implications arising from this report. Policy recommendations will be considered as part of the review of the Local Plan, which has already been included within existing budget plans.

(b) Staffing Implications (if not covered in Consultations Section)

There are no direct staffing implications arising from this report. The review of the Local Plan has already been included in existing work plans.

(c) Equal Opportunities Implications

The greater implementation of renewable energy as part of new developments has the potential to help alleviate fuel poverty amongst residents of Cambridge. With regards to an Equality Impact Assessment, the equal opportunities implications of future planning policies will be assessed as part of the Equalities Impact Assessment of the Local Plan.

(d) Environmental Implications

The environmental implications of the report include the reduction of carbon emissions associated with meeting the energy requirements of new development. This will help the City in meeting its carbon emission targets. Increasing the deployment of renewable and low carbon energy should, therefore, have a medium/high positive climate change impact.

(e) Procurement

There are no direct procurement implications arising from this report. South Cambridgeshire District Council procured the Merton Rule Study in line with their procurement policy.

(f) Consultation and communication

The Merton Rule study is a technical report and has not been subject to direct public consultation. However, the findings of the report have fed into the Local Plan Review and the development of future policies

in relation to carbon reduction/renewable energy provision. A consultation strategy for the Local Plan Review has already been approved by this Committee (November 2011), with the first stage of public consultation on the Issues and Options Report having been recently completed.

(g) **Community Safety**

There are no direct community safety implications arising from this report.

5. Background papers

These background papers were used in the preparation of this report:

- Element Energy and Terence O'Rourke: Decarbonising Cambridge: A renewable and low carbon energy study for Cambridge City Council, September 2010:
http://www.cambridge.gov.uk/public/docs/Decarbonising_Cambridge_final_report_220910.pdf

6. Appendices

- Appendix A: Climate Works Ltd and Impetus Consulting Ltd (2012). A review of 'Merton Rule' policies in four local planning authorities in Cambridgeshire.
- Appendix B: Extract from the Cambridge Local Plan Issues and Options Report (2012): Carbon reduction options.

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Emma Davies
Author's Phone Number: 01223 457170
Author's Email: Emma.davies@cambridge.gov.uk