

THE FUTURE IS LOCAL

The Local Mission Zero
Network Report

RT HON CHRIS SKIDMORE OBE MP
LORD BEN HOUGHEN



This Report

PREFACE AND BACKGROUND TO THE REPORT

The Net Zero Review was clear that local delivery of net zero is of paramount importance. 'Net Zero and the Community' was one of the six foundations that the Mission Zero report indicated needed to be strengthened in order to deliver net zero nationally by 2050. To achieve this, the review also set out a 'Delivering a Local Big Bang' Mission, as well as creating separate local net zero missions. The Introduction to this report sets out both the recommendations made in the Net Zero Review, and the government response to these in March 2023.

In order to continue to work with key stakeholders on developing the recommendations in the Net Zero Review, Chris Skidmore established the Mission Zero Coalition in March 2023, with the intention that the Coalition would be formed of several networks, each network seeking to highlight and continue to raise issues and challenges on the net zero pathway, yet also demonstrate the opportunity for future policy direction. Each network seeks to cover one of the ten missions set out in the Net Zero Review. The Local Mission Zero network was established both by Chris Skidmore together with the Mayor for Tees Valley, Ben Houchen, and has involved the following organisations and companies, who have attended several evidence roundtables that have met over the past five months.

We are grateful to the following organisations, without whom this report would not have been possible:

The Energy System Catapult, Grosvenor, Lloyds, Phoenix, Pollution Solution, Reckitt, SSE, Suez, mySociety, Community Energy England, the Mayor of Bristol, 3Ci, the West Midlands Combined Authority, Pollution Solution, UK100, the Northern Powerhouse Partnership, London Councils, Henham Strategy and the Mayor of London.

This report is intended not only to highlight the continued challenges facing the local delivery of net zero, it also seeks to frame these challenges into a new framework for ensuring local authorities and regions have the certainty to achieve their net zero ambitions.

The Report is divided into four parts:

Part One sets out the opportunity that local net zero can bring, not just in delivering additional carbon dioxide emission savings, but also the additional benefits that are gained through local delivery of net zero. It also seeks to demonstrate that we are also in an increasingly international 'local net zero race', with cities and regions across the globe leading efforts to decarbonise. Where countries have empowered cities and regions to go further, faster, these countries have seen positive results.

Part Two seeks to set out the current local net zero landscape, both at a local authority and regional level. The first section in part two demonstrates the clear progress that has already been made in local areas on the net zero pathway. Many local authorities have delivered significant advances in their net zero targets, and this section seeks to highlight not only examples of best practice, but to demonstrate how local authorities are reaping the rewards and realising those benefits identified in Part One of the report. This also includes focusing on the progress of recent policy interventions including The second section investigates where there remains significant problems in the pace and scale of net zero delivery in those local areas that have not achieved as much progress either as they may have hoped, or those local areas where delivery has been limited.

Part Three identifies the challenges that are preventing local and regional authorities from going further, faster, setting out the barriers that are holding local net zero delivery back. This includes uncertainty over

roles and responsibilities, challenges with finance and funding, a planning system that is not fit for a net zero purpose. The report sets out recommendations in turn for how these challenges can be met effectively.

Part Four seeks to address how these challenges and recommendations can be brought together to form a new local climate action framework and a future local net zero partnership between local and central government. Taking the mission-based approach of the Net Zero Review, how can local and regional authorities make the case for a better, long-term and strategic approach to net zero delivery.

Many of the findings in this report are not new. Calls for greater clarity over local authorities roles and responsibilities, certainty over planning, guidance and data to inform decision making, consistency over funding and continuity over long term programs for local net zero delivery have long been made by organisations such as UK100, the LGA, the NAO and relevant select committees.

What this report intends to establish is both a policy landscape overview of what are the challenges and barriers that need to be overcome, not merely by this government but also by whichever political party forms the next administration at the General Election in 2024.

The report also seeks to present an opportunity for framing these challenges and barriers, not merely as policy recommendations into government, important though a restatement of these well established requests are, but as a new framework for local and regional government to establish an agreement in the form of a declaration or charter, that might form the structure of a cross-party, consensus driven, document that councils and authorities across the UK can adopt, to demonstrate both the urgency and necessity for better local net zero powers and responsibilities to be established by whoever forms the next government in 2024.

We are personally grateful to all those who gave both evidence to the Local Mission Zero Network and submitted written evidence, and look forward to working with local and regional authorities in continuing to make the case for why local net zero is essential for not only delivering our climate commitments on time, both more effectively and efficiently, but also for regenerating communities, rebuilding regional economies and ensuring that the UK's householders and businesses can fully achieve the economic benefits that locally-led net zero delivery can bring.

**Rt Hon Chris Skidmore OBE MP
Mayor Ben Houchen, Lord Houchen of
High Leven**

Recommendations

THE 5 THEMES OF THE REPORT

This report makes 31 recommendations, which have been grouped into the five overarching themes and key recommendations, as set out below and summarised as:

1. Introduce a Local Net Zero Charter to agree responsibilities and enhance partnership between the UK government, devolved governments and regional, city and local authorities.
2. Hasten the adoption, consistency, and success of Local Area Energy Plans across the UK.
3. Develop a local Net Zero Delivery Framework to enable collaboration between UK Government and local and regional authorities, using The Local Net Zero Forum.
4. Simplify and enhance the Net Zero funding and financing landscape to support local and regional authorities with longer-term certainty, while also enabling effective public-private partnerships that can unlock inward investment.
5. Commence an urgent review in 2023, of the National Planning Policy Framework (NPPF) to ensure that the NPPF is better aligned to the scale and urgency of the Net Zero, nature recovery and adaptation challenges.

THE RECOMMENDATIONS

1. Introduce a Local Net Zero Charter to agree responsibilities and enhance partnership between the UK government, devolved governments and regional, city and local authorities.
 - 1a A new, enhanced partnership, in the form of a Charter, between the UK government, devolved governments and regional, city and local authorities is needed to accelerate the transition to Net Zero, drive economic prosperity through growth in green jobs and skills and support the UK's international position as a Net Zero pioneer.
 - 1b The government should ensure that all new devolution deals have net zero clauses and powers contained within them. The government should also seek to ensure that the pilots in GMCA and WMCA are replicated swiftly, and ensure that net zero funding can be devolved in all permissible circumstances.
 - 1c In order to show greater public engagement, and to prevent favouring one region over another, the government should seek to ensure that there is one trailblazer net zero project in each region of England and in each devolved nation.
- 1d Net zero policy needs to be given greater support in local authorities, with a requirement that an official at Director level should be given dedicated local net zero responsibilities. There should also be a Cabinet Member for Local Net Zero in local authorities.
- 1e The government should establish a Joint Ministerial Forum on Net Zero, at which the opportunities for shared partnership and discussion of mutual challenges can be raised. The government should also seek to ensure that net zero and energy collaboration is a fixed item on the agenda of the British Irish Council.
- 1f A Local Net Zero Data and Reporting Framework should be established, in order to provide consistency and increase integrity for reporting across local authorities.
- 1g The Net Zero Review recommended that ONS should collect more forms of net zero related data, and this network maintains that net zero will be better delivered the more we know, and where we know action needs to take place.

- 1h** The need for open source and operable data is also important, if we are to encourage better uses of AI and future systems thinking. This data to be held in a central repository, supported by a central government data convenor.
- 2. Hasten the adoption, consistency, and success of Local Area Energy Plans across the UK.**
- 2a** The government has yet to formally endorse or provide support for a formal definition of Local Area Energy Plans. This should be an immediate priority, with the potential for linking the commitment to or formal adoption of a Local Area Energy Plan to future local net zero funding.
- 2b** Given the low costs involved for local authorities to commission and produce a LAEP, the government should guarantee funding for every local authority to develop their own LAEP.
- 2c** The government should also establish a LAEP governance framework that ensures local authorities have a duty to collaborate on net zero and are supported to have consistent data inputs across the UK to ensure that all plans are comparable, interoperable and easier to refresh and update. The Local Net Zero Hubs, along with the Energy Systems Catapult should be closely involved with the development of the LAEP, and the government must ensure that this is a condition for LAEP funding.
- 3. Develop a local Net Zero Delivery Framework to enable collaboration between UK Government and local and regional authorities, using the The Local Net Zero Forum.**
- 3a** The Forum's roles and responsibilities sub-group should prioritise co-developing a framework that sets out an agreed view of the key roles and responsibilities between central and local governments, as well as mechanisms to coordinate delivery of these (recommendation R2022-118)
- 3b** The Local Net Zero Forum is an important opportunity to develop local and national net zero collaboration. The government should ensure that the governance and processes in the LNZF are formalised, with a memorandum of understanding, minutes and terms of reference made public. The recommendations of the CCC in their Progress Report should be adopted.
- 3c** The Local Net Zero Forum should also have representatives from every region of England and every devolved nation, so that it can be truly effective as representative of the whole of the United Kingdom.
- 3d** The Local Net Zero Forum should also have representatives from each of the Net Zero Hubs: indeed, the Chief Executive of each Hub should be an automatic member of the Forum.
- 3e** The Local Net Zero Forum should develop a strategy plan and set out its delivery milestones in this plan, so it can be an effective, decision making body, rather than run the risk of simply becoming a talking shop.
- 4. Simplify and enhance the Net Zero funding and financing landscape to support local and regional authorities with longer-term certainty, while also enabling effective public-private partnerships that can unlock inward investment.**
- 4a** The Chancellor at the Spending Review in November 2023 should announce the establishment of new Net Zero City Leaps, using the Bristol City Leap template and the work of 3CI and GFI to scale this model of effective public-private partnership to other cities and regions across the country, with the necessary finance to subsequently unlock inward private investment.
- 4b** At the next Spending Review in November 2023, the Chancellor should seek to establish a consolidated Local Net Zero Fund, that is aligned with other longer-term funds in order to deliver provide local authorities with greater certainty.

- 4c At the next Spending Review in November 2023, the Chancellor should seek to establish a consolidated Local Net Zero Fund, that is aligned with other longer-term funds in order to deliver provide local authorities with greater certainty.
- 4d The Local Net Zero Fund should be both long-term and agile, co-ordinate across departments and be non-competitive, while at the same time allowing local authorities greater lead in times to apply for funding, and a longer time scale in which to deliver outcomes.
- 4e The Local Net Zero Fund should require an eligibility threshold of local areas committing at least to a Local Area Energy Plan in order to ensure funding is best spent in the most effective and efficient means possible.
- 4f In order for these new models of blended and private investment finance to succeed, the UKIB should be allowed to lift the £5 million threshold on investable net zero projects. Government must also provide additional support to make sure regions can attract green investment and build regional green clusters. This should include refocusing planned Investment Zones to ensure they encourage net zero investment and development.
- 4g Currently, the Growth Plan only retained the commitment of £5 million per annum spending on the Hubs, at £1 million per Hub. Government should fully resource the Net Zero Hubs and make a commitment to their delivery for the next ten years at least.
- 4h The Net Zero Living Programme is only a three-year fund, yet its findings will be important to be scaled quickly across all local authorities. The positive findings from the programme must be adopted quickly, while consideration should be given to extend funding.
- 4i The Net Zero Innovation and Delivery Officer role should be evaluate and its impact measured. If there is found to be real environmental and economic benefit from this role, the government should consider how to ensure funding is allocated to councils to establish an officer across every local authority.
- 5. **Commence an urgent review in 2023, of the National Planning Policy Framework (NPPF) to ensure that the NPPF is better aligned to the scale and urgency of the Net Zero, nature recovery and adaptation challenges.**
 - 5a The government must ensure that the NPPF is fit for a net zero purpose. If local and regional authorities are to have certainty and clarity to deliver their net zero plans, they must have confidence that the NPPF will help, and not hinder these. The NPPF review should be published in 2023, and must be aligned fully with the government's Net Zero commitments.
 - 5b The NPPF and future planning policy should commit to ensuring that there is an effective carbon emissions assessment, based on whole life cycle carbon analysis, in order to target emissions reductions.
 - 5c Current guidance states that viability assessments "should not compromise sustainable development." This language should be strengthened to ensure that viability assessments actively encourage genuinely sustainable and net zero developments, and that assessments take a longer-term approach to determining what is viable.
 - 5d UK Government should give practical guidance and establish a framework on future community benefit with a clear plan for how this can be implemented within the planning system.
 - 5e The government should then seek to ensure that a community benefit system can be effectively regulated for, in anticipation of the delivery of future onshore renewable projects and a Net Zero National Grid.
 - 5f The Local Mission Zero Network intends to convene and publish a further report on developing effective ways to support and empower local communities through community consent, alongside scaling up locally-focused energy projects such as Project LEO across the country.

Introduction

THE NET ZERO REVIEW: RECOMMENDATIONS AND RESPONSE

“There is plenty of regional, local and community will to act on net zero, but too often government gets in the way. The UK government must provide central leadership on net zero, but it must also empower people and places to deliver. Place-based action on net zero will not only lead to more local support but can deliver better economic outcomes as well.” Mission Zero, The Net Zero Review

For the Net Zero Review, taking a place-based approach to policy delivery was a theme that ran across the entire report. “There is clearly a role for national coordination and direction-setting on net zero’ the Mission Zero report stated; ‘But to achieve a place-based, place-sensitive, locally-led transition to net zero, government must place its trust in local

leaders and communities to deliver. If it does this, government can galvanise the ambition of communities and ensure that every corner of the country feels the economic and social benefits of action on climate change.”

The Review was clear that at present, that degree of trust and confidence in placing net zero powers in the hands of regional and local government was lacking. “Often, local leaders are better placed to engage with communities and businesses on net zero, better placed to understand the challenges and opportunities their areas face in transitioning to net zero, and better placed to deliver locally-tailored net zero interventions. However, they currently face a lack of clarity over their role, a disjointed and short-term approach to funding, and require further support to build the capacity and capability needed locally to deliver a successful transition.”

LOCAL BIG BANG MISSION

The Local Big Bang Mission, one of the ten missions set out in Mission Zero, identified the challenges to local net zero delivery and recommendations to meet them:

Mission: Create a Net Zero Local Big Bang. Reforming the relationship between central and local government on net zero will empower local authorities to deliver place-based, place-sensitive action and unlock the high levels of local net zero ambition that we have across the UK. Unblocking the planning system and aligning it more closely with net zero will enable widespread pro-growth, net zero development.	
ISSUE HEARD BY THE REVIEW	ACTION RECOMMENDED
No clear framework on local net zero action, and no statutory duty. Guidance on some areas but not others. Lack of clarity over the local role, which can prevent action and/or lead to unnecessary bureaucracy between central and local government. Some partnership working. Responsible officers within local authorities sometimes unable to drive internal action due to deprioritisation.	Government should introduce a statutory duty for local authorities to take account of the UK’s net zero targets, based on a clear framework of local roles and responsibilities. Provide areas with high-level clarity, certainty and accountability on their role. Identify where more detailed guidance is needed, and where pilots or further research may be required to determine how to deliver effectively. Agree close partnership working, with cross-government buy-in. Ensure local authorities have appropriate support to deliver the statutory duty.

