

# Review of Net Zero: Call for Evidence response

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28<sup>th</sup> October 2022

## London Councils

1. London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all its member authorities regardless of political persuasion.

## Summary

2. Action towards net zero is a key pillar of supporting and enabling economic growth. In London, boroughs are delivering placemaking projects and convening local investment to support a smooth, just transition to a net zero economy while also delivering thriving local neighbourhoods where people can live, play, study, train, work and invest. The UK's world-leading net zero target is a key pillar of this economic development, and stronger strategic pathways and more reliable, long-term funding would help provide greater investment certainty to maximise associated good green growth and economic development.
3. Central government must increase the funding available to local government for net zero, whilst reducing its complexity and ensuring that long-term commitments are made to future programmes. Providing long term, secure funding for net zero carbon projects is good for the economy, as it provides certainty for suppliers, skills providers and employers, thereby growing the number of good green jobs and the scale of investment in key green economy areas like retrofit. Certainty about government investment would not only unlock local government match funding, but also allow us to fully develop blended finance models like that developed by 3Ci, unlocking much needed private finance to fund these projects as we explain below.
4. More investment and economic growth would also be unlocked by stronger policy frameworks and more clearly articulated strategic pathways towards net zero, including clearer articulations of the role of local government. This would help provide

investment certainty both for public bodies and private investors, allowing us to better align action and investment in local places.

5. To unlock this full potential, central government must recognise the crucial role of local government as a key delivery partner for net zero policy, and as trusted place-centred leaders with the ability to take holistic action as well as holders of significant direct control over emissions. It must improve its engagement and coordination with local government, as we are crucial partners for net zero (as agreed at COP26), including via the recently established local net zero forum.

## Opportunities and examples of success

*In reference to questions 3,4, 25.*

### **Funding leads to green growth**

6. Providing long term secure funding for net zero carbon projects is good for the economy, as it helps grow the number of green jobs in areas like retrofit and therefore builds the green economy.
7. The development of green skills will underpin the green recovery and our transition to net zero, and this in turn will be underpinned either by direct funding or generating confidence amongst training providers that such courses are worth running. Central government should ramp up funding for green skills and training to ensure the transition to net zero is just, creating jobs, prosperity and security for all of London's communities. This could build on the work developed through the devolution of some adult education and skills budgets to both the Mayor of London and sub-regional partnerships.
8. For example, retrofitting homes will enable us to make significant progress towards our net zero targets, tackle fuel poverty, and deliver a significant green economy boost in the construction sector. Our analysis shows that to reach net zero in this space by 2030, we will need around 196,400 new FTE, across specialist and non-specialist roles including general builders, insulation specialists, plasterers and renderers, window fitters, carpenters, electricians, heating engineers, renewable heat specialists and retrofit coordinators.

## Londoners want to see action

9. London Councils is about to release polling of Londoners which finds that 84% of Londoners say they are concerned about climate change, and concern is high in all age groups. We also find that Londoners are becoming more worried about climate change: 72% of Londoners say their level of concern has increased over the past 12 months. There is a key opportunity to take action on net zero here: 89% of Londoners are motivated to help prevent climate change.
10. Our polling also found that 75% of Londoners think the cost-of-living crisis has made it more difficult for them to take action to help prevent climate change. This shows that government support for net zero projects is key.

## London Boroughs want to deliver

11. London boroughs are very clear that they are a key delivery partner for net zero and have a crucial role in tackling carbon emissions and helping the country to reach net zero. Over 90% of London boroughs have now committed to net zero targets before 2050, and all will in due course publish Climate Action Plans setting out how they will meet those ambitions.<sup>1</sup>
12. Local authority action will be essential for delivering emissions reductions in a way that is holistic, garners community support, and ensures a just transition. Local authorities can collaborate across their functions and ensure that the action they take to decarbonise their area doesn't have detrimental effects on other areas of policy and that it contributes to tackling issues such as inequality and air pollution.
13. Local authorities have a high level of trust among the public: one poll by Survation for ASPE<sup>2</sup> found that many more people trust their local council (54%) over the government (12%) to make decisions about how services are provided in their local area, and more people trust local councillors (56%) over government ministers (6%) to make decisions about their local area.
14. Further, local authorities have a key role in interacting with all sectors in their area in a holistic way. Therefore, by empowering local government to act, central government can ensure that action is taken in a way best able to gain local support. Empowering

