

## **COP26 and the Net Zero Strategy – next steps**

### **Purpose of report**

For direction.

### **Summary**

This paper seeks the Board views on how the LGA takes forward its lobbying work on the climate change agenda, including on how to:

- **deepen a collaborative strategy and delivery partnership** across local and central government departments, including through the Local Net Zero Forum
- **focus on *delivering* the Net Zero Strategy**, reflecting on our lobbying programme across the key sectors such as buildings, transport, power and nature, and cross-sector themes such as community engagement, skills and finance
- **link to the LGA's sector-led improvement programme** for building capacity and capability

Is this report confidential? Yes  No

#### **Recommendation**

The Board to discuss the outcomes of COP26 and the Net Zero Strategy and to offer direction on the next steps for LGA policy, lobbying and improvement focus.

#### **Action**

Officers to take forward actions arising from discussion.

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## **COP26 and the Net Zero Strategy – next steps**

1. This paper seeks the Board views on how the LGA takes forward its lobbying work on the climate change agenda, including on how to:
  - 1.1 **deepen a collaborative strategy and delivery partnership** across local and central government departments, including through the Local Net Zero Forum.
  - 1.2 **focus on delivering the Net Zero Strategy**, reflecting on our lobbying programme across the key sectors such as buildings, transport, power and nature, and cross-sector themes such as community engagement, skills and finance.
  - 1.3 **link to the LGA's sector-led improvement programme** for building capacity and capability.
2. Reflection. Since the last Board:
  - 2.1 COP26, the LGA launched a range of communications, research and events around the event, including sending a delegation to Glasgow. The event has not concluded at the time of drafting this paper, we will provide an additional paper ahead of the Board on the outcomes of COP26 if necessary.
  - 2.2 Net Zero Strategy set out the Government's plan for achieving Net Zero, including positive references to the importance of local government and in developing joint working. This was accompanied by other policy announcements, including the Heat and Buildings Strategy and HMT Net Zero Review.
  - 2.3 Continued LGA work, as previously directed by the Board, on priority areas of housing, transport, and the relationship between local and central government within an overall framework for delivering climate change adaptation and mitigation.

### **Local central relationship**

3. The Net Zero Strategy recognises that 30 percent of the emissions reductions that will be needed depend on actions that involve local authorities. It represents a positive first step in acknowledging the role local leaders can play in engaging their communities and delivering change that works within their local contexts, and in identifying steps to unlock effective local delivery.
4. The Strategy sets out three key areas in which Government needs to act:
  - 4.1 the need to set clearer expectations for how the partnership between local and central Government should work and how action at all levels should fit together.
  - 4.2 Providing adequate resourcing to enable local places to deliver strong contributions to Net Zero and broader priorities.
  - 4.3 The importance of building capacity and capability at the local level.

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5. Linked to this, BEIS will chair a Local Net Zero Forum, which will bring together senior officials from across Government departments and leaders from local government. The LGA are discussing with BEIS the creation and purpose of a Local Net Zero Forum. The LGA is also making the case for an equivalent political Forum.
6. The Forum's first task will be to establish clearer delivery roles. Thereafter it will provide a single engagement route into central Government and will allow local voices to play a role in shaping local delivery policy.
7. The Net Zero Strategy acknowledges the recent assessment by the National Audit Office of the fragmented funding landscape that local authorities currently face. It recognises that longer-term and more coordinated funding streams can stimulate investment and deliver better value-for money and pledges to explore opportunities to consolidate funds to this end.
8. The LGA might agree with the Climate Change Committee that it will be crucial for the Forum to promptly develop an agreed understanding of the role of local government in delivering Net Zero. Furthermore, Government must ensure that critical enabling processes, such as the planning system and appraisal methodologies, are properly aligned to these pathways. Coherent, predictable and long-term funding settlements will help realise effective local delivery that works across communities.