Complicated net zero funding landscape. Numerous funding pots with different application criteria and restrictions. Actively discourages systems thinking and join-up. Resource intensive funding application processes. Competitions in which smaller authorities struggle. Short-term funding and delays in transfer of funds leads to inefficiency and inability to spend the funds provided.	Central government should, by the next spending review, simplify the net zero funding landscape by consolidating different fundings pots, reducing competitive bidding processes and giving longer lead-in times where bidding remains, and providing funding over the medium- rather than the short-term.
Inconsistent local mission and target setting. Most local authorities have a high-level net zero target date. Underpinning plans vary significantly in terms of detail and development.	Establish local net zero missions on common policy areas to encourage places to go further and faster. Begin with nationally agreed missions on common areas, such as recycling or retrofit. Over time, develop more locally tailored missions with community and business engagement. Use missions to make net zero more real for communities, to give clear purpose and to drive action. Ensure an economic growth angle to all missions.
Some devolution of appropriate net zero powers. Varying degrees between nations and regions. Lack of framework and clarity over roles and responsibilities leads to confusion over exact nature of powers.	Government should fully back at least one Trailblazer Net Zero city, local authority and community, with the aim for these places to reach net zero by 2030. Enabling areas to grab first mover advantages, attract new investment and sharing learn from innovative approaches. Empower and trust local areas to deliver, with net zero embedded in all devolution deals. Encourage regional coordination and close working between all tiers of local government and central government.
Some capacity and capability support; inconsistent monitoring, reporting and sharing of data. Significant variation between tiers and sizes of local authority. Short-term funding prevents long-term capacity and capability planning. Expensive consultancy often used to fill knowledge gaps, with some coordination between areas to improve costs. Lack of standard monitoring and reporting presents barriers to progress, including on accountability. Some sharing of best practice.	Central government should provide guidance, reporting mechanisms, and additional capacity and capability support to enable local authorities to better monitor and report their net zero progress. Provide a single point of contact for local net zero issues within the Office for Net Zero Delivery (see Part 1). Assess and coordinate the types of required training and capability support needed for effective local delivery, taking advantage of economies of scale. Publish guidance and standardise reporting on net zero metrics across local authorities. Focus closely on the support needed to attract private finance and green investment. Work with local government to convene an annual Local Climate Summit that helps to share best practice, attract green investment and provides an opportunity for areas to update on their Locally Determined Contributions.

Planning system presents major barrier to net zero action. View of system on net zero is unclear and does not give sufficient weight to net zero as a national priority. Often slow and difficult to navigate, especially for individuals and communities.	Reform the local planning system and the National Planning Policy Framework now. Have a clearer vision on net zero with the intention to introduce a net zero test. Give clarity on when local areas can exceed national standards. Give guidance on Local Area Energy Planning. Encourage greater use of spatial planning and the creation of 'Net Zero Neighbourhood' plans. Set out a framework for community benefits. Undertake a rapid review of the bottlenecks for net zero and energy efficiency projects in the planning system, and ensure that local planning authorities are properly resourced to deliver faster turnaround times.
Local Net Zero Forum provides formal route to explore issues between central and local government. Recently set up, including task and finish groups on key issues.	Regularly review the local net zero framework and relationship. In light of this reform, regularly reassess local net zero roles and responsibilities to see where improvements can be made. Revisit the actions and recommendations above accordingly, including through direct and cross-government ministerial engagement to unblock barriers to progress.

ADDITIONAL LOCAL NET ZERO RECOMMENDATIONS IN MISSION ZERO

The Net Zero Review made several recommendations to deliver on its Local Mission, including the following recommendations:

91	Local and regional	BEIS/DLUHC	2023	Central government should introduce a statutory duty for local authorities to take account of the UK's net zero targets, based on a clear framework of local roles and responsibilities.
92	Local and regional	DLUHC/HMT/BEIS	Next SR	Central government should simplify the net zero funding landscape for all local authorities by the next Spending Review. This should include consolidating different funding pots, reducing competitive bidding processes, giving longer lead-in times where bidding remains and providing funding over the medium- rather than the short-term.

93	Local and regional	BEIS/DLUHC	2023	Central government should establish local net zero missions in 2023 for a number of key policy areas to encourage places to go further and faster.
94	Local and regional	BEIS/DLUHC	2023	Central government should establish core principles for future net zero devolution and ensure that all devolution deals agreed between now and 2030 have a strong net zero element.
95	Local and regional	BEIS/DLUHC	2023	Central government should fully back at least one Trailblazer Net Zero city, local authority and community, with the aim for these places to reach net zero by 2030.
96	Local and regional	BEIS/DLUHC	2023	Central and local government should work together to convene an annual Local Climate Summit that helps to share best practice, attract green investment and provides an opportunity for areas to update on their Locally Determined Contributions.
97	Local and regional	BEIS/DLUHC	2023	Central government should provide guidance, reporting mechanisms and additional capacity and capability support to enable local authorities to better monitor and report their net zero progress.
98	Local and regional	BEIS/DLUHC	2023	Central government should reform the local planning system and the NPPF now. Have a clearer vision on net zero with the intention to introduce a net zero test, give clarity on when local areas can exceed national standards, give guidance on LAEP, encourage greater use of spatial planning and the creation of Net Zero Neighbourhood plans, and set out a framework for community benefits.
99	Local and regional	BEIS/DLUHC	2023	Government should undertake a rapid review of the bottlenecks for net zero and energy efficiency projects in the planning system, and ensure that local planning authorities are properly resourced to deliver faster turnaround times.

100	Community	BEIS	2023	Government should commit to the Local Electricity Bill and publish a Community Energy Strategy that addresses regulatory, legislative, funding and capacity barriers in the sector. The Strategy should also consider what support should be given to innovative projects such as community purchasing and community energy sharing and storage.
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THE IMPACT OF THE NET ZERO REVIEW ON LOCAL NET ZERO POLICY

The Government Response

The Government formally responded to the Net Zero Review on 30 March, both responding directly to its recommendations, as well as setting out in Powering Up Britain: The Net Zero Growth Plan, its broader vision for progress in delivering further on local net zero. The report stated that:

Local areas play an integral role in supporting the transition to net zero. Local authorities have strong powers, assets, and responsibilities across many of the areas where emissions reductions are needed, and civil society organisations can enable communities to take collective action to accelerate the net zero transition in their neighbourhoods. Local government is also uniquely placed to attract private sector net zero investment that wouldn't otherwise be obtained; maximising the local opportunities the transition will bring, such as the growth of green jobs and skills. The government has made excellent progress in supporting local areas to deliver net zero. This includes establishing the Local Net Zero Forum, continuing the Local Net Zero Hubs Programme, and establishing Net Zero Go, the UK's free-to-use digital platform providing advice to help local authorities make progress on net zero. We have also agreed devolution deals which contain shared agreements in relation to net zero/climate adaptation and/or clean energy.

We welcome the recognition from the CCC and Independent Review of Net Zero of the promising steps central government are making towards harnessing the ambition of local government, including the recognition of the success of the Local Net Zero Forum which has been widely welcomed by local government. The Independent Review of Net Zero also affirmed that government should continue to support the Local Net Zero Hubs Programme, given their role supporting local authorities on capacity and capability building.

We have made excellent progress in this area to date and will continue to work collaboratively with local actors to progress still further:

- we will strengthen our support to local authorities on capacity and capability building and ongoing knowledge sharing through our Local Net Zero Hubs Programme, Net Zero Go, and the annual net zero conference for local government that we sponsor with The Association for Public Sector Excellence (APSE)
- we will pilot a devolved approach to buildings' retrofit from 2025 in the devolution deals with Greater Manchester Combined Authority and West Midlands Combined Authority
- we will strengthen the partnership with local government through ongoing engagement in the Local Net Zero Forum

- we will look at the opportunities offered by blended finance models, and explore simplification of the net zero funding landscape for local authorities where this will deliver better outcomes for net zero
- we will continue to work with the Community Energy Contact Group on some of the key policy and delivery issues which impact the sector and support community energy projects through UK-wide growth funding schemes and Ofgem's Industry Voluntary Redress Scheme
- as announced in the Budget, all new Investment Zones will be required to demonstrate how they will support the UK's net zero target

In response to the individual recommendations in the Net Zero Review, the government agreed to take forward a number of recommendations, however, this did not include a statutory duty on local authorities to deliver net zero, with the government stating that:

After discussion with local government stakeholders, we will not be taking forward this recommendation. This is because, as laid out in the 'Net Zero Strategy', we do not believe that a new general statutory requirement is needed because there is already a high level of local commitment with the sector. We will continue to explore how we can support local authorities to deliver net zero through existing mechanisms such as the Local Net Zero Hubs Programme, which may allow for more flexibility to reflect local need.

The government did agree that funding for local authorities should be simplified, and 'committed to explore simplifying local net zero funding where this provides the best results for net zero'.

Other government responses to the Review's recommendations included:

NET ZERO REVIEW RECOMMENDATION	GOVERNMENT RESPONSE
Establish separate local net zero missions	Our Local Net Zero Hubs provide technical assistance to local authorities to support their capacity and capability to deliver net zero. This includes leading work to develop communities of interest that share experience and best practice on net zero local policy and delivery issues - local authorities can suggest new issues for groups to explore. We will continue to strengthen support for knowledge and information sharing through the Hubs and other partners.
Central government should establish core principles for future net zero devolution and ensure that all devolution deals agreed between now and 2030 have a strong net zero element.	All the devolution deals agreed since the publication of the 'Levelling Up White Paper', including the deeper devolution deals with Greater Manchester and West Midlands Combined Authorities, and many prior, have included sections on net zero or clean energy, as well as other sectors and policy areas where net zero is a relevant consideration such as skills, transport and regeneration. The policy content of the deals agreed to-date has been informed by the devolution framework set out in the Levelling Up White Paper and local priorities, rather than government setting out what is in and what is out of scope of devolution with respect to net zero. Government would be open to exploring establishing a set of principles for future deals.

Central government should fully back at least one Trailblazer Net Zero city, local authority and community, with the aim for these places to reach net zero by 2030.	The government's Prospering from the Energy Revolution programme has already begun to develop trailblazer demonstrators and detailed designs for a place-based approach to net zero across the UK in several places. Government will continue to build on this work, including through our Local Net Zero Hubs Programme and the online technical assistance site, 'Net Zero Go'.
Central government should provide guidance, reporting mechanisms and additional capacity and capability support to enable local authorities to better monitor and report their net zero progress.	We are already working on the data, metrics and reporting mechanisms for local net zero with local government and will continue to do this work. Our Local Net Zero Hubs support capacity and capability building on local net zero.
Central and local government should work together to convene an annual Local Climate Summit that helps to share best practice, attract green investment and provides an opportunity for areas to update on their Locally Determined Contributions.	The Department for Energy Security and Net Zero already sponsors an annual net zero event of this type with The Association for Public Service Excellence (APSE) - an organisation dedicated to promoting excellence in the delivery of frontline services to local communities around the UK. Outside of an annual summit, we also support ongoing knowledge sharing through our Local Net Zero Hubs, Net Zero Go, and the Innovate UK's Net Zero Places Knowledge Transfer Network Stakeholder Group.
Central government should reform the local planning system and the NPPF now. Have a clearer vision on net zero with the intention to introduce a net zero test, give clarity on when local areas can exceed national standards, give guidance on LAEP, encourage greater use of spatial planning and the creation of Net Zero Neighbourhood plans, and set out a framework for community benefits.	Our National Planning Policy Framework (NPPF) makes clear that local planning authorities should have a positive strategy in place to promote energy from renewable and low carbon sources. We intend to do a fuller review of the NPPF to ensure it contributes to climate change mitigation and adaptation as fully as possible. As a first step, we have consulted on proposed changes to the planning system to support the rollout of cleaner, cheaper renewable power, and are seeking views on a form of carbon assessment. The proposed reforms to the plan-making system in the Levelling Up and Regeneration Bill (LURB) will ensure local plans are in place more quickly and updated more often, so that development happens in ways that are consistent with and responsive to environmental and climate priorities. We are also seeking powers in the LURB to introduce 'neighbourhood priorities statements', which will provide communities with a simpler and quicker way for communities to determine priorities for their area.

	<p>Plan-makers may continue to set energy efficiency standards which go beyond national Building Regulations standards through the Planning and Energy Act 2008. The Department for Energy Security and Net Zero has work underway to consider the role of Local Area Energy Planning (LAEP) in delivering net zero and in supporting efficient network planning. This includes engaging with Ofgem as part of its ongoing governance review into local energy institutions, as well as working closely with DLUHC, UKRI, ESC, the devolved administrations and other key stakeholders.</p> <p>We agree that communities should benefit from hosting net zero infrastructure. The government will seek alignment and consistency between energy technologies where appropriate, but believes it is important that the approach to community benefits for each technology reflects their unique impacts. The Department for Energy Security and Net Zero will issue consultations on local partnerships' for 'communities who wish to host new onshore wind infrastructure in return for benefits, and separately published a second consultation on options for community benefits for electricity transmission network infrastructure.</p> <p>It is also government's view that community benefit guidance should remain separate from the planning process, to allow the planning process to remain a robust system through which communities can give their views on individual projects.</p>
Government should undertake a rapid review of the bottlenecks for net zero and energy efficiency projects in the planning system, and ensure that local planning authorities are properly resourced to deliver faster turnaround times.	<p>As committed to in the Net Zero Strategy, we intend to do a fuller review of the NPPF to ensure it contributes to climate change mitigation and adaptation as fully as possible. As a first step, we consulted on proposals to address clearly-defined and pressing local planning bottlenecks on onshore wind and energy efficiency in historic buildings. We will also take forward our wider reform work to improve the Nationally Significant Infrastructure Project Planning Process, including regulatory and guidance changes to streamline the process and support digital transformation.</p> <p>The 'Nationally Significant Infrastructure Project Action Plan' (February 2023) sets out reforms to the planning system for major infrastructure, so it is more resilient and can deliver projects faster, better and greener. System-wide improvements will be delivered through regulatory, guidance and operational changes to strengthen and streamline the process and support digital transformation.</p>

	<p>The reforms set out in the NSIP Action Plan will deliver government's commitment within the British Energy Security Strategy to provide a fast-track consenting process for projects meeting quality standards.</p> <p>To improve capacity in the local planning system, we have announced in our recently published consultation our intention to increase planning fees. We have already started to work alongside the sector to design a suite of targeted interventions to support the development of critical skills and to build capacity across local planning authorities. We are currently consulting on changes to permitted development rights for solar equipment (to support the ambitions of the 'British Energy Security Strategy') and local authority led electric vehicle charge points.</p>
Government should commit to the Local Electricity Bill and publish a Community Energy Strategy that addresses regulatory, legislative, funding and capacity barriers in the sector. The Strategy should also consider what support should be given to innovative projects such as community purchasing and community energy sharing and storage.	The Smart Export Guarantee provides small-scale low carbon electricity generation with the right to be paid for their exports, and suppliers already offer local tariffs. The government is separately considering wider retail market reforms to deliver a fair deal for consumers, ensuring the energy market is resilient and investable over the long-term, and supports net-zero.
Government to publish a public engagement plan for England by 2023, to ramp up public engagement on net zero.	The government approach to public engagement for net zero was set out in the 'Net Zero Strategy'. We agree with the conclusion of the Net Zero Review that the public will play a key role in the transition and will, in the coming months, set out further detail on how government will (i) support public awareness of our actions through our digital platforms, (ii) develop a roadmap setting out plans and proposals under net zero and (iii) construct a guiding framework, in conjunction with partners and trusted messengers, to amplify net zero messaging.

POST-NET ZERO REVIEW: THE WIDER LOCAL NET ZERO POLICY LANDSCAPE IN 2023

At the same time as the Government response, there has been a continued assertion that local net zero delivery should be prioritised. UK100 published their Powers In Place report, highlighting the opportunity not only for where local

authorities can use existing legal and regulatory powers to delivery net zero policy locally, but also calling for reforms to funding, finance, and planning to enhance local delivery. The report concluded that local authorities are hamstrung by:

- A lack of a defined role in Net Zero Delivery
- A policy and strategy ecosystem and framework that fails to enable and support local delivery.
- Conflicting remits of public agencies which prevent ambitious authorities from delivering their aims.
- Insufficient funding and resources to develop the capacity to enable this transformative shift; funding streams are inequitably and competitively distributed and rarely long-term.

The CCC's Progress Report 2023 again sets out key areas where the government needs to provide greater certainty and clarity for local authorities. This required the government to:

- Set out a clear process and governance framework for delivering credible, coordinated energy planning across local, regional and national levels. This should include guidance on responsibilities for producing, feeding into and implementing plans at each level (e.g. clarifying the respective roles of local authorities, Ofgem, the Future System Operator, network operators and the Government among others); their scope and the decisions to be made at each level; and a required methodology and standardised assumptions framework. This should include providing appropriate support and funding for delivery, ensure that proposals complement existing initiatives (e.g. on heat network zoning) and put in place processes for coordinating across boundaries and incorporating meaningful public engagement into decision-making.
- Create a process by which the insights, lessons learned and next steps identified by the Local Net Zero Forum are shared with all relevant authorities and fed back to central government departments.
- The Local Net Zero Forum, through its 'roles and responsibilities' subgroup, should develop an agreed framework setting out what aspects of Net Zero central and local

government are responsible for and how these will be coordinated. This should be circulated around local authorities and other relevant stakeholders to enable input from those not involved with the Forum.