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<sup>1</sup> <https://www.londoncouncils.gov.uk/our-key-themes/climate-change>

<sup>2</sup> [apse.org.uk/apse/index.cfm/news/articles/2020/the-public-trust-councils-more-than-government-in-covid-response/](https://apse.org.uk/apse/index.cfm/news/articles/2020/the-public-trust-councils-more-than-government-in-covid-response/)

local authorities is essential to delivering long-term, sustainable emissions reductions for local places in a way that grows local economies.

### **London Councils Climate Programmes**

15. London boroughs have also agreed an ambitious Joint Statement on Climate Change (December 2019)<sup>3</sup>, which commits to collaborative action in seven key areas: retrofitting; new build/planning; transport; energy; consumption emissions; green economy; and resilience and adaptation.
16. These programmes are working to share best practice, join up activity and grasp economies of scale. Central government should support innovative collaborative efforts such as these programmes to ensure they can effectively deliver the maximum possible economic, environmental, health and social benefits.

### **3Ci - Cities Commission for Climate Investment**

17. 3Ci - Cities Commission for Climate Investment - is a partnership founded by Connected Places Catapult, Core Cities UK, and London Councils. Together, this is a coalition of 12 of the UK's largest cities working together with the wider local government sector and the M10 mayoral group to develop innovative approaches to securing private investment into place-based net zero delivery.
18. It is actively supported by the Department for Business, Energy, and Industrial Strategy (BEIS), Local Government Association (LGA), Scottish Cities Alliance (SCA), the UK Infrastructure Bank (UKIB), and an increasing number of major businesses across finance, investment, built environment, and engineering sectors.
19. 3Ci's aim is to ensure that urban investment plays a critical role in delivering the UK's ambitious net zero commitment, city by city and neighbourhood by neighbourhood.
  - 3Ci proposes a programme of place-based, multi-intervention, net zero neighbourhoods, supported by a blended finance model and is undertaking the following activities:

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<sup>3</sup> <https://www.londoncouncils.gov.uk/node/36794>

- Firstly, it promotes a place-based approach to decarbonisation (greenhouse gas reductions) that promotes community and local authority buy-in and participation.
  - Secondly, it facilitates the delivery of multiple interventions in one place in order to scale up-delivery, generate efficiencies and derive wider socio-economic benefits.
  - Thirdly, it provides a blended funding model, which combines Government and outcome-seeking funding, with profit seeking private investment. It also provides a cost savings to the government, possibly reducing what could a 70-80% subsidy, to around 35%.
  - Lastly, it generates revenues that can be used to fund the programme (repayable finance) and removes the need for individual residents and asset owners to personally fund the significant costs of decarbonisation through debt, whilst providing an incentive to participate (reduced energy bills)
20. The next phase of work, which is a programme of demonstrators, requires government support and funding. 3Ci is essentially looking to unlock £200bn worth of private investment but will require seed funding to achieve this.

### **Planning polices and frameworks**

21. Local planning and building regulations are key to enabling local government to channel local investment and shape thriving places and economies. We want to see planning policies and frameworks that will more strongly support us in delivering thriving net zero neighbourhoods, local economies and business support in a net zero framework.
22. This framework should include robust minimum standards for environmental placemaking, but with local discretion and powers for local authorities to innovate locally and set additional frameworks above these minimums.
23. In support of this, we would like to see planning regulations and levers that empower local authorities to protect and expand green infrastructure including low-carbon affordable housing, and stronger policy requirements for energy efficiency, low-carbon development, retrofit, and renewable local energy networks. This would create greater

investment certainty for both public and private funds, allowing businesses, skills providers and supply chains to confidently gear up for net zero delivery. It would also enable us to work with local residents, businesses and communities to shape environmentally friendly, vibrant, future-proofed neighbourhoods with a strong sense of place and local pride, which will in turn make our local places more attractive to investment and economic activity.