### **Delivering the Net Zero Strategy**

9. The UK's new Net Zero Strategy sets out, for the first time, how the UK Government plans to deliver its emissions targets of Net Zero in 2050 and a 78% reduction from 1990 to 2035<sup>1</sup>. It is generally accepted that further steps will need to follow quickly to implement the policies and proposals mapped out in the Net Zero Strategy if it is to be a success<sup>2</sup>.
10. We propose the LGA focus lobbying efforts on moving key ambitions towards delivery, continuing and reflecting on our policy and lobbying programme to achieve this, using the opportunity of the Net Zero Strategy and COP26.
11. As an **example only**, the below table uses text from the Climate Change Committee's independent assessment of the Net Zero Strategies policies for 'buildings', onto which we have added a column proposing possible LGA lobbying objectives.
12. It is proposed the LGA continue similar analysis across other sectors such as transport, power, and nature, and important cross-cutting issues such as skills, public engagement, and finance. For some policy areas, like transport and skills, the Net Zero Strategy did not have much new policy but summarised existing work that LGA are already active on.
13. And alongside this analysis, the officers collaborate with other LGA Boards, councils and council partnerships to build a work programme lobbying for the policy and funding

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<sup>1</sup> <https://www.gov.uk/government/publications/net-zero-strategy>

<sup>2</sup> <https://www.theccc.org.uk/publication/independent-assessment-the-uks-net-zero-strategy/>

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changes needed to help councils deliver net zero, including a mix of policy, research, events, communications and parliamentary work.

<b>BUILDINGS</b>	
<b>Climate Change Committee's independent commentary, a summary</b>	<b>Potential LGA policy/lobbying objectives</b>
<p><u>Does the proposed ambition broadly align to the UK climate targets?</u></p> <p>The strategy sets out a vision for the UK where almost all buildings produce zero emissions by 2050.</p> <p>That is backed by a 2035 target date to upgrade most of the housing stock to an EPC C efficiency rating and to phase out installation of natural gas boilers. The Government will consult on phasing out installation of high-carbon fossil fuel boilers in off-grid buildings by 2024 (non-domestic) and 2026 (residential).</p>	<p>Demonstrating significance of councils' strategic vision within local areas. Overall role of councils in understanding local housing stock, supply chains etc, and local delivery opportunities and challenges.</p>
<p><u>Have credible delivery policies been proposed or put in place?</u></p> <p>The Future Homes Standard will regulate to ensure that new homes built from 2025 (at the latest) do not need fossil-fuel heating.</p> <p>Public funding to 2025 will support energy efficiency and some low-carbon heat for social housing, those in fuel poverty, local authorities and public sector buildings, plus a small number of heat pumps and some heat networks. Standards for rented properties will require efficiency improvements to inefficient properties.</p> <p>For the 60% of homes which are owner-occupied and not fuel poor, there are no mechanisms to allocate costs or stimulate the market for efficiency aside from a voluntary target on lenders. The Net Zero Strategy says the Government plans to consult on options. Poor progress here would undermine the SAP C target and all associated low-carbon heating savings.</p> <p>Wider roll-out of heat pumps is to be driven by standards and a market mechanism. The Government will consult on an obligation on boiler manufacturers to grow their sales of heat pumps. Details are currently limited, and this approach relies on industry successfully driving down costs and strengthening the consumer offering.</p>	<p>Role of councils in supporting developers to achieve this – infrastructure, planning etc.</p> <p>Funding being sufficient, certain, timely flexible and simple.</p> <p>Expectations on councils and challenge/ opportunity of engaging PRS.</p> <p>Clarity of role for councils as community leaders working with owner-occupiers to encourage household investment, support local supply-chains etc.</p> <p>Powers enabling councils to support local businesses and connect new jobs with local education and skills providers.</p>