- The Local Net Zero Forum must address the question of local government powers, capacity, skills and funding to identify gaps and barriers that could hinder the ability of local government to deliver the roles and responsibilities for delivery of Net Zero that the Forum agrees. This should be used to inform development of an evidence-based approach to clearer, simpler and longer-term funding and resourcing of local authority delivery of Net Zero.
- In parallel with the Convention of Scottish Local Authorities, address the question of what aspects of Net Zero central and local government are responsible for and how these will be coordinated. As well as sharing local best practice, this should lead to a clearer shared understanding of roles and responsibilities which can be communicated across local government.
- Work with local authorities to develop an agreed framework of what aspects of Net Zero central and local government are responsible for and how these will be coordinated. This should lead to a clearer shared understanding of roles and responsibilities which can be communicated across local government.

In addition, in March 2023, Ofgem published a consultation on 'Local energy system governance for a net zero future'. It proposes energy market reforms and the introduction of regional system planners for the energy system with a regional system planner (RSP) responsible for developing a multiyear strategic plan. The RSP would bring together all those involved in planning the energy system at a local level and ensure they understand the goals and plans of each party. This should provide confidence to local representatives of what investment is needed and speed up getting connected to the grid.

In September 2023, the Energy Systems Catapult further published its report, Local Area Energy Planning: The Time and Place is Now calling for the wider adoption at scale of Local Energy Area Plans, setting out a series of recommendations and case studies for how Local Energy Area Plans might provide the evidence base and opportunity for effective net zero delivery for local authorities.¹

In Parliament, where a debate also took place in the House of Commons on the local delivery of net zero in June 2023², the passage of the Energy Bill has also attracted amendments calling for greater local authority involvement and the adoption of more community energy. In particular, focus on the permitting of onshore wind farms resulted in a government Written Ministerial Statement, highlighting a decision amend the National Planning Policy Framework:

so that local authorities can more flexibly address the planning impact of onshore wind projects as identified by local communities, on which we intend to publish further guidance. We have heard accounts that current policy has been applied in such a way that a very limited number of objections, and even at times objections of single individuals, have been taken as showing a lack of community

backing. This is not the policy intent, and as a result of today's policy change it will now be important that local decision makers are able to take a more balanced approach, considering the views of communities as a whole. The Government is also open to novel ways to demonstrate community consent, building on best practice and using new digital engagement techniques.³

The question of how to best deliver local net zero targets, balancing local authority democratic accountability with the requirements of local communities has never been more important to answer. Politically, the existing powers of locally and regionally elected representatives to tackle air pollution have been challenged, while too many gaps in the policy landscape remain, leading to other locally elected representatives unable to take the climate action they have committed to. In the current policy environment, and ahead of the next General Election, greater certainty over local net zero is essential. This report not only seeks to continue the core message of the Mission Zero report that a place-based approach to net zero is vital, but help to further the debate on how a new framework that can meet the needs and requirements of local and regional authorities to go further, faster.

Part One

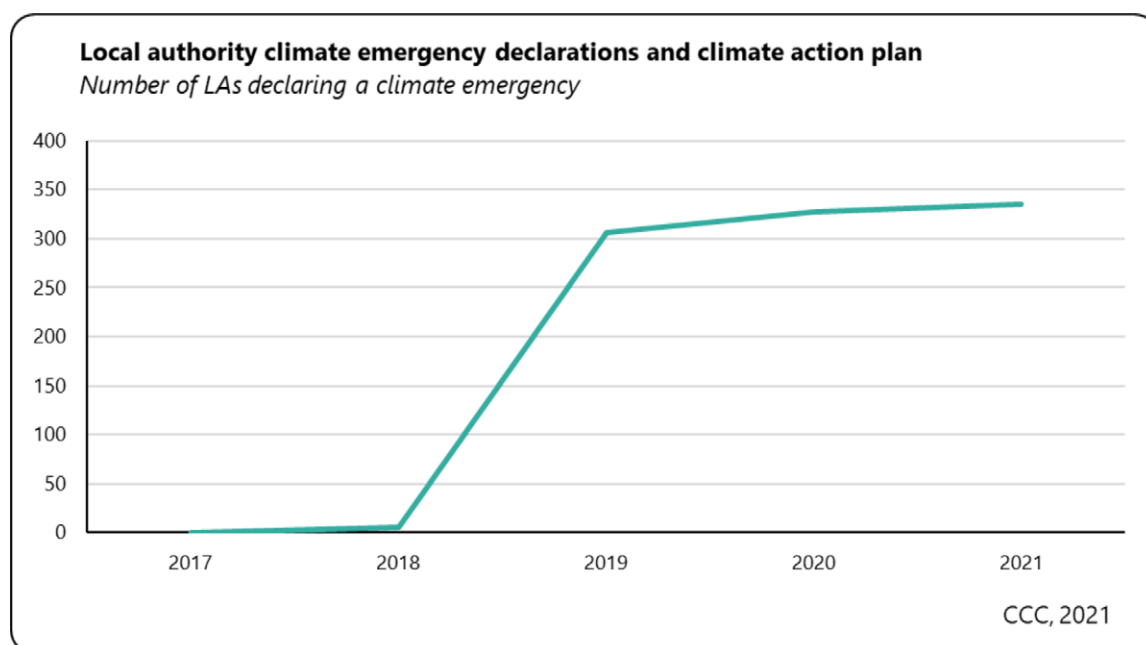
THE OPPORTUNITY

The Importance of Local: Why It Matters Shifting the Dial Further

Between 2000 and 2008, more than 300 UK local authorities and partner organisations signed the Nottingham Declaration on climate change. Signatories committed to develop an action plan within two years to tackle the causes and effects of climate change and reduce greenhouse gas emissions, although as these commitments were made more than a decade ago, it is hard to tell whether and to what extent local authorities acted on them. Between 2008 and 2014, central government collected information on emissions from local authorities' estates and operations for the

first time, initially against a voluntary national indicator introduced by the then Ministry for Communities and Local Government and, from 2011, by the Department for Energy and Climate Change (DECC). By 2013, DECC had collected emissions reports from more than 250 local authorities, though this work was discontinued in 2015.

From 2018, local authorities began to declare a climate emergency, committing to climate action towards net zero, often well in advance of the 2050 target. In the UK around 95 per cent of the population lives in areas where the local authorities – over 570 councils all together – have declared a climate emergency.⁴



Over 300 local authorities have now set a net zero target, with 182 of these having set targets of 2030 or even sooner. The NAO estimate that 91% of local authorities have adopted at least one commitment to decarbonise their own activities or their local area. The NAO found that more than one-third (38%) of single- and upper-tier authorities have adopted a

commitment to decarbonise their local area by or before 2030.⁵

The importance of local delivery of net zero is vital. 30% of emissions reductions will reply on local authority involvement, while 83% are within local authorities' scope of influence⁶. Internationally, the science is also

clear that focusing on a place-based approach to decarbonisation can deliver real-terms emissions savings. Cities that become more resource efficient, through spatial planning, have the potential to reduce greenhouse gas emissions between 23-26% by 2050, according to the IPCC's sixth assessment report. For the UK, there is a clear correlation between more effective local delivery of net zero, and the ability for the UK to meet its future NDC commitments and Carbon Budgets.

Local Net Zero Benefits

Yet local net zero delivery is not simply important for reaching the UK's net zero target effectively. A place based approach to net zero delivers significant vital additional benefits. These include four key opportunities:

- Greater Economic Growth and Strengthening Local Economies
- Delivering Net Zero at Lower Cost and More Efficiently
- Creating Cheaper and More Secure Energy
- Driving Forward public engagement and support

Greater Economic Growth and Strengthening Local Economies

Net Zero is no longer simply a climate measure: it is the new economic reality that is driving investment and growth decisions. The Net Zero Review stated that net zero was the growth opportunity of the decade, if not the century.

If there is the potential, as the Net Zero Review stated, for £1 trillion of inward investment into the UK, and the potential to create 480,000 new additional jobs by 2035, then this impact is one that regions are already seeking to benefit from. 3Ci have launched a National Net Zero Project Pipeline that now contains over 1000 projects from over 50 local authorities, with an investment value of £40 to 60 billion. Net zero

can also support driving forward investment in the local private sector, boosting local economies.

This does not have to involve large capital projects either. Community Energy England, a representative organisation with over 280 members, told the Review that in the North West of England, projects from the previous government funding scheme had a "nearly 70:1 ratio of finance to development money", meaning that less than £1 million of development funding could enable projects with a CapEx of more than £64 million.

The Tees Valley Combined Authority told the Net Zero Review that:

"Net Zero is pivotal to our growth ambitions – and offer our region's greatest single opportunity to grow our economy and provide well-paid skilled and professional jobs for local people in the coming decades. We estimate [major local stakeholders] are investing £9.1bn in Net Zero technologies across the region". For Greater Manchester, the low carbon environmental goods and services private sector already represent over 14% of Greater Manchester's business base (by GVA) and over 3% of total employment- a clear example of economic growth potential of the net zero economy.

Mayor Ben Houchen published the Tees Valley's first Net Zero Strategy in December 2022, which outlined the economic opportunity that net zero can present the region.

In the strategy, the Mayor highlighted that:

The Tees Valley is proud to be leading the approach to achieve Net Zero, not just because it is the right thing to do but because it is in the interests of our residents and businesses to do so – and we are determined to grab the once-in-a-generation economic opportunity it presents us. Delivering Net Zero is a massive opportunity to bring industry back to Darlington, Hartlepool, Middlesbrough,

Stockton and Redcar & Cleveland. Net Zero is not about what we have to give up: It is about what we have to gain – jobs, investment, economic growth and, perhaps most importantly of all, a renewed sense of purpose and pride.⁷

The strategy highlights that:

The Office of National Statistics research suggests that the value of the wider North East's low carbon and energy economy is now worth £2.7bn a year – with 7600 people already working in the industry and we see huge growth potential.

A preliminary economic analysis shows that 24,000 direct jobs could be created and safeguarded in the region by 2030, across the offshore wind, CCUS, hydrogen, and energy sectors – with more than 29,000 more roles in the supply chain.

The West Midlands Combined Authority have also published a five year plan to deliver net zero that aims to create 21,000 low carbon jobs by 2026, with associated GVA to result in a 7% increase in employment. For the West of England, An additional £2.9 billion in GVA could be unlocked for the West of England Combined Authority region as it transitions to become net zero by 2030, alongside the creation of almost 50,000 new "green jobs".

The network recommends that all regions and local authorities undertake a similar Net Zero strategy, or 5 Year Plan, to set out the challenges but also the economic benefits and growth that can be delivered through net zero, as well as new additional jobs, regeneration of manufacturing and the establishment of new green net zero sectors.

Net Zero North East stated in their evidence to the network that there was a significant opportunity for net zero to deliver further investment and economic growth for the North East. This includes:

- **Growing offshore wind** Securing a greater share of the operations and maintenance market, and specifically developing a wind turbine component supply chain locally, would deliver 4,600 jobs and generate up to a further £180m in GVA, with an additional 3-4,000 jobs potentially being supported through indirect supply chain and other economic impacts within the region alone, and a further 2-3,000 jobs in the rest of the UK derived from North East's offshore wind sector growth.
- **Growth, innovation and jobs through a focus on decarbonisation of heat** There are multiple strategies to achieve decarbonisation of heat, and these represent significant economic and social opportunities. Research we commissioned has shown that if challenges around decarbonising the heating market can be grasped at the level required, there is the potential to generate business growth and innovation and create 240,000 highly skilled green jobs in the retrofit and home energy sectors by 2035 in the North East and Yorkshire area.
- **Geothermal and Minewater energy.** The North East is playing a national lead through the Geothermal Task Force which is facilitated by the North East LEP, and includes BEIS and over 120 other partner organisations. Estimates from the Renewable Energy Association and Arup show the development of deep geothermal projects could not only deliver 100-200% of our national heat requirements, but also deliver 10,000 direct and 25,000 indirect jobs by 2050.
- **Heat Networks** The North East and Tees Valley areas have been together designated by the Department for International Trade as a High Potential Opportunity for Heat Networks, recognising that we have the fastest growing regional pipeline of projects valued at over £500m in the North East alone.
- **Investing in recycling** In the waste sector, North East Local Authorities are part of a national £10 billion programme of investment in recycling infrastructure, aiming to meet government's 65%

municipal recycling target and create 40,000 permanent jobs.

- **Funding low carbon infrastructure** Working with Amber Infrastructure, the North of Tyne Combined Authority's ground-breaking Green New Deal Fund is investing over £18m into low carbon infrastructure, directly supporting growth in SMEs and demonstrating the viability of new models of public-private investment.

Greater Efficiency: Doing More for Lower Cost

Local Net Zero delivery is not only more effective, it is more efficient also. At a time when concerns around the wider cost of net zero infrastructure are being raised, local net zero provides an important opportunity to manage these costs effectively. The CCC estimates that delivering Net Zero will require around £50 billion of low carbon investment every year from 2030 (up from around £10 billion in 2020): while the vast majority of this will be private sector investment,

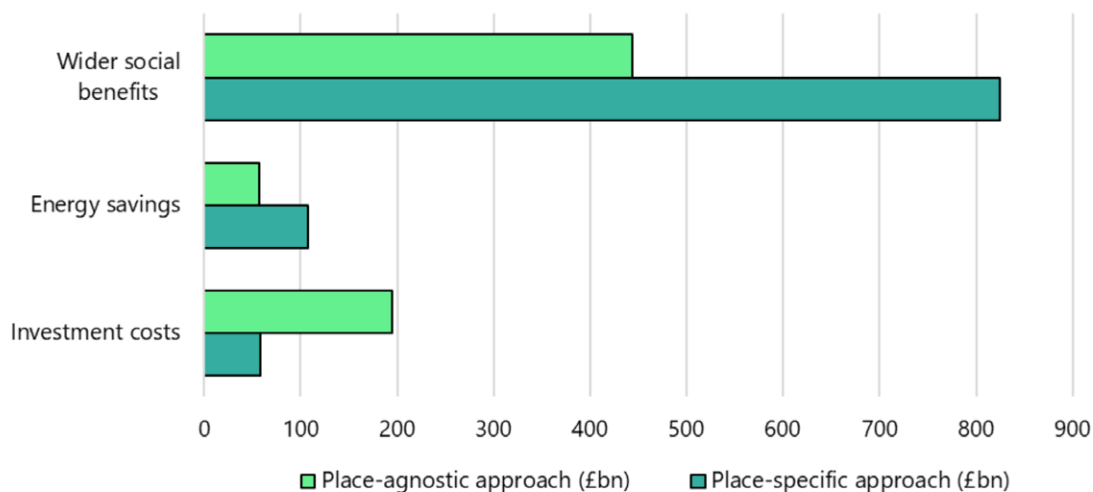
demonstrating how these costs can be lowered through more targeted action will be vital.

The UKRI's Accelerating Net Zero Delivery report found that "a place-specific approach delivers more benefit for less cost". Comparing a place-agnostic approach with a place-specific approach, the report modelled that to achieve the Sixth Carbon Budget, this would require £195 billion of investment for a place-agnostic approach, that would in turn release £57 billion of energy savings. A place-specific scenario, however, would require only £58 billion of investment, yet would release £108 billion of energy savings for consumers.

In addition, a place-specific approach might unlock far wider social benefits, through tackling poor homes and delivering warmer households, resulting in reduced health costs. The report estimates that £58 billion invested in place-specific approaches would generate societal benefits of £825 billion, compared with £195 billion spent on a place-agnostic approach realising only £444 billion of societal benefits.

