



Local Government and Net Zero

This briefing outlines the key findings and policy implications of the National Audit Office's recent value for money report on achieving net zero.

Overview

The National Audit Office (NAO) have published a new report into report into local government and net zero in England that assesses how effectively central government and English local authorities are working together on tackling climate change, and analyses some of the key areas where improvement is required. The report's main conclusions are that central government must clarify the role of local authorities in contributing to the UK's statutory net zero target, and that it must ensure local authorities have the right resources and skills for delivering on net zero.

Background

This report is part of the NAO's series of 'value for money reports' which examine the value for money of government expenditure and recommend how public bodies can make improvements. The NAO published a report in December 2020, Achieving net zero which outlined how local authorities "have a key role in supporting emissions reduction at a local level". This latest report follows on from a request from the Environmental Audit Committee and the Committee is now accepting evidence on its related inquiry on 'Mapping the path to net zero.'

The broader context for this report is the government's commitment to achieve net zero greenhouse gas emissions by 2050, and a 68 per cent emissions cut by 2030. This report focuses solely on emissions reductions in the UK and does not assess adaption required due to the changing climate, or emissions as a result of imported goods or services.

Analysis

The report's key arguments can be broken down into two areas. First, it assesses the interaction between local and national government on net-zero, and the setting of responsibilities for each level of government to tackle climate change. Secondly, it looks at local authorities' resources and skills to reach net zero.

- 1) **The interaction between local and national government, and setting of responsibilities for each level of government to tackle climate change**

Local authorities have a key role in supporting emissions reduction at a local level, but central government have not defined this.

The report found that local government has begun a broad range of work to tackle emissions and that 38 per cent of single and upper-tier authorities have a commitment to decarbonise their local area by or before 2030; in London, 12 boroughs have this target, 10 have a later target, whilst 11 have not yet set such a target.¹ It argues that decarbonising local transport, social housing and waste are some of the key areas where local authorities have a fundamental role, and that local authorities can encourage and enable wider changes among their residents and local businesses.

However, central government has not determined or properly consulted on local authorities' responsibilities in this space. The report argues that this could damage the extent, coordination and targeting of local authority work to tackle climate change.

Decarbonising local transport, social housing and waste are some of the key areas where local authorities have a fundamental role

Government has not outlined how it will work with local authorities to clarify responsibilities for net zero

The government has committed to including a statement in its forthcoming Net Zero Strategy about the responsibilities of the national, regional and local levels of government. The report also finds that there has been some discussion between departments and local authorities on strategies which contribute towards net zero. However, the NAO argue that "overall the engagement has [not] yet been sufficiently strategic or coordinated to determine, in partnership with the sector, as clear as possible a role for local authorities on the national net zero target."

Planning reforms are an opportunity to ensure that the national planning framework supports local authorities to align decisions with net zero

The Ministry of Housing, Communities and Local Government (MHCLG) is currently developing reforms to the national planning policy framework, which local authorities with planning responsibilities have to follow. These reforms are focused around creating more 'beautiful' greener communities and simplifying and speeding up the planning system. However, beyond a Future Homes Standard which central government expects would lead to new homes producing 75 per cent–80 per cent lower CO₂ emissions compared with current levels, the government has not set out how this work will contribute fully to net-zero.

There is little consistency in local authorities' reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved

The report outlines the many different approaches to reporting activities and progress, with BEIS taking some steps to help this work. This has included work to help local authorities understand and measure their carbon emissions and to promote consistent voluntary emissions reporting, including by funding the development of an emissions calculator by the Local Government Association that is free for local authorities to use.²

Local authorities find it hard to engage with central government on net zero

Research for the report found that there is a lack of coordination of government departments' outreach to local authorities, which could lead to inconsistent goals and messages.

2) The key arguments of the report around local authorities' resources and skills to reach net-zero are:

Funding is a critical issue for local authority work on net zero

The report argues that local authorities' funding requirements for net zero work depends on what actual role they are required to play. However, they at least need the funding to

¹ As of April 2021. <https://www.londoncouncils.gov.uk/members-area/member-briefings/environment/review-borough-climate-action-plans>

² <https://localpartnerships.org.uk/greenhouse-gas-accounting-tool/>

decarbonise services and assets they directly control like their own buildings, and to build an internal net zero skill base.