<p>For heat networks, the Government will provide some funding and introduce some enabling measures, such as heat network zoning by 2025. The Strategy commits to introduce Heat Network Market Regulation as soon as possible. Strong, well-designed regulations will be needed to support the planned roll-out.</p> <p>For commercial buildings, the main levers are standards – on landlords to improve efficiency and (subject to consultation) on the phase-out of installations of fossil fuel boilers. Large buildings will also have sector-by-sector energy reduction targets and information to support these. Some decisions are not yet finalised and further details are needed.</p> <p>For public sector buildings, the delivery policy focuses on providing funding and capacity to public sector organisations and asking them to disclose progress annually against their emissions reduction plans. It is unclear how effective these plans will be. There is no suggestion of an EPC or in-use performance-based target for public sector buildings</p>	<p>Support for councils active in growing local heat networks.</p> <p>Clarity on role of councils in enforcement, backed with resources etc.</p> <p>Clarity of expectations on councils, and access to sufficient, certain long-term funding.</p>
<p><u>Is it properly funded and/or does it contain sufficient incentives to drive the transition?</u></p> <p>The strategy extends funding out to 2025 for existing programmes targeting the Home Upgrade Scheme (£950 million) and the Social Housing Decarbonisation Fund (£800 million), each over three years. These cover energy efficiency and heat.</p> <p>It includes a small increase in the funding pot for heat pumps - £450 million over three years, with grants of £5,000 for air source or £6,000 for ground source heat pumps.</p> <p>A £270 million Green Heat Network Fund will run from 2022-25, to support new and existing heat networks. The Government expects around £1 billion of additional investment will be leveraged by proposals for heat zoning. In CCC pathways, £4.9 billion is required for heat networks from 2022-25, indicating a funding gap even if the Government’s expected levels of public and private investment occur.</p> <p>For public sector building decarbonisation 2022-25, £1.9 billion investment is needed for heat pumps and energy efficiency, rising to £2.6 billion if heat networks</p>	<p>Continue to call for further grant funding.</p> <p>Clarity on role for councils, if any, in supporting positive take up of heat pumps within communities leading to wider green job benefits.</p> <p>Potential role of councils to help encourage private sector investment, leveraged through sufficient public sector policy and investment commitments.</p> <p>Press for further investment in public sector de-carbonisation.</p>

<p>investment is included. The Government has committed a little over £1.4 billion over the period 2022-25, through the public sector decarbonisation scheme. Depending what proportion of the additional £338 million committed to heat networks funding is directed to the public sector, this leaves a public sector funding gap of between £ 0.9-1.2 billion.</p>	
<p><u>What important areas remain to be resolved?</u></p> <p>There is a major gap on policy to deliver the EPC C target, specifically for owner-occupied properties. This affects 60% of homes. Proposed targets for mortgage lenders are voluntary (though with potential to make mandatory if they progress well), and only capture properties at the point of purchase, renovation, and re-mortgage.</p> <p>The transition to low-carbon heating in commercial buildings currently relies on EPC requirements in 2030, and disclosure of in-use performance for large commercial buildings. This needs to be addressed, potentially through an earlier phase-out date for installing gas boilers in non-domestic buildings.</p> <p>The effect of increased demand for electricity on generation and transmission remains an unresolved risk. The strategy proposes ongoing collaboration between BEIS, Ofgem and Distribution Network Operators (DNOs) to collect and share data on the impact of heating assets on the electricity networks. However specific plans for strategic investment in electricity networks are not expected until later this year.</p>	<p>Press for further investment in retrofit across all tenures, including potential role for councils engaging PRS landlords and owner-occupiers.</p> <p>Clarity on expectations of councils in enforcing EPC requirements</p>

### **LGA sector-led improvement**

14. The LGA has ran a series of very popular and well received support offers helping councils on the climate change agenda in their areas. Following the publication of the Net Zero Strategy, the Boards views are welcome on important features of future support offers on this issue.

15. For information, the current offer includes:

- 15.1 Promote use of the LGA Greenhouse Gas Accounting Tool, developed collaboratively with Local Partnerships, to provide a consistent approach for all councils seeking to calculate their own greenhouse gas baseline.

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- 15.2 Deliver the Net Zero Innovation Programme, in collaboration with UCL and other universities, to support councils to achieve their carbon reduction goals, and delivering further training through a train the trainer model.
- 15.3 Promote The Local Pathway to Net Zero Councillor guide.
- 15.4 Deliver a series of green webinars.
- 15.5 Deliver a series of action learning sets to help Councillors and officers to build housing retrofit skills in local communities.
- 15.6 Promote the LGA biodiversity e learning.
- 15.7 Promote the LGA podcast: 'Local Action for our Environment' which focusses on local community engagement and climate action.
- 15.8 Promote the LGA Sustainable Procurement toolkit.
- 15.9 Deliver Leadership Essentials: Climate Emergency.
- 15.10 Share resources widely including case studies and best practice, through the LGA climate change e-bulletin, Knowledge Hub, and [LGA Web hub](#).