Benefits of a place-specific approach to net zero

Adopting a place specific approach could generate greater benefits and lower costs
£bn



UKRI, 2022

projects can also be more efficiently delivered, with better targeted measures. York and North Yorkshire have estimated that their own LAEP 'will deliver £280 million in cost savings resulting from planned energy infrastructure investment over unplanned and piecemeal delivery'⁸.

Local Energy Production: Cheaper Energy and Energy Security

The diversification of our energy supply towards more forms of renewable and clean power generated domestically is critical to boosting the UK's energy security, and to weaning ourselves from unreliable, foreign-owned fossil fuels. The development of a Net Zero National Grid requires co-ordination and planning at every level of national and local infrastructure, for which local and regional authorities will play a critical role. This has been acknowledged by Ofgem, which is developing the concept of Regional System Operators and planning. Yet locally generated electricity and power has the benefit of ensuring we can create greater grid flexibility, both on the supply and demand sides.

It also helps to reduce energy bills. According to Community Energy England's State of the Sector Report 2022, community energy groups helped people save an estimated £3.35m on energy bills via energy efficiency initiatives in 2021. These are commonly paid for via the distribution of community benefit funds locally. Companies such as Ripple Energy are also demonstrating that through shared ownership models delivering renewable energy, customers are saving between £275 to £1000 a year on energy bills.

Better Public Engagement, Trust and Ownership

Local Net Zero, by its definition, places greater control and ownership in the hands of those who value the opportunity to

deliver improvements not only to the local environment, but to the local and regional economy also.

Polling commissioned by UK100 found that the public think local authorities are well-placed to act on green issues. 40% agreed that local authorities were best placed to take action, compared to 30% believing central government was best placed.

The opportunity to empower communities and local governments cannot simply be viewed as a tick-box exercise: it re-evaluates energy away from a product, to a service, with a sharing of responsibilities and rights. This in turn requires industry and energy markets to think differently about how to deliver differently, and ultimately deliver better services.

As SSEN stated in their evidence to the network:

The democratisation of energy planning must be understood as an enabler to net zero rather than a box to tick; plans co-developed with local stakeholders will drive faster decarbonisation of our communities. This point was also underlined by the recently published work of Regen1, in which they interviewed local authorities, devolved government and community energy stakeholders to understand how energy system planning should work at a regional level. The increasing interaction of energy systems, digitalisation of the sector, the increased volume of data to support decision making, and the imperative of decarbonisation all enable and necessitate a greater whole system approach from all industry participants, and markets that leverage these trends to deliver efficient and innovative solutions to grid and system constraints.

The introduction of smart and flexible grids, as well as demand flexibility services are demonstrating that local communities as co-creators of energy services, are in addition helping to deliver greater energy security and cost savings. Following the first five trial sessions of the ESO Demand Flexibility Service,

ESO data reported a 780 megawatt-hour of consumption avoided. They also revealed that the first two tests, at the start of November, had exceeded expectations, with consumers overdelivering by 50% in the first event and 35% in the follow-up. In January 2023, first live version of the Demand Flexibility Scheme saved 250MWh in energy and paid back over £1 million to consumers taking part.

The Global Local Net Zero Race: International Examples

Taking a place-based approach to net zero has been effectively deployed across many countries and regions in the world. Local action on net zero has become an international phenomenon. 2,346 jurisdictions in 40 countries have declared a climate emergency. Populations covered by jurisdictions that have declared a climate emergency amount to over 1 billion citizens.

Cities are also a key driver of decarbonisation, since they are responsible for 70% of global emissions, as recognised in the recent Global Stocktake report prepared for COP28. In April 2022, the European Union announced that 100 cities across Europe were participating in the EU's Mission for climate-neutral and smart cities by 2030, "the so-called Cities Mission. The 100 cities come from all 27 Member States, with 12 additional cities coming from countries associated or with the potential of being associated to Horizon Europe, the EU's research and innovation programme (2021-2027)." The Cities Mission will receive €360 million of funding for innovation processes from Horizon Europe.

Other European cities have sought to ensure that net zero is better delivered through community participation and local direct

engagement. Lisbon City Council introduced participatory budgeting to enable residents to submit ideas for projects and vote on the ones to see included in the Budget Plan. In 2019 the Mayor announced that the city's participatory budget would become 'green' for the first time, allowing citizens to assign funds to projects that support climate change adaptation and mitigation. The Green Participatory Budget 2020/21, was allocated €5 million.

In Paris, the Climate Action Plan to deliver net zero by 2050 was informed by a three-month public consultation and endorsed by 95% taking part in a citizens' vote. The City conducted an outreach campaign which reached more than 200,000 people in just a 1 week, and built a group of 15,000 'climate volunteers'. The City council also established a Paris Climate Action Charter to engage with the city's businesses and institutions on the commitments of the Action Plan. Signatories are awarded silver, gold or platinum labels based on their level of commitment. The Paris Climate Action Plan commits the city to halving its energy consumption, developing renewable energies, renovating buildings, and encouraging change in the city's consumption and transport choices. The Plan has over 500 actions, organised around three timelines.

In the United States, local climate action has been paramount to decarbonisation. 1,066 Mayors signed the Mayors Climate Protection Agreement which commits local policy action, public awareness campaigns and pressure on state and federal level action. The Inflation Reduction Act has placed specific value on a targeted place-based approach that is witnessing investment being targeted at low-income districts and neighbourhoods.

Part Two

THE CURRENT LOCAL NET ZERO LANDSCAPE

The recommendations in the Net Zero Review were by no means a new conclusion, and merely re-iterated the government's own commitment to local net zero. The Net Zero Strategy found that: "Devolved and local government play an essential role in meeting national net zero ambitions [...] Taking a place-based approach to net zero is also vital to ensuring that the opportunities from the transition support the government's levelling up agenda."

The strategy further declared that: Not only does local government drive action directly, but it also plays a key role in communicating with, and inspiring action by, local businesses, communities and civil society.

Local government decides how best to serve communities and is best placed to integrate activity on the ground so that action on climate change also delivers wider benefits – for fuel poor households, for the local economy, for the environment and biodiversity, as well as the provision of green jobs and skills.

The government committed in the Net Zero Strategy to support local authorities, with the following pledges in its NDC:

Local authorities play an essential role in driving action to tackle climate change with significant influence in energy, housing and transport. Across the UK, local authorities are actively driving progress on net zero. Local Government can also attract net zero private sector investment, which complements national approaches to attracting net zero investment.

The Net Zero Strategy also stated that: To support all local government in developing and delivering their net zero delivery plans, we need to act in three key areas:

- a. Setting clearer expectations for local places, clarifying how the partnership with local government should work, and considering

how action at national, regional, local, and community levels fits together to tackle the emission and climate risk challenges we face, and the wider benefits the transition brings.

- b. Providing resources for local places to deliver stronger contributions to national net zero targets, across dedicated funding streams for net zero and non-ringfenced funding, noting the number of broader priorities on which local government needs to deliver.
- c. Building capacity and capability at the local level to support ambition and share best practice, while also providing support in areas that may not have made as much progress to date. To act effectively across these areas, and for local government to translate national goals into local action, we will build on our existing engagement to improve the way local and national government collaborate on net zero. The Department for Business, Energy and Industrial Strategy (BEIS) will take overall responsibility for improving coordination with local government and other local actors on the effective design and delivery of local net zero policies, as part of the Department's overall responsibility and wider leadership on delivering net zero.

In order to achieve these commitments, the government set out the concept of a new working relationship between central and local government that they termed the 'local programme':

A universal offer to harness opportunities across the UK

We are committed to supporting all local areas and communities, ensuring that none are left behind and creating net zero solutions which work for all of them. As we are reducing emissions across the economy, we must also ensure that the transition to net zero is a fair one.

As outlined above, BEIS has been successfully running the Local Programme (previously known as the Local Energy Programme) to support all local areas capability and capacity to meet net zero and government has committed to continuing the Programme. The programme has developed over time and now takes a place-based approach to tackling net zero in the round, covering all net zero issues.

The programme will continue to help places make faster progress towards net zero, improve cost effectiveness, and significantly increase the economic benefits of the green industrial revolution by attracting commercial investment and supporting green jobs. The programme will focus on all areas of England, including those lacking capacity and capability, or those facing unique challenges, such as rural and coastal communities. The programme will ensure that all local areas can engage on issues relating to net zero.

There have been important developments since the publication of the Net Zero Strategy, which have demonstrated a degree of action from the government on its commitment to a 'local programme':

The Net Zero Forum

In the Net Zero Strategy, the government signalled that they would establish 'a Local Net Zero Forum to ensure that there is direct input from local leaders. Chaired by BEIS, the Forum will be cross departmental and bring together national and local government senior officials on a regular basis to discuss policy and delivery options on net zero'. It was intended that 'the forum will build on our current engagement mechanisms through the representative bodies such as the Local Government Association (LGA), Association for Public Service Excellence (APSE), Core Cities and the Association of Directors of Environment, Economy, Planning & Transport (ADEPT). The creation of the Forum also draws on the recommendations for a

policy framework put forward by member network UK100. The Forum will support the establishment of clearer delivery roles for local government and provide a single engagement route into HM Government in a coordinated and coherent way'.

The Local Net Zero Forum has potential to facilitate co-development of policy and delivery mechanisms across UK and local government. It has so far held four meetings and has established sub-groups looking at key themes such as roles and responsibilities, funding and monitoring data. Ongoing co-development continues under the joint chairmanship of DESNZ and the Local Government Association. Alongside the official-level Forum, a political Forum was convened in February 2023, bringing together Ministers and Councillors. Alongside the Forum, a Net Zero Places stakeholder group is also being developed.

Local Net Zero Hubs and Net Zero Go

The Government has also established five Local Net Zero Hubs, each covering a region in England, to support them in reaching net zero. The five Hubs are:

- Net Zero North West
- North East & Yorkshire Net Zero Hub
- Greater South East Net Zero Hub
- South West Net Zero Hub
- Midlands Net Zero Hub

The purpose of the Hubs is to:

- Attract commercial investment into projects and help to develop investment models which accelerate progress to net zero.
- Increase the number, quality, and scale of local Net Zero projects being delivered across the region
- Develop and support Net Zero elements to wider programmes and initiatives delivered across England

- Support a national knowledge transfer programme to improve information sharing, training, and evaluation
- Raise local awareness of opportunities for and benefits of local Net Zero investment

The Local Net Zero Hubs featured prominently in the government's response to the Net Zero Review, as a future means for regional co-ordination on net zero. This has been welcomed, though the hubs need to be fully resourced if they are to deliver to their full potential. As the Energy Systems Catapult told the network, 'The Net Zero hubs are a good model and should be expanded, as they are currently helping to enable regional action, but with more investment and powers this could help expediate the agenda'.

Currently, the Growth Plan only retained the commitment of £5 million per annum spending on the Hubs, at £1 million per Hub. Government should fully resource the Net Zero Hubs and make a commitment to their delivery for the next ten years at least.

In 2023, the Government also launched an assistance website, Net Zero Go, to support local authorities in developing "successful, locally-focused energy projects". Net Zero Go has been launched to tackle many of the common barriers to action, such as time and resource, financing and procurement, and local energy knowledge. Developed over two years with £1.5million in investment from the UK Government, tools and resources for Net Zero Go were co-developed with local authorities and draw on a range of experience and expertise from leaders in local energy and investors, including UK Research and Innovation, Innovate UK, BEIS, UK Energy Hubs, APSE, Anthesis, Ashden, Cornwall Insights, EnergyRev, Local Partnerships, UK100, the Local Government Association, the Green Finance Institute, HM Treasury, and the UK Infrastructure Bank.

The Net Zero Living Programme

Innovate UK's (IUK) £60 million, three-year Net Zero Living Programme which launched in 2022 aims to help places and businesses across the UK to accelerate the transition to Net Zero. The Pathfinder programme aims to support up to 30 places to develop a plan which addresses non-technical barriers, with local authorities, to accelerate their transition to Net Zero. Some projects are focussed specifically on exploring development and implementation of Local Area Energy Planning.

The Fast Followers programme aims to support local authorities in 21 places and fund a dedicated Net Zero Innovation and Delivery officer role. The funding will help to further develop the local authorities Net Zero delivery plans, some of which include a LAEP, improve delivery pathways, and enable adoption at scale of innovative products and services.

The Net Zero Living Programme is only a three-year fund, yet its findings will be important to be scaled quickly across all local authorities. The positive findings from the programme must be adopted quickly, while consideration should be given to extend funding.

The Net Zero Innovation and Delivery Officer role should be evaluate and its impact measured. If there is found to be real environmental and economic benefit from this role, the government should consider how to ensure funding is allocated to councils to establish an officer across every local authority.

Devolved Net Zero Progress

It is important to recognise that action on climate change and net zero is not the sole responsibility of the UK government. The Net Zero Review was clear that 'The devolved administrations are in many places setting

examples for the rest of the UK. For example, Scotland's net zero target is 2045, in Wales the Well-being of Future Generations Act encourages sustainable development, and in Northern Ireland the Green Growth Strategy is helping to build green industries such as hydrogen'. The Review visited and heard directly from leaders in all of the devolved administrations and every region of England. It was clear from this engagement that net zero devolution has been a success to date, and that it has enabled nations and regions to deliver more effectively.

Scotland

Under Scotland's statutory framework, a Climate Change Plan setting out policies and proposals to meet the emissions reduction targets must be published at least every five years and prepared with reference to a set of statutory Just Transition and Climate Justice principles. In March 2021, the Scottish Government updated its Climate Change set out over 200 policies and proposals to cut greenhouse gas emissions across all sectors of the Scottish economy over the period to 2032. The updated Plan reflects the increase in target ambition from the Climate Change (Emissions Reductions Targets) (Scotland) Act 2019, in response to the global goals of the Paris Agreement.

Wales

Under the Environment (Wales) Act, each new administration is required to set out a plan containing policies and proposals to meet the carbon budget. The Welsh Government has taken the first step towards a net zero pathway for 2050 in publishing Net Zero Wales in October 2021, covering Wales's second carbon budget period 2021–25. It contains 123 policies and proposals across all ministerial portfolios and looks beyond to start building the foundations for Wales's third carbon budget and 2030 target, as well as net zero by 2050. The plan focuses on the need to "outperform" this second carbon budget of 37% average

reduction in emissions, in line with the Climate Change Committee's recommendation. This is because Wales's third carbon budget (2026–30) requires an average reduction of 58%.

Northern Ireland

In October 2021, the Department of Agriculture, Environment and Rural Affairs launched a public consultation on a Green Growth Strategy for Northern Ireland. The Green Growth Strategy is the Northern Ireland Executive's multi-decade strategy, balancing climate, environment and the economy in Northern Ireland. It sets out the long-term vision for tackling the climate crisis and will be underpinned by the provisions of the recently passed Climate Change Act (Northern Ireland) 2022 with which it closely aligns. This longer-term Strategy will be delivered through a series of Climate Action Plans aligned to carbon budget periods, the first of which is to be developed by the end of 2023 and which will set out a series of policies and proposals to achieve the first carbon budget for the period 2023–27. The Green Growth Strategy is currently awaiting sign off by the NI Executive. Additionally, The Path to Net Zero⁴⁴ is Northern Ireland's current energy strategy and sets a long-term vision of net zero carbon and affordable energy for Northern Ireland by 2050.