MHCLG and the Treasury (HMT) have not yet assessed how much funding central government provides to local government linked with the net zero agenda

Local government receives three main streams of funding that could be used towards net zero: core settlement funding, dedicated grant funding, and wider funding targeted at more general outcomes but with net zero included. The UK Infrastructure Bank will also be able to lend up to £4 billion to local authorities from late summer 2021. However, there has been no assessment of the totality of this funding.

Dedicated grant funding for local authority work on net zero increased significantly in 2020-21 but remains fragmented, and the nature of this funding can hinder value for money

The report estimates that in 2020/21 there were 22 grant funds that local authorities could apply for net zero related work. However, while the competitive processes behind these funds help focus funding, they can lead to a fragmented landscape that makes it difficult for local government to plan for the long term. The report argues that this can also mean that a limited pool of local authorities may continue to win the funding as they have the people and expertise to do so. The report also points to the Green Homes Grant Local Authority Delivery scheme as a key example where short timescales were an issue.

There is a variety of capacity levels within local authorities to engage with and deliver net zero

In a previous Local Government Association climate change survey in 2020, 79 out of 90 respondents thought a lack of workforce capacity was a moderate or significant barrier to tackling climate change.

The standard approach to Spending Reviews is not likely to provide an adequate analysis of local authorities' resourcing for net zero

Whilst HMT expects net zero to feature strongly in the upcoming spending review, the report argues HMT need to strengthen the process for assessing climate impacts. The NAO has also previously found that the "Spending Review structure has not been well suited in the past to deal with issues that span departmental boundaries, nor to ensure sufficient focus on the long term."

Recommendations

The report argues that to improve collaboration with local authorities on net zero, the main departments that engage with local authorities on net zero should:

- Establish a clear lead in central government for developing the way departments work with local authorities on net zero.
- Work in partnership with local authorities and their representative bodies to develop a dedicated section in the overall and sector decarbonisation strategies to set out how key actions, decisions and responsibilities will be split across national, regional and local government bodies.
- Set out a clear pathway for how government expects to further align the planning system with net zero.
- Convene a local and central government working group to establish a few simple standards for local authority reporting on net zero.
- Carry out an overall outline analysis of local authority funding for net zero, to inform the next Comprehensive Spending Review.
- Set an appropriate review point, within the next 18 months, to assess the extent to which local authorities have in practice been able to use wider funding for economic growth and 'levelling up' in ways that align with net zero.
- Work with local authorities to assess the skills gaps for their work towards the national net zero target and how these might be addressed.

“While the competitive processes behind the various grants can help focus funding, they can lead to a fragmented landscape that makes it difficult for local government to plan for the long term”

They also recommend that the local government sector considers how best to disseminate good practice on local authority work on net zero.

Commentary

London Councils fed into the report's development and we are pleased that it aligns with our position that local government needs clear, consistent and supportive policies in place to take effective action to reach net zero. We agree with the findings and recommendations and will continue to advance arguments in this space, in particular:

- 1) Calling for the net zero strategy to recognise local government as a key player in delivering the transition to net zero, thanks to its unique understanding of local context and strong local relationships.
- 2) Further push for clarity over the roles and responsibilities of local government and continue to engage with cross-departmental officials and through existing forums to land these concerns with government, including as part of our work around the forthcoming Spending Review.
- 3) Develop approaches to private finance together with Core Cities and the Connected Places Catapult³, as the lack of clear or sufficient funding for local authority action on net zero is well known, and was reflected for example in London Councils' Review of Borough Climate Action Plans.
- 4) Push for increased influence to negotiate net zero through the planning system, as we await finer detail of the proposed planning reforms

London Councils is aware of the issues around consistency in reporting and is leading an Emissions Accounting Task and Finish group that will present a proposal to TEC in October on how boroughs can report emissions in a unified and clear fashion to address this point, at least for London.

³ <https://cp.catapult.org.uk/event/uk-cities-climate-investment-commission-uk-ccic-launch/>

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Links:

[NAO: Local government and net zero in England](#)

[NAO: Achieving net zero](#)

[Local Partnerships Greenhouse Gas Accounting Tool](#)

This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Environment, Housing, Transport