## **Waste reduction and reform**

24. The transition to a more circular economy has potential to be a hugely important engine of economic growth, and London boroughs are taking significant action to build and stimulate greener, low-waste local economies through our climate programmes and our delivery of green, low-waste neighbourhoods – for example in Somers Town (Camden), Notting Dale (RBKC) and Heston Village (Hounslow). This is demonstrating the economic potential of these approaches, and research<sup>4</sup> by ReLondon has indicated how scaling this up could deliver jobs and growth for the city. We would like to see more investment in local circular economies to further stimulate this growth and maximise associated opportunities.
25. Alongside this, the emerging waste reforms will be key in delivering decarbonisation and net zero transition in waste management, waste reduction and recycling. This will help rewire our economy towards greater sustainability, more sustainable forms of consumption and more circularity, as well as reducing the burden on the public purse from waste management and disposal.
26. However, current delays and uncertainties over the details of the scheme administrator, including the funding formulas that will support true net cost recovery from extended producer responsibility, are causing investment challenges for local authorities, producers and the waste sector. We call for timely policy clarity to support all players in this sector – from producers, to waste authorities and contractors, to recycle markets – to make confident investments and prepare for the new system.

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<sup>4</sup> <https://relondon.gov.uk/resources/report-the-circular-economy-at-work-jobs-and-skills-for-londons-low-carbon-future>

## Challenges and obstacles to decarbonisation

*In reference to Questions 2, 24, 27.*

### Funding, finance and resources

27. Central government should consider how to simplify funding processes to reduce costs for local authorities and improve efficiency and thus value for money for taxpayers.
28. Highly limited pots of money accessed via competitive funding process incur costs on local authorities, using a large amount of limited staff time to craft bids which can often be unsuccessful. To avoid wasteful bidding processes and poorly targeted interventions, funding should also be delivered via area and needs based allocations, so that those places which have the greatest opportunities to level up, for example where there are high rates of fuel poverty, receive the funding they need.
29. Further, narrow windows for applications, or unreasonable timescales for the delivery of funded work, do not allow local authorities to strategically plan how to most effectively decarbonise their areas. All areas must reach net zero, so providing funds to limited local authorities is not only inefficient, but also hinders the national net zero effort.
30. Government should smooth the investment curve and provide positive signals to the market by ensuring that long-term commitments (at least three years) are made to future funding programmes. This will enable councils and contractors to prepare, invest and deliver effectively, to secure green jobs and skills, reductions in fuel poverty and cuts to carbon emissions.
31. There should be a collaborative approach to the development of programmes, with local authorities at the heart of this, so that they take into account challenges (for example there are pressures on budgets due to rising costs and lower income levels) and opportunities to make sure delivery is maximised. Collectively there also needs to be a reduced administrative burden, with monitoring requirements for schemes reflecting the role of local authorities as trusted partners.
32. The government should work with local authorities to identify the level of additional funding needed to secure adequate skilled staff and access to training for elected members to deliver on net zero in their areas. We believe a full capacity needs assessment would be the first stage in this process, jointly led by DLUHC and BEIS together with local government organisations.

### **Governance of net zero – delineating the role of local authorities**

33. To date the UK Government has failed to clearly provide guidance on the role of local authorities in the collective effort to reach net zero. For local authorities, this leads to avoidable confusion as to what actions they should be taking to tackle carbon emissions in their area and creates avoidable duplication in work. In some cases, this uncertainty from central government has also led to understandable delays in action from local government.
34. Without proper support, the role of local government cannot be maximised and as a society we will fail to decarbonise as rapidly as possible, jeopardising the achievement of the UK's net zero target.
35. Every public body needs to play a role in reaching net zero, so we note that we would support a statutory duty on all public bodies to contribute to reaching net zero, if it is joined with the required powers and resources to act.

### **Governance of net zero – engagement between local and central government**

36. We welcome the opportunity through the Net Zero Forum to engage with BEIS and build the relationship between central and local government. This forum provides the opportunity to work together to tackle the challenges we face in addressing net zero and in how this might open up further coordination into other Government departments. We believe that all Government departments engaged in the different aspects of this work need to understand and invest in local government as a delivery partner, and a good outcome for the Review would be for this to be recognised fully. There is much to do and by working collaboratively and enabling local government to operate innovatively in its role as a place leadership will only further support the delivery of net zero ambitions into our cities and communities.