Regional Devolution and Net Zero and Trailblazer Pilots

Ten city regions now have directly elected mayors, covering over 40% of England's population, almost 50% of its economic output and 33% of its territorial greenhouse gas emissions. Yet the current net zero strategy does not specify regional emissions targets or set out a clearly defined role for regional devolved government in supporting net zero policies. In spite of this, most mayoral authorities have set ambitious targets for net zero well ahead of the government's 2050 target:

Cambridge & Peterborough	Net zero by 2050. Accepted recommendations of regional independent climate commission.
Greater London	Net zero by 2030. Regional carbon budget set. Four pathways to achieve net zero have been modelled.
Greater Manchester	Carbon neutral by 2038. Regional carbon budget set. Strategy targets annual average CO2 reduction of 15%.
Liverpool City Region	Carbon neutral by 2040 "or sooner". Regional carbon budget set. Strategy targets annual average reduction of 12.6%.
North of Tyne	No specific goal but development plan aims to achieve "zero carbon, zero poverty".
South Yorkshire	Net zero by 2040. Regional carbon budget set, requiring annual emissions reductions of 13.2%.
Tees Valley	"Net zero industrial cluster" by 2040. Regional carbon capture project aims to capture 20 million tonnes of CO2 annually by 2030.
West of England	Net zero by 2030. Regional carbon budget set. Strategy targets annual emissions reductions of 10% a year.
West Midlands	Carbon neutral by 2041. Regional carbon budget set. Strategy targets annual average reduction of 13%.
West Yorkshire	Net zero by 2038 with "significant progress" by 2030. Regional carbon budget set. Targets reduction of 73% by 2030 and 82% by 2038.

MCAs are already leading their regions to become net zero by:

- Understanding our places and providing leadership - as convenors of place and communities, MCAs bring together residents, industry, community and education sectors to set and achieve net zero as a cross-cutting regional priority. Net zero delivery is already embedded in regional strategies including skills plans, infrastructure and economic development plans.
- Enabling inclusive net zero places - MCA powers over transport, spatial and environmental planning, business support and skills provide some of the strategic frameworks and delivery methods for a just transition towards net zero.
- Supporting innovation and trialling new approaches - achieving net zero will require innovation in technologies, business practices and investment methods. As organisations, they directly invest our funding and resources to make this happen. MCAs are already funding new technologies, supporting our businesses to decarbonise and investing in skills for the future, including green skills and new energy infrastructure and systems.

- Providing clear leadership, accountability and governance - Mayors are directly elected and working with other leaders across the regions, they provide a direct line of accountability for achieving our net zero objectives.

In the Levelling Up White Paper, the government committed to begin negotiations on trailblazer deeper devolution deals with Greater Manchester and the West Midlands Combined Authorities. The deals set out a landmark new approach to devolution in England, devolving responsibility for a clear set of policies and functions to GMCA and WMCA to support economic growth, alongside enhanced accountability with clear outcomes for delivery. This will be underpinned – from the next Spending Review – by a single funding settlement, to invest in local priorities.

There are specific net zero provisions in the deals, for Greater Manchester, the government have stated:

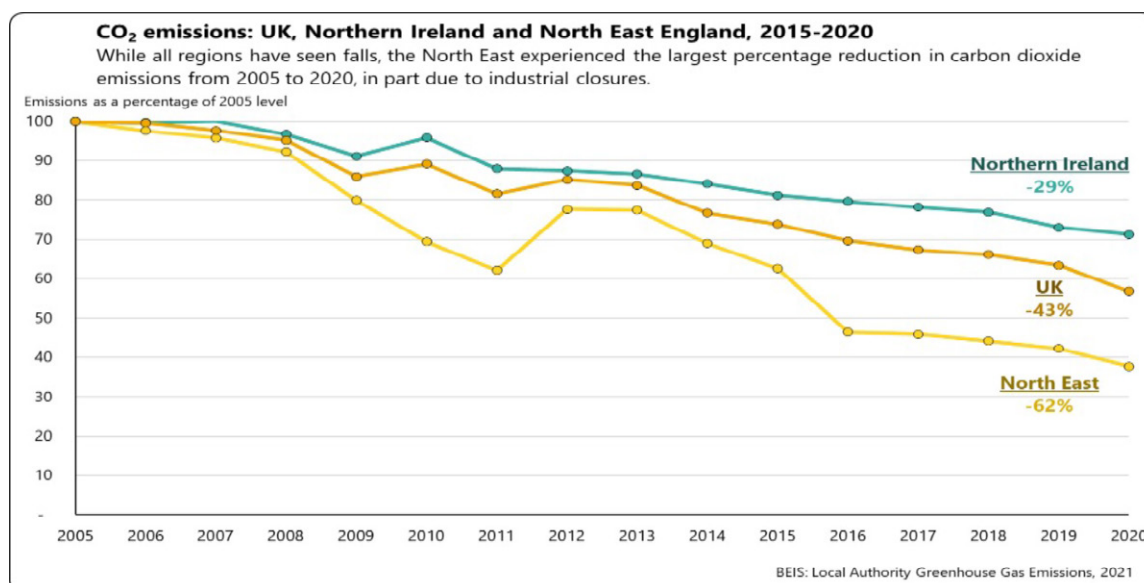
The government recognises the strategic role GMCA can play in planning our future

energy system for net zero, with its ability to convene local authorities, the strategic transport authority, energy infrastructure providers and other key stakeholders, and is committed to ensuring that devolved regional institutions such as combined authorities have a meaningful role in planning our future energy system for net zero.⁹

The government will pilot the devolution of net zero funding (for retrofit) through allocation rather than competition in the period from 2025 onwards to GMCA, subject to confirmation of funding and policy design, while the GMCA will work with government and Ofgem to develop further local area energy plans and heat zones.

Local Authorities and Regions Powering Ahead

Regions and local areas have been delivering successfully on decarbonisation, regardless of delay in central government. Indeed, regions such as the North East have decarbonised faster than the national average, and are making net zero a feature of their future economic growth narratives.



At both regional and community level, there are net zero projects across the country that are delivering not only planned emissions reductions, but significant investment and growth. Many of these have the opportunity to be replicated elsewhere, with the best practice and learning shared across the country.

Both the Net Zero Review and the Local Mission Zero Network received many examples of new business models for local net zero delivery. The Net Zero Review highlighted especially the Bristol City Leap, an innovative new public-private partnership which will attract up to £1 billion of investment in the city's energy system over the next 20 years. Following a procurement process, Bristol City Council selected Ameresco as its strategic partner to form the City Leap Energy Partnership. The partnership is expected to deliver around £424million of investment over the first five years of the twenty-year partnership, as well as £61.5m of social value including c£50m of contracts delivered by local supply chains.

Bristol City Leap plans to deliver low carbon energy infrastructure, such as solar PV, heat pumps and building energy efficiency measures at scale on the City Council's land, buildings and social housing. These investments will enable the Council's operations and council homes to be carbon neutral for heat, power and fleet. Infrastructure such as the zero carbon heat networks will make a significant contribution to the rapid acceleration of the city's net zero goals. As national net zero policies develop, the partnership will be a powerful delivery route to implement innovative solutions and to multiply the impacts of government funding with private sector investment.

Bristol City Council has invested £7.5million and over two years of planning in the City Leap procurement. The partnership will now be working to effectively engage with the private sector supply chain and deliver economic growth in a way that provides value for the public sector, grows local business and supports local communities with jobs and training.

HULL AND OH YES! NET ZERO

As the UK's largest emitting industrial cluster, we know that Hull and the Humber are critical to the UK government tackling climate change by 2050.

The objective of the Oh Yes! Net Zero campaign is to drastically accelerate Hull's progress toward Net Zero, with the longer-term mission of transforming the city into a world leader on urban decarbonisation.

In 2021, Hull City Council, the University of Hull, Marketing Humber (now renamed Future Humber) and the company Reckitt came together to improve Hull's progress towards its target to be carbon neutral by 2030. Recognising such an ambitious undertaking required local businesses, organisations and the wider community to coordinate their efforts, the Oh Yes! Net Zero project was launched.

The industrial cluster area around the Humber Estuary emits 12 million tonnes of CO₂ a year¹ – nearly three times the amount produced in London. In Europe, only Germany's Ruhr Valley industrial cluster emits more. ➤

The rate of emissions reductions needs to increase substantially if we are to meet the UK's 2050 legal goal, and this will be impossible unless the Humber's emissions are radically reduced too. If Hull and the Humber cannot achieve Net Zero, the UK can't either.

With this in mind, in 2021 Reckitt, Hull City Council, the University of Hull and Future Humber came together to discuss how they could achieve this ambitious target. They recognised such a large undertaking would require buy-in from the whole city. Businesses could not do it alone. Nor could community groups, or local government. Instead, it would require a unified effort, in which every strand of Hull society, from schools to businesses to community organisations, played their part. To realise this vision, they came up with Oh Yes! Net Zero, a project to accelerate emissions-cutting in Hull.

Reckitt took the role of leading business partner due to its strong links to the city. Although now a global company, it was founded in Hull 180 years ago and still employs 1,800 local people. In 2019 it invested £200 million in the area, including the construction of the Science and Innovation Centre specialising in healthcare R&D. Reckitt has reduced its GHG emissions by 66 percent already across its global business, and wanted to see the same success in the city of its founding.

The project's primary goal is to accelerate Hull's progress towards achieving net zero emissions. However, its mission also extends far beyond that, aiming to position the city as a global leader on urban decarbonisation. This is especially important given Hull's status as an estuary city, and the fact that 60% percent of the world's population live near rivers or the coast.

While similar projects often focus on cities as areas where carbon reduction measures can be implemented and emissions monitored, this programme encompasses the wider City Region. This reflects the fact that local emissions are not limited to the boundaries of a city.

The project seeks to bring about change through a coordinated local effort – helping local businesses from all sectors and of all sizes to reduce their carbon emissions, as well as creating greater awareness among schools, public bodies and the wider community about the importance of carbon reduction to Hull's future. Though the project is not time-limited, members are keenly aware of Hull's 2030 carbon neutrality target as a focus of their efforts.

The scope of the project, as agreed in 2021 by the founding partners, is to create a forum for local businesses to come together and help each other work towards carbon neutrality and Net Zero by sharing their experiences and insights, and practical solutions to challenges encountered on their journey. From the start, the project targeted businesses large and small who are integral to the communities in and around Hull. By employing local people and serving local customers, these organisations have a unique influence within the local community and are well placed to encourage action.

Upon signing up to the initiative, members are asked to develop and share a 'Roadmap' for net zero (ideally with a target for achieving carbon neutrality by a set date), and report on progress annually; as well as to promote the net zero vision and encourage staff, supply chains, customers, other local organisations and the wider community to get involved.

This considered the fact that businesses across the region were coming from different starting points. The founding partners hoped to encourage and include as many businesses as possible who wanted to reduce their emissions. They aimed to develop an “open to all” policy, which meant consciously avoiding onerous or complex recording or monitoring requirements.

There is also an ongoing dialogue with members to better understand how the project can help with their Net Zero plans. Member experiences and challenges are being actively shared with the government, the aim being to influence policy and start a country-wide movement of cities pushing toward Net Zero.

The project’s founding partners receive data from members regarding their net zero strategies, targets, and other policies related to reducing carbon emissions. This is used to monitor the impact of the project over time on business activity and attitudes related to carbon reduction.

An absence of standardised, consistent emissions data across businesses and sectors has so far prevented us from measuring, precisely, the carbon cut as a direct result of Oh Yes! Net Zero. Finding a way to accurately and credibly measure CO2 reduction is one of the project’s aims as it moves forward.

The large amount of carbon emitted by the Humber Estuary puts pressure on Hull to change. But this pressure is also an opportunity. By transforming the city from one of the worst emitters into a world-leading example of green renewal, the founders aim to create a new identity for Hull, rooted in the environment and urban regeneration.

From the start of the project it was clear success would depend on a culture of collaboration across sectors and businesses. The aim was to build a self-reinforcing system where businesses received help from their peers and then “paid it forward” to other organisations in the community. In practice, this meant the creation of a network which regularly shares insights on cutting emissions and provides a valuable source of mutual support and advice.

Oh Yes! is not top-down initiative. It is a crowd-owned collaboration-based project based on the concept of “pay it forward”, where local businesses and individuals give and receive help to reduce their emissions, in what is hoped will become a self-sustaining movement. The founding partners consciously sought to involve large and small businesses that employed and served many people in the area. The aim was to create a local movement, with tens of thousands of people reached via 150 member organisations.



The Founding Partners initially created a space where businesses had the opportunity to help each-other, with mutual support and encouragement forming the basis of a collective effort for the good of the local area.

Second, the project is uniquely positive and action orientated – as expressed by its name “Oh Yes!” – and focuses on what businesses and individuals can do, not where they might be falling short. Workstream leaders work hard to avoid the project becoming a ‘talking shop’, focusing on concrete steps members can take to reduce emissions.

Finally, in providing a forum for local businesses to come together to discuss cross-cutting issues, it has created a much-needed local business network. It has helped forge connections between companies from different sectors and of different sizes. Members report that the initiative is delivering added value by creating a ‘safe space’ for businesses to share problems, learn lessons, and help each-other. Workstream meetings and member events have created a sense of community where members have struck up new networks and partnerships.

Community Energy

In 2014, a government report stated that community energy could deliver 3,000 MW of power-generating capacity by 2020 and that the potential for growth beyond this was even more substantial. With Community Energy currently contributing around 330 MW, that this potential has not been realised. Last year the Environmental Audit Committee said that by 2030 the community energy sector could be up to 20 times larger, if given the right policy support. Community energy, as with most local delivery of net zero, doesn't simply deliver cheap renewable energy, it has the potential to drive forwards investment into local communities. In the North West of England, Community energy projects had a “nearly 70:1 ratio of finance to development money”, meaning that less than £1 million of development funding could enable projects with a CapEx of more than £64 million.

Yet the network heard that there is a lack of engagement with local communities. Duncan Law, from Community Energy England stated that:

People and communities must be in policy, all energy and climate policy... they are absent,

other than as market players...It's essential that a timely solution to support the long-term growth of community energy across the UK is found. Sadly, that isn't yet in place'.

Since the removal of government support mechanisms such as the feed in tariff, in 2021 the sector installed only 7.6 MW of new electricity generation capacity. This is a notable achievement given the additional challenges of the covid pandemic, but when seen alongside a 65% increase in the number of organisations reporting stalled projects, totalling 68 MW, the slowdown indicates a need to turbo-charge community energy.

The devolved nations point to what is possible. In Scotland, the contribution of community energy is higher. At the end of 2020, an estimated 853MW of community and locally owned renewable energy capacity was operational in Scotland – around 42.6% of the Scottish Government target of 2GW of community renewable energy by 2030. Wales is also making progress towards its target of 1GW of locally owned renewable energy by 2030. In 2019, 825MW of installed renewable energy capacity was locally owned in Wales.

In parts of England, there are exciting community energy projects demonstrating what the future might look like. In Bristol, Ambition Lawrence Weston (ALW), a local charity, has secured both planning consent and funding to develop a wind turbine in one of the more deprived parts of the community, which will be the tallest in England once built. It will not only generate extra renewable energy but provide a long-term income to deliver the Lawrence Weston Community Plan, including tackling fuel poverty in many of the 3,200 households locally. The charity has set up Ambition Community Energy Community Interest Company (ACE CIC) to develop and manage the project. The project has received a £500,000 grant from the West of England Combined Authority, alongside funding from the Urban Community Energy Fund, Bristol City Council's Bristol Community Energy Fund, Power to Change, Bristol Port Community and Bristol & Bath Regional Capital.

The Net Zero Review recommended that in order to deliver more community energy projects, the government should fully endorse the Local Electricity Bill. The Bill would make the costs and complexities of becoming a local supplier proportionate to the scale of the generation project. This would fundamentally change the financials around setting up and running a community energy project, by creating a new potential source of revenue.

The benefits of such a change felt locally would be significant. If local people were able to buy their clean energy directly from a local co-operative supplier, not only would they be able to get it for a fairer price, but by keeping the money circulating within our local areas, that money could go towards supporting local businesses and new skilled local jobs and be reinvested back into the community.

Local Area Energy Plans

Communities and local authorities need guidance, however, on how best to plan local energy delivery for the future, yet too often they lack the resources to realise local climate action plans. The value of 'technical assistance' programmes to provide funds to establish local energy teams with demonstrated success in investment programmes has in the past demonstrated significant returns in investment. Across Europe by 2019 €150 million had been invested in technical assistance through the EIB's Elena programme to fund local energy teams (staff and project development activities), leading to €5.6 billion investment in local energy. Ten European technical assistance programmes have previously been located in the UK, providing €23 million in grant funding which has delivered around €859 million investment in energy efficiency in public buildings; district energy infrastructure; LED street lighting; solar PV; domestic energy retrofit; grid balancing services; EV charging and solar car parks, with every €1 in grant aid delivering an estimated €37 investment¹⁰.

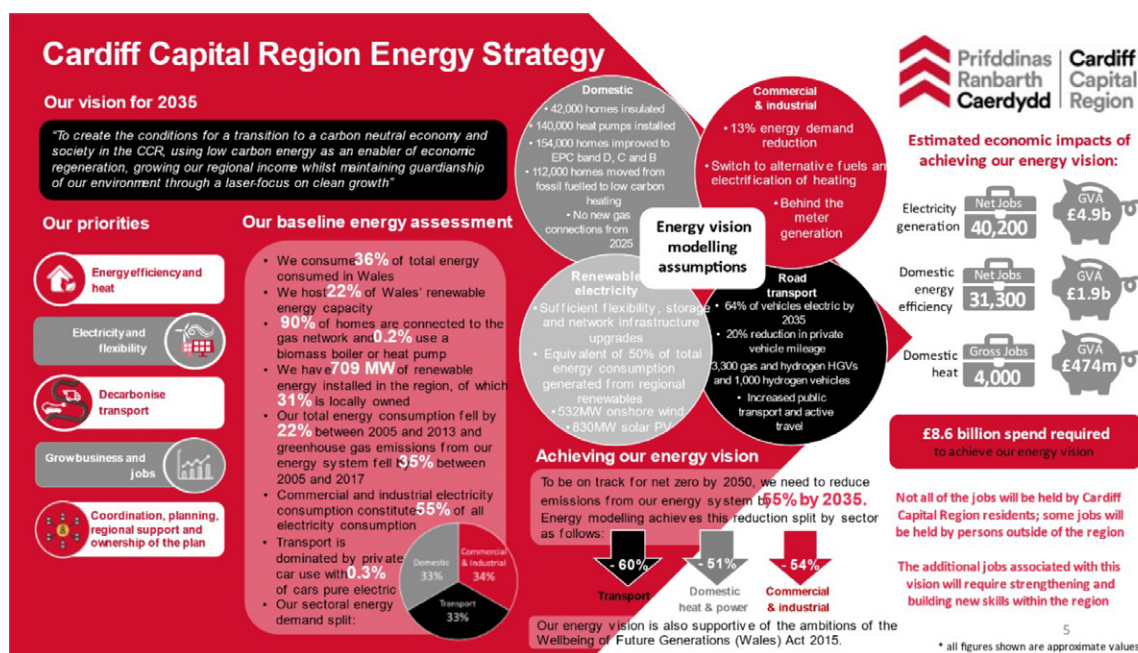
The need for consistent and clear technical planning for local net zero therefore not only makes good energy sense, it makes great economic sense also. Energy Systems Catapult has established LAEPs, or Local Area Energy Plans, to help deliver this. LAEPs are a whole energy system approach led by local government, with key stakeholders. A LAEP identifies the most cost-effective integrated plan for the local area to contribute to timebound national and local net zero targets.

While 15 local authorities had committed to developing a LAEP in 2021, this has now risen to 66. In Wales, the Welsh Government has made a major commitment to rolling out Local Area Energy Planning across the entire country, to help identify the low-regret actions to decarbonise local energy systems. Policy 20 of Net Zero Wales outlines Welsh Government's

commitment to energy planning through establishing the Welsh Government LAEP20 Programme. Energy Systems Catapult is acting as technical advisor across Wales, ensuring that LAEPs delivered by third parties are developed to a defined set of requirements, promoting consistency, quality, and the ability to compare and aggregate plans across a wider area. The Energy Systems Catapult will work with Welsh

Government to aggregate all 22 LAEPs to support the creation of a National Energy Plan based on 'bottom-up' balanced with 'top down' evidence in 2024.

In Cardiff, the LAEP is already catalysing further investment plans, having established what is needed for the local area through the Cardiff Capital Region Energy Strategy:



Ofgem have also highlighted how Local Area Energy Planning can support 'taking a whole energy system, planned view of the future and enabling other stakeholders, particularly the local authorities and community groups that are progressing Net Zero in their areas, to plan and operate accordingly' Ofgem have also issued guidance setting out criteria for Local Area Energy Planning being 'done well' and in their recent proposals have set out taking a more localised whole energy system energy planning approach.

The Energy Systems Catapult have set out details of how a LAEP works in their recent report, The Time and Place is Now:

A LAEP is created collaboratively between local government, energy network operators and other key local stakeholders. It provides an area with a level of detail equivalent to an outline design, resulting in a fully costed, spatial and visual plan, identifying the change that is needed to the local energy system and built environment. A LAEP sets out the total costs of delivery, changes in energy use and emissions over incremental time periods in line with national and local Net Zero targets. When done well, this provides the organisations who will invest in, and support the delivery of, an areas Net Zero transition with specific locational information. This includes such things as where

energy network investment is required, and how many EV charge points should be installed and at what cost. The scope of a LAEP addresses energy generation including electricity, gas and heat, the infrastructure needed including gas, electricity, heat, and potential hydrogen networks, energy storage, and demand, including transport, domestic, commercial, and industrial use at a local level.

Local Area Energy Planning and Technical Assistance

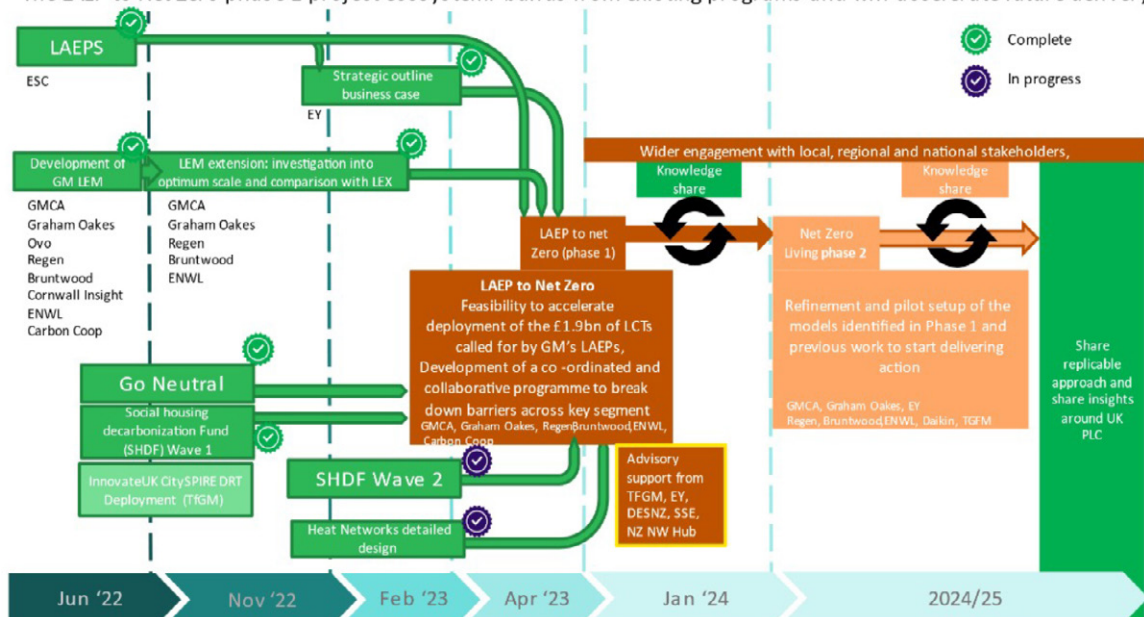
In its 2021 Progress Report to Parliament, the Climate Change Committee called on the Government to develop a formalised governance framework for local authorities to support the development of “heat infrastructure and zoning [...] including a role for area-based energy plans”. In April 2023, the Welsh Government issued a recommendation for all local authorities to prepare LAEPs for their area by 2024.

These plans will then be scaled up to form a National Energy Plan (NEP). In 2022, the Scottish Government set a requirement for local authorities to produce Local Heat and Energy Efficiency Strategies (LHEES). LHEES are locally-led long-term plans intended to improve the energy efficiency of buildings and decarbonisation of heat in an area. These plans are similar in aim and strategy to LAEPs but focus on homes and buildings. The Scottish Government provides funding to local authorities to produce LHEES.

The Net Zero Review observed that ‘many areas want to undertake Local Area Energy Planning (LAEP), an approach that aims to identify the most effective route for an area to decarbonise its energy supply, which can be a foundational building block for net zero plans. This is an area where more precise central government guidance would be helpful’.

Our Journey to Date and Proposed Going Forward

The LAEP to Net Zero phase 1 project ecosystem: builds from existing programs and will accelerate future delivery



The Energy Systems Catapult told the network that “This needs to be endorsed by UK Government and funding routes supported so that Local Authorities can deliver. Moves should be made to understand how climate change action / energy planning can be statutory duty. Delivering place based activity which is based on evidence that will then feed into national strategy and planning.”

In Wales, the roll out of local area energy planning will then drive the national plan.¹¹ A key enabler to this is the embedding of energy planning in planning policy which is acting as a driver for change. As Guy Newey, CEO of the Energy Systems Catapult has stated, ‘Integrated and strategic actionable plans to deliver Net Zero help lower risk and enable delivery at scale. If we are to decarbonise our energy system effectively in a way that works

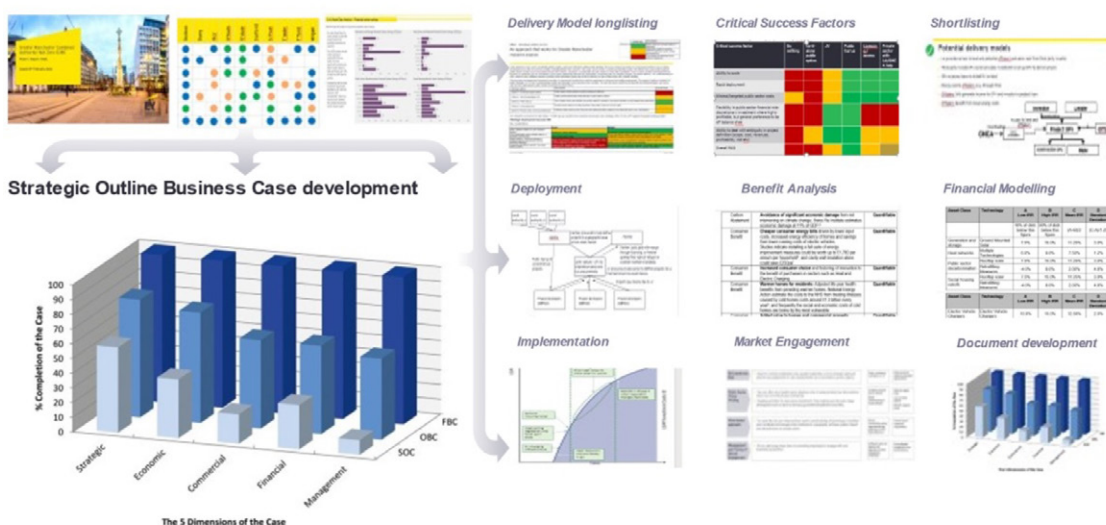
for local communities, we need to accelerate Local Area Energy Planning now, and do it consistently nationwide.’

The Net Zero Review set out the importance of supporting Local Area Energy Plans, noting that ‘LAEP could also provide the data to help underpin a net zero test in the planning system as described above, and provide a basis from which better spatial planning could be undertaken.’

The review recommended that **‘government should provide clear guidance on how areas can undertake LAEP, including with regards to their governance and implementation.** This guidance should require close community engagement to encourage community support and increase understanding of local energy and net zero plans’.

Overview of the Strategic Outline Business Case

Analysis on LAEP work to -date



The Energy Systems Catapult have estimated that to provide every local authority or region with a LAEP would be a cost-effective measure:

We have been working to understand in detail the delivered cost of a LAEP, and to develop approaches to bring down this cost and support continued growth of the market. Based

on this, we believe providing all areas in the UK with a LAEP, and supporting a central advisory function, would likely cost in the region of £40million dependant on scope. Funding only baselining activity, (Stages 1-3 of the LAEP guidance) would reduce this cost.

The benefits of LAEP extend beyond planning effectively to deliver net zero more effectively and efficiently. As the Energy Systems Catapult have noted in their recent report:

Local Area Energy Planning acts as an evidence base and key resource to support local areas to attract funding and investment. LAEPs highlight what activity is needed, supported by the required total investment across each component of the energy system. This is a powerful tool to engage and develop interest from private sector funders and developers. The process to develop a LAEP also helps local councils to better prepare for public funding opportunities relating to Net Zero and means they can use this to leverage additional funding options. As the plan is developed collaboratively with key stakeholders and based on a whole energy system approach, funders can also have increased confidence in the projects they are supporting as they are part of a coherent plan. This is an absolutely critical benefit of Local Area Energy Planning in enabling the scale and pace of investment needed to reach Net Zero in the UK.

The government has yet to formally endorse or provide support for a formal definition of Local Area Energy Plans. This should be an immediate priority, with the potential for linking the commitment to or formal adoption of a Local Area Energy Plan to future local net zero funding.

Given the low costs involved for local authorities to commission and produce a LAEP, the government should guarantee funding for every local authority to develop their own LAEP.

The government should also establish a LAEP governance framework that ensures local authorities have a duty to collaborate on net zero and are supported to have consistent data inputs across the UK to ensure that all plans are comparable, interoperable and easier to refresh and update. The Local Net Zero Hubs, along with the Energy Systems Catapult should be closely involved with the development of the LAEP, and the government must ensure that this is a condition for LAEP funding.

Failing to Realise the Potential of Local Net Zero

In spite of local enthusiasm of both local and regional authorities to both move further and faster to deliver local net zero ahead of 2050 , the Net Zero Strategy acknowledged that ‘there remain significant barriers’ to local governments delivering net zero, with ‘some places ... moving faster than others’. At the same time, ‘there are significant regional variations in the level of emissions ... some of the hardest hit local economies that face multiple development and growth challenges are proportionally home to a greater number of lower skilled workers. Many of these areas are also where high carbon industries are located’.¹

While many local authorities and Combined Authorities have demonstrated how to deliver effective climate action, there are many local authorities that are unable to deliver, due to the challenges that they face. In 2021, there were 84 local authorities with no published net zero plan. Equally, those plans which have been published vary in both quality and ambition. A lack of capacity and specialist expertise are resulting in fewer projects being developed by authorities. As 3Ci have stated, ‘there is a gap in available headcount within local authorities to deliver this work’.

As the Energy Systems Catapult have noted, there is also an inconsistent and unlevel playing field in the adoption of Local Area Energy

Plans, which are now in the process of being undertaken by 66 local authorities. “Places are taking action each day, many undertaking LAEPs whilst others are in danger of being left behind.

With no nationally adopted model for place-based whole energy systems planning, there is a lack of consistency, coordination, and risk of duplicative cost. An absence of local plans which help ensure the right Net Zero projects happen in the right place at the right time could lead to inefficient and uncoordinated investment, stranded assets, and could drive up consumer bills.” They further added, “DESNZ should build-out from existing centres of excellence, capacity and capability support, to establish an advisory facility to support local authorities with whole energy systems Net Zero planning. Why? Some local authorities lack the capacity and capability to undertake and realise the benefits of a LAEP. This includes in understanding how to support, specify, deliver or make use of a LAEP. Opportunity cost, duplication, and inefficiency in delivery of planning exercises can arise, due to a lack of a resourced expert advisory capacity to coordinate across wider geographical areas.”

Much of this lack of action stems from an increasing lack of resources as local authority budgets are stretched, while councils lack the capacity and capability at a basic workforce level to deliver. In a 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 and 70 respondents identified skills and expertise as a moderate or significant barrier.

As Kate Hands told the network: ‘It completely relies on capacity and capability within local councils to understand, have just the time

and energy to put into these processes ... and to deliver them and actually see through the process and to carry on delivering that process, updating the plans, making sure they’re effective and they’re implemented and they’re tied into investment decisions’.

Marvin Rees, the Mayor of Bristol, spoke to the network about the success of Bristol City Leap, yet admitted that the project would have struggled to launch in 2023, compared to 2017:

We would not start that journey today. We just don’t have the capacity in the organisation ... that is a reality of local government finance. We have taken money to protect frontline services for people with local government. But no one comes up to City Hall campaigning for lawyers, planners and project managers. Those with those backroom invisible skills and capacities that have been lost, that really hurt our ability to get investment ready propositions on the table to enter into these kind of partnerships, put time and money into them.

Philip Glanville from the LGA told the network that there remained a lack of commitment from the government in delivering local net zero through key policy innovations: ‘the lack of commitment around the trailblazer, the lack of commitment around some of the stable devolution financing, I think suggests to me that there’s still some significant work to do’.

While there is significant progress being made across many cities and through organisations such as UK100 and 3Ci delivering rapid climate action, there is a risk that this creates a two-tier system of net zero delivery, with those local and regional authorities that have prioritised net zero action disproportionately benefitting from the savings that can be made, while other authorities that have delayed or decided to go slow, will fall further behind.

Part Three

MEETING THE CHALLENGES

This section seeks to both identify and address the challenges and barriers that have been commonly identified by local and regional authorities as preventing further progress on delivering local net zero delivery.

The challenges are not necessarily specific to local authorities or regions, as they encompass issues concerning governance and accountability, finance and funding, and long-term consistency of policy frameworks.

1) Net Zero Powers: Relationship between Central and Local Government

The National Audit Office have stated that there are ‘serious weaknesses’ in the approach central government takes to working with local authorities on decarbonisation, ‘stemming from a lack of clarity over local authorities’ overall roles’. As the CCC have noted, ‘there is currently a lack of shared understanding of where these good intentions would be most effectively directed’¹². The NAO have stated that ‘Without a clear sense of responsibilities and priorities we see a risk that local authority action on net zero is not as coordinated, targeted, or widespread as it might need to be’.

As the NAO highlighted in their report, Local Government and Net Zero in England (2021), there is a complex web of relationships and contacts that local authorities must engage with at a central government level. This results in duplication of effort, and additional use of time and resource.

A number of central government departments have responsibilities related to local authorities’ work on net zero:

- The Department for Energy Security and Net Zero has overall responsibility in government for achieving net zero.
- The Ministry of Housing, Communities & Local Government (MHCLG) acts as a steward for the local government finance system and is responsible for the planning system.

- The Department for Environment, Food & Rural Affairs (Defra) has policy responsibility for waste.
- The Department for Transport (DfT) provides policy, guidance, and funding to English local authorities to help them run and maintain their road networks and local transport services.
- HM Treasury is responsible for allocating budgets to central government departments, and for taking decisions about local government funding at major fiscal events such as Spending Reviews, with the support of MHCLG.
- The Department for Science, Innovation and Technology is responsible for locally led innovation and research funding, working with UKRI and Innovate. Other departments have responsibility for cross-cutting ‘enablers’, such as procurement and ensuring sufficient skills in the economy.

The Net Zero Review was clear ‘that there must be more place-based, locally led action on net zero’. The review’s conclusions found that while ‘our local areas and communities want to act on net zero, but too often government gets in the way’¹³.

The Review added: There remains a key tension between how government can demonstrate central leadership on net zero, while at the same time empowering people and places to deliver action, free from government interference. The Net Zero Review heard that while net zero strategies and policy both at a national and local level have been developing at a rapid pace, these have not taken place in a co-ordinated fashion. Net zero progress at a local level has taken place in spite of government, the review heard, rather than because of it¹⁴.

The Review called for a ‘new relationship’ between central and local government to enable effective local delivery.

As the Net Zero Review stated, 'It is impractical for central government to lay out precise roles and responsibilities for all areas of net zero. In some areas these are already well understood, in many these will differ between different tiers of authority, and in others the landscape will change so quickly that a detailed framework may be counter-productive.'

However, a **high-level framework and an agreement to close future partnership working between central and local government** would help provide clarity, certainty and accountability for local areas. Such a partnership would allow for quicker and easier identification of problems and areas where there is a lack of clarity. To complement the framework and partnership agreement, **central and local government should work together to create more detailed guidance in areas where it is needed.'**

The Local Net Zero Forum can play an important role in setting this framework, however, the CCC have indicated that there are concerns over the level of transparency and accountability of the Forum. In their Progress Report 2023, the CCC stated:

Co-development of the Local Net Zero Forum should continue, with it playing a central role in design and implementation of policies to deliver Net Zero at a local level.

To allow scrutiny and maximise buy-in to the objectives of the Forum, it is vital that both its membership list and Terms of Reference are published (recommendation R2022-140). A process must also be developed to share the insights, lessons learned and next steps from the Forum with all relevant authorities and departments (recommendation R2023-154).

The Forum's roles and responsibilities sub-group should prioritise co-developing a framework that sets out an agreed view of the key roles and responsibilities between central and local governments, as well as

mechanisms to coordinate delivery of these (recommendation R2022-118). The Local Net Zero Forum is an important opportunity to develop local and national net zero collaboration. The government should ensure that the governance and processes in the LNZF are formalised, with a memorandum of understanding, minutes and terms of reference made public. The recommendations of the CCC in their Progress Report should be adopted.

The Local Net Zero Forum should also have representatives from every region of England and every devolved nation, so that it can be truly effective as representative of the whole of the United Kingdom.

The Local Net Zero Forum should also have representatives from each of the Net Zero Hubs: indeed, the Chief Executive of each Hub should be an automatic member of the Forum.

The Local Net Zero Forum should develop a strategy plan and set out its delivery milestones in this plan, so it can be an effective, decision making body, rather than run the risk of simply becoming a talking shop. Strengthening Collaboration with Devolved Nations

In addition to a lack of long-term strategy for local and central government collaboration, the CCC stated in their 2023 Progress Report that 'There is also no clear policy delivery plan developed in collaboration with the devolved governments to account for areas of joint responsibility. Not only does this create a gap in the necessary delivery structures, it also gives rise to significant risk in critical and time-sensitive areas of emissions reduction – such as land use – due to lack of coordination of different approaches across the nations ... Processes for collaboration should be continuously reviewed to ensure they are working effectively. As part of this collaboration, the UK and devolved

governments should work to identify opportunities for synergies between the UK-wide Net Zero Strategy and DA targets’.

To achieve this, the government should establish a Joint Ministerial Forum on Net Zero, at which the opportunities for shared partnership and discussion of mutual challenges can be raised. The government should also seek to ensure that net zero and energy collaboration is a fixed item on the agenda of the British Irish Council.

The Future of Net Zero Devolution

In Powering Up Britain, the government stated that: “We are testing new business models for investment into net zero, and to explore simplification of delivery. One approach is using devolution deals to pilot new approaches ... Government’s experience with these deals will inform future devolution deal negotiations”. The Levelling Up White Paper announced that by 2030 there will be a devolution deal for every part of England that wants one. The first of these deals, for York and North Yorkshire, included a strong net zero element. Yet it is unclear how this expansion of devolution deals will ensure consistency across devolved areas on net zero policy.

The Net Zero Review recommended that ‘Government should ensure that every devolution deal includes a strong net zero element, with a focus on the powers needed to achieve greater growth. With more powers, areas will be better able to create systems that drive green growth. For example, the Review heard that greater powers would allow areas to create coordinated local skills plan that meet local net zero needs, undertake LAEP that could form the foundation of future energy projects, or take a neighbourhood approach to retrofit that utilises economies of scale and hyper-local efficiencies’. The Net Zero Review stated that new deals ‘could also trial a ‘Net Zero Sandbox’ style approach which allows firms to test

innovative propositions and could encourage research, development and innovation in emerging net zero fields. This could offer an attractive proposition to internationally mobile investments’.

The government should ensure that all new devolution deals have net zero clauses and powers contained within them. The government should also seek to ensure that the pilots in GMCA and WMCA are replicated swiftly, and ensure that net zero funding can be devolved in all permissible circumstances.

Regional Devolution and Net Zero and Trailblazer Pilots – Business Rates Net Zero Deal

Between 2012 and 2014 two waves of City Region Deals were negotiated by the Coalition Government with communities across England to unlock economic growth. The first wave contained the devolution of new financial powers for the relevant local authorities. For example, the West of England local authorities were allowed to keep 100% of the growth in business rates raised in the city region’s Enterprise Areas over a 25-year period from 2014 creating an Economic Development Fund. There was a level of business rates below a baseline level that has continued to be gathered by the local authorities and returned to the Exchequer.

Using these new flexibilities, South Gloucestershire Council and Bristol City Council are borrowing £65million to improve flood defences along the banks of the Severn estuary in conjunction with the Environment Agency as part of regional efforts to tackle climate change adaptation. Once complete, this project will reduce flood risk to at least 2,500 homes and businesses and unlock around 12,000 new jobs in an area already renowned for low carbon enterprise.

But since these original City Region Deals, there has only been modest progress in rolling out further the local retention of business rates. In

2015, the Government announced its intention to enable local government as a sector to retain all business rates raised locally. Fast forward to the Spring Budget 2023 and the Government was again restating its intention to expand the local retention of business rates “to more areas in the next Parliament”.

Whilst specific devolution areas have seen the introduction of business rates retention – extended through the recent Trailblazer Deals – the roll out of further devolution deals to expand financial powers to cover more of the country is simply not happening at the pace and scale required to meet the urgency of Net Zero. Using the evidence and experience gathered from the original City Region Deals and the use of powers around business rates retention to date, the Government should introduce a new Business Rates Net Zero Deal.

This would introduce a standard power for local authorities to keep 100% of the growth in business rates in locations where the potential for green growth could be unlocked following public intervention. These locations would be jointly agreed with government. This new tool would give certainty to government that it would continue to receive business rates receipts below a certain baseline, but importantly allow local authorities to keep any growth in business rates above the baseline to then be recycled back into driving the regional transition to Net Zero.

The Net Zero Review recommended as one of its twenty five priority recommendations that the government should ‘fully back at least one Trailblazer Net Zero City, Local Authority and Community, with the aim for these places to reach net zero by 2030’¹⁵.

If anything, the ambition of this network has been to go further. In order to show greater public engagement, and to prevent favouring one region over another, the government should seek to ensure that there is one

trailblazer net zero project in each region of England and in each devolved nation.

Additional ‘Local Net Zero Missions’: creating Net Zero City Leaps

In order to ensure that both Green Deals and Net Zero Trailblazers have the effective governance, transparency and agreed outcome measures that will both drive economic growth and a reduction in carbon dioxide emissions. Taking a mission based approach to set a long term outcome at the same time a long-term funding delivery model to achieve this is an important way of demonstrating confidence and consistency in a co-ordinated programme, rather than simply a local project. Local and regional authorities are well placed, if not best-placed, to achieve this co-ordinated and long-term, consistent mission. As the Net Zero Review stated, ‘Local authorities have a significant amount of local convening power. They can reach and bring together residents, businesses, skills providers, the local energy sector and others in a way that central government cannot. A mission-centred approach allows greater opportunity for local authorities to utilise these powers and to focus different actors’ energy around a common goal’.

The Bristol City Leap template, as discussed earlier, presents an important template for public-private partnership in helping to define a local mission.

Marvin Rees, the Mayor of Bristol, stated in his evidence to the network that:

It is replicable. And the next group of people to do it can do it cheaper and faster because we’ve got the templates in place ... even if a place doesn’t have heat networks, we’ve got time to help cities become city leap ready. But I think there’s a huge prize on the table if we were to go somewhere as the UK and say we’ve got 20 cities, you’ve taken 2 steps down a twenty step journey towards unlocking a billion pound of investment into decarbonising

energy. We would be a world leader and that fits into the narrative that net zero isn't simply about decarbonisation. It's also about jobs and if we line it up with the skills transition and the principles of a just transition, we can be doing something very special for the UK economy in the right way.

3Ci is now developing a national programme to replicate the Bristol City Leap model, working with Bristol City Council and the Green Finance Institute to ensure the benefits of the project can be replicated elsewhere.

The Chancellor at the Spending Review in November 2023 should announce the establishment of new Net Zero City Leaps, using the Bristol City Leap template and the work of 3CI and GFI to scale this model of effective public-private partnership to other cities and regions across the country, with the necessary finance to subsequently unlock inward private investment.

2) Funding and Finance

The need for funding reform was a consistent message from the evidence received by the Net Zero Review. As the review stated:

Local authorities are a key partner in delivering net zero, but current central government funding arrangements are standing in the way of effective local action ... The Review recommends wholesale simplification of local net zero funding, including consolidation of different pots and a reduction in competitive bidding. These changes will save both central and local government time and money, as well as do more to encourage a systems-wide approach to delivering net zero.

Central government funding is currently standing in the way of delivering local action. Too often, funding is not only overly complex, it is:

- Disjointed: funding streams do not take account of one another, nor do they align with strategic net zero priorities
- Unfair: bidding for competitive funding rounds penalises local authorities with the least capacity and capability
- Expensive for local authorities to navigate: competitive funding bidding is costly, and short-term funding pots only increase administration for many applications
- Short-term and temporary: funding often needs to be spent in artificially short timescales, that penalise wider long term strategic net zero delivery

The Net Zero Review called for the funding landscape for local net zero delivery to be simplified, by consolidating different funding pots together. For retrofit, there are currently eight schemes that local authorities can access, many of which have multiple funding rounds.

The need for greater simplicity and co-ordination of funding streams was also highlighted by the NAO in their Local Government and Net Zero report. In 2021, the NAO calculated that there were 22 grant funds that local authorities could apply to for net zero-related work, totalling £1.2 billion. In spite of this significant increase in funding available, the NAO observed that 'when funding from these 21 funds to different levels of local authorities is combined, 17 local authority areas received £20 million or more each through these funds while 37 received less than £2 million each. In terms of funding per person, 14 local authority areas received £50 or more per person from these funds, while 67 received less than £12.50 per person from these funds'.

In addition to the complexity of funding, competitions and grants often have too short a timescale for application. 'Constant last-minute competitions for short term projects results in huge inefficiencies for local government, lots of wasted effort discussing and co-ordinating bids'. The CCC have noted that 'funding competitions

are problematic, focusing resources into local authorities with sufficient staffing and capacity to apply for funds, often at short notice’.

This short term approach is costing local economies. As the Net Zero Review stated, the ‘funding landscape also holds back growth in local economies. For example, the CCC notes that: “Funds also have to be spent rapidly, which prevents a skilled local supply chain being developed [...] Short term, unexpected funding opportunities fail to deliver the best schemes.”’ Shirley Rodriguez, the Deputy Mayor of London told the network of the frustration that ‘you have to bid for only one year, then you don’t get a decision till six months in and then you have to hand money back and then you’re told you failed’. There is an urgent need to ‘have a single pot devolved to local authorities that is long term’.

In addition to short timescales, short term funding of one year or less restrict the ability of local authorities to both respond and deliver effectively, or to plan across wider systems. As the CCC noted, ‘funds also have to be spent rapidly, which prevents a skilled local supply chain from being developed’.

Costs to Bid for Funding

On average, the cost of bidding for a competitive grant was around £30,000. The administrative burden of bidding for funding is becoming not only unmanageable for local authorities, it is creating a chilling effect of preventing local authorities from even bidding or applying for funds in the first place. The Net Zero Review reported how local authorities are ‘spending hundreds of thousands of pounds preparing and managing bids across net zero funding competitions’. The rules around the use and access of government funding were deemed so changeable that the delivery model they had developed for one funding scheme was not eligible for funding in the next round¹⁶.

Mayor of Bristol, Marvin Rees, informed the network of the challenges with the challenges of a competitive bid process, that disproportionately awards those who have capacity to bid:

The bidding around that’s come under a lot of scrutiny through levelling up, obviously, isn’t a plan. That’s the bidding round. It’s who gets the best bids in on the most times, and that’s a question of capacity. It’s not an evidence-based look at what needs to happen and what sequence we need to deliver those things. If there’s a plan, there should be no conversation that talks about winners and losers when the money is given out because someone would have known that the evidence says that’s ... the right time for it to come through, the right sequence.

The challenges that competitive and short-term funding is causing local authorities has been well articulated. The NAO have stated that:

While competitive processes can help focus funding on the best projects, a fragmented funding landscape dominated by competitive funds brings the risk that money does not go to where the need or opportunity is greatest, and it can make it difficult for local authorities to plan for the long term. It can also mean that local authorities that have been successful in winning funding previously continue to win most of the funding, because they have people with the expertise and time to identify suitable grants and apply. These challenges can be more severe where funds have short timescales for application and delivery.

As the County Councils Network stated, we need a ‘streamlined funding process that is easier to navigate and less resource intensive’; the LGA too noted that ‘one of the biggest obstacles for delivery has been short lead in times for funding schemes, short delivery timescales and a lack of joined up (systems) thinking in the programme design phase’.

A New Funding Model

It is essential that net zero funding reform takes place. It is clear that there must be a simpler and more consolidated net zero funding system that works jointly across all departments, so

that local authorities are not forced to apply for separate net zero funds that are both disparate and disjointed. Funding also needs to be as non-competitive as possible.

Net Zero funding reform is not merely a requirement, it is essential. As the Net Zero Review stated, 'For all local authorities, there should be a simpler and consolidated net zero funding system that provides greater lead-in times and transfers money from central government more quickly. Where possible, funding should be non-competitive to reduce administrative burdens and ensure that allocation of funding is based on need and opportunity rather than bidding capacity. It should be medium- rather than short-term, with multi-year funding arrangements, and additional support should be provided to local authorities with less bidding capacity'.

If the UK is to ensure that local net zero delivery It is essential that a dedicated fund be created, with co-ordinated alignment across relevant departments. It should also be established for the long-term, so local authorities can have the certainty to plan strategically for the future. In order to align with the government's net zero commitments and Nationally Determined Contribution, the fund should be guaranteed until at least 2030.

The fund should also be grant-based, rather than competitive. If due to demand, competitive funding is required, this should be on the basis of local authorities demonstrating both impact and collaboration across local areas. Funding could also be aligned with the commitment of a local authority or region to deliver a Local Area Energy Plan.

At the next Spending Review in November 2023, the Chancellor should seek to establish a consolidated Local Net Zero Fund, that is aligned with other longer-term funds in order to deliver provide local authorities with greater certainty.

The Local Net Zero Fund should be both long-term and agile, co-ordinate across departments and be non-competitive, while at the same time allowing local authorities greater lead in times to apply for funding, and a longer time scale in which to deliver outcomes.

The Local Net Zero Fund should require an eligibility threshold of local areas committing at least to a Local Area Energy Plan in order to ensure funding is best spent in the most effective and efficient means possible.

Private Finance and Investment

There is a disjoin between net zero projects seeking finance, and the ability for private finance seeking to invest in net zero projects. Both are willing to take action, yet the frameworks and conditions have not been established that can effectively marry the ambitions of local and regional areas with the risks and rewards that private finance expects to take.

As 3Ci told the Net Zero Review, "Many places have projects they would like to attract investment into, and many investors are looking for projects, but too frequently the projects are not presented in a truly investable manner... In broad terms, places and their leadership know what needs to be done. Again, in broad terms, the local population are behind these plans, and in many cases clamouring for them to happen more quickly".

The network heard that this disjoin may be the result of a lack of a framework for formal engagement between the private and investment sector and local authorities and regions.

The government stated in Powering Up Britain that: 'new Investment Zones will drive local economic growth. Green business sectors are one of the 5 priority sectors for the Investment Zones, and all Investment Zones are also required to demonstrate their contribution to national Net Zero and environmental targets'. The document further stated that:

- To support local authorities' access to funding and increase investment, we have worked across government to ensure economic growth funding contains a net zero principle; and that clean growth and green job opportunities are highlighted. This includes for example, the £2.6 billion UK Shared Prosperity Fund which states that investment made under this Fund should demonstrate the extent of contribution to net zero and nature recovery objectives.
- Government-funded research through 3Ci and Innovate UK is helping to identify opportunities for local areas and local government to work with the private sector to finance the net zero transition. Proposals to develop work on blended finance are set out in the accompanying publication, the 2023 Green Finance Strategy.
- The UK Infrastructure Bank is building its local advisory function to a steady state through 2023, and will also lend up to £4 billion to local authorities at a preferential rate for high value and strategic projects of at least £5 million.

Put simply, the available finance for local net zero projects is not sufficient, particularly for those local projects that do not require significant sums of investment. As the government have confirmed, the UKIB will only lend for high value (over £5 million) and strategic projects that are intended to deliver a positive financial return, which leaves a gap for smaller local authority projects. Yet aggregating projects to an investible size and scale is a challenge, and that this is exacerbated by the short-term and piecemeal nature of central government funding.

Turbo-Charging Private Finance and Investment

The CCC have stated in their latest Progress Report that 'there is potential for the UK Infrastructure Bank (UKIB) to be a strong source of support for local government and others to develop investable proposals for Net Zero programmes, as well as accessing existing Government funds at preferential lending rates (e.g. the Green Heat Network and Local Electric

Vehicle Infrastructure Funds)'. There is an important role for the UKIB to play in net zero delivery, however if it is to be maximised to the full effect, then its current rules for investment will need to be more flexible to allow for investment in a greater number of projects. 3Ci have recently launched a Net Zero Investment Taskforce, with representatives from across banking, pensions, insurance, venture capital and other finance related industry. This taskforce is seeking to understand how to deliver a net zero neighbourhoods model.

In order for these new models of blended and private investment finance to succeed, the UKIB should be allowed to lift the £5 million threshold on investable net zero projects.

Government must also provide additional support to make sure regions can attract green investment and build regional green clusters. This should include refocusing planned Investment Zones to ensure they encourage net zero investment and development.

More support should be given to establishing regional funds in order to bring institutional investors onboard. There are several examples which can be replicated across the country, and whose business models should be adopted by the Net Zero Hubs.

In London, Mayor of London's Energy Efficiency Fund (MEEF) MEEF is a £500 million fund investing in low carbon and renewable energy systems across Greater London. Amber Infrastructure, fund manager, also leads a £2 million technical assistance unit. Significantly, the Fund combines public and private investors and banks into a single fund: ERDF, GLA, Amber Infrastructure Group, Lloyds Bank, National Westminster Bank, Santander UK, Sumitomo Mitsui Banking Corporation and Triodos Bank. Their collaboration has created 'the UK's largest ever dedicated investment fund for urban energy efficiency measures'. MEEF considers investments from

£1 million for up to 19 years. Investments must save at least one tonne of carbon for every £7,000 invested, or achieve a 20% energy saving. Eligible investments span energy efficiency, renewables, decentralised energy, storage, regeneration and EV charging: 70% of the fund is targeting local authorities, NHS, registered social landlords, education (higher and further) and third sector non-profits; 30% is available to SMEs. Local authorities can borrow up to 100% capex costs with low interest rates. By blending public and private finance, borrowing can be flexibly structured, including shorter term commercial lending and longer-term public loans. Overall MEEF aims to finance 17 MW renewable energy capacity and reduce carbon emissions by 37,000 tonnes per year.¹⁷

3) Planning for the future

The Planning System

The planning system should be a vital tool in the UK's ability to plan ahead and deliver the energy transition both at speed and at lower cost. Well designed and executed energy projects and infrastructure can reduce costs, ensure that there is greater public support and engagement, and above all ensure that the democratic process is placed behind the energy transition. Good planning regulation also drives stronger economic growth. As the Royal Town Planning Institute stated, "Planning can be a driving force for not only net zero but for growth as well, helping to unlock opportunities across the country [...] The reputation of planning in the UK would only be furthered if it were given the ability and position to be a key driving force for net zero. Our own research suggests that planning brings in millions to the UK and has the potential to have a much larger impact if the passion and expertise of our consultancies both large and small were showcased as one of our key exports."

Yet our current planning system was never designed for a net zero purpose. The Net Zero Review stated that 'one of the starkest

messages from hundreds of organisations and individuals, is that the planning system is undermining net zero and the economic opportunities that come with it'. The CCC in their Progress Report for 2023 underlined this challenge, stating that 'the spatial planning system continues to cause issues, with inconsistent and misaligned decisions undermining local efforts to deliver Net Zero actions'.

Planning is holding back green businesses and greater ambition, such as the rejection of West Oxfordshire's net zero policy for the Salt Cross Garden Village; whilst less sustainable, poorer-quality developments continue to be approved. It presents unnecessary barriers to critical low carbon technologies and interventions, from heat pumps and onshore wind - to awnings, shutters and solar panels. And there is no way of knowing if planning decisions are in line with, or jeopardising, the UK's legally binding 2050 net zero commitment; including local and national carbon budgets.

Existing policies and duties in place have not been enough to deliver widespread change. Duties for local development plans to 'contribute to' carbon mitigation and adaptation, and the National Planning Policy Framework's directions to 'take a proactive approach' - in line with the provisions of the Climate Change Act - have not succeeded. Very few local authorities have thoroughly audited their local plans in line with quantifiable carbon budgets, and where local authorities try to take meaningful climate action, they risk being knocked back by the Planning Inspectorate.¹⁸ This is inhibiting proactive local ambition, a critical driver identified in the Net Zero review.

The CCC's 2023 Progress Report to Parliament stated that the government should ensure the planning system has an "overarching requirement that all planning decisions must be taken giving full regard to the imperative of Net Zero". This follows the 2022 Progress Report,

where the CCC recommended that “this should be achieved by embedding Net Zero alignment as a core requirement within the planning reforms in the upcoming bill and the supporting frameworks and guidance documents.”

The Net Zero Review, “Mission Zero” clearly concluded that “unblocking the planning system and aligning it more closely with net zero will enable widespread pro-growth, net zero development”. The review also found that “the planning system should be an essential tool in delivering the changes needed for net zero. A system that appears ambivalent to net zero will not be capable of delivering the scale of change required” and recommended that “The planning system should move towards implementing a test for all developments to be net zero compliant.”

These recommendations and this proposed amendment have met with strong support from businesses across the construction, property and financial sectors. Over 100 prominent businesses from across the built environment signed a joint letter to the Prime Minister on 15th June, calling for direct legal alignment between the Climate Change Act goals and planning system, via an amendment to the Levelling up and Regeneration Bill.¹⁹ The business coalition highlighted such an amendment is essential, in order to deliver the consistency, certainty and clarity needed to turbocharge green investment in the sector, and support both the innovation and technology needed to deliver more truly sustainable development.

Meaningful action on climate change requires both the promised update of the NPPF and a purposeful, statutory planning duty. Both are necessary for an effective planning response, neither is sufficient by itself. A purposeful legal duty, in addition to rolling forward the existing duty on plan-making, would require national planning policy to inform local plan-making and planning decisions, and planning decisions themselves (including those made nationally)

to be – as much as possible - consistent with national policy and targets for the mitigation of, and adaption to, climate change.

The NPPF

The National Planning Policy Framework (NPPF) sets out the Government’s planning policies for England. It provides the framework within which locally-prepared plans are produced – local planning authorities have a statutory duty to regard these policies when bringing forward plans. It is therefore of key importance that the framework aligns with Net Zero and climate adaptation goals.

However, recent research, commissioned by the CCC and carried out by the Centre for Sustainable Energy (CSE) and the Town and Country Planning Association (TCPA), shows the NPPF does not currently enable planning decisions to prioritise climate mitigation and adaptation goals sufficiently.

Improvements to planning policy in relation to climate change were first promised in 2020 in the Planning for the Future white paper. The following year, the NPPF was revised but failed to recalibrate planning policy with Net Zero. A commitment to review the NPPF “to make sure it contributes to climate change mitigation and adaptation as fully as possible” was then restated in the Net Zero Strategy in 2021. However, progress has been lacking.

The 2021 revision of the NPPF stated that ‘the planning system should support the transition to a low carbon future in a changing climate, taking full account of flood risk and coastal change. It should help to shape places in ways that contribute to radical reductions in greenhouse gas emissions...’ yet there is no specific mention of helping to deliver net zero or any specific local emissions targets. Although the NPPF states that ‘the purpose of the planning system is to contribute to sustainable development’, the definition of

sustainability is broad, giving equal weight to social, economic and environmental considerations, with no mention of the Climate Change Act.

In contrast, the Scottish Government's National Planning Framework 4 (NPF4), which was adopted in February 2023, states that "tackling the climate and nature crises" and "climate mitigation and adaptation" are national policy priorities. The NPF4 mentions 'net zero' in several places, for example, it states that the planning system should deliver "more energy efficient, net zero emissions homes" and facilitate tourism development that is consistent with net zero. It says minimising "emissions from developments" and "zero carbon, nature positive places" are key policy outcomes that LPAs in Scotland should support by:

- including policies in their local development plan to reduce, minimise or avoid greenhouse gas emissions
- considering the impact of development proposals on greenhouse gas emissions and ensure that they are sited to minimise emissions
- supporting proposals to retrofit developments to reduce emissions.

The NPF4 provides an important template for the future reform of the NPPF, one which can be adopted quickly into the NPPF consultation. As stakeholders have told the Mission Zero Coalition and the Buildings Mission Zero Network, ensuring that there is harmony and greater consistency between planning law across the UK government and the devolved nations is essential if the deployment of energy efficiency measures and heat pumps are to be scaled at rapid pace. Ensuring that the NPPF followed closely the lead set by the NPF4 would be a welcome start.

The Government has committed to undertake a full review of the National Planning Policy Framework (NPPF) to ensure it contributes to

mitigation and adaptation as fully as possible: In its October 2021 Net Zero Strategy, the Government committed to reviewing the NPPF to "embed a broad form of carbon assessment in planning policy". The Government consulted on proposed changes to the NPPF in December 2022, building on existing environmental protections to make "tackling climate change are central considerations in planning".

The CCC have stated that 'This review should take place this year, and should ensure that the NPPF is better aligned to the scale and urgency of the Net Zero, nature recovery and adaptation challenges. – At present, the NPPF is out-of-date and inconsistent with the level of ambition required to deliver Net Zero and climate adaptation'.

The government must ensure that the NPPF is fit for a net zero purpose. If local and regional authorities are to have certainty and clarity to deliver their net zero plans, they must have confidence that the NPPF will help, and not hinder these. The NPPF review should be published in 2023, and must be aligned fully with the government's Net Zero commitments. The NPPF and future planning policy should commit to ensuring that there is an effective carbon emissions assessment, based on whole life cycle carbon analysis, in order to target emissions reductions.

A Net Zero Test in Policy Making and Planning

The CCC have stated that: Policy, funding and delivery mechanisms across all sectors of the economy need to be properly aligned to the pace of transition required and must work together constructively towards Net Zero. The Government should continuously improve processes and decisionmaking to achieve this, ensuring that policymakers are empowered to make more consistent judgements on alignment with the Net Zero pathway ... Introducing a Net Zero test at an early stage of the policymaking process could help to achieve this'.

The planning system should move towards implementing a test for all developments to be net zero compliant, ensuring enough lead-in time to prevent adverse economic consequences or stalling of current development plans. Across the economy the cost of building to net zero standards and using net zero technologies is coming down. Providing clarity and certainty on net zero requirements in the planning system could help drive further action and build supply chains, making net zero development the norm.

A net zero test should be introduced for all planning decisions.

Viability Tests

In the Net Zero Review, local authorities felt that planning requirements on viability presented a hindrance to net zero development. Currently, these local authorities felt that some developers use viability requirements to reject proposed net zero improvements. These local authorities suggested that such viability considerations should be reformed or scrapped, and that net zero should be a fundamental consideration when determining the viability of a project. Current guidance states that viability assessments “should not compromise sustainable development.”

This language should be strengthened to ensure that viability assessments actively encourage genuinely sustainable and net zero developments, and that assessments take a longer-term approach to determining what is viable.

Uncertainty in the Planning System

There is currently no consistent approach embedded in policy, or national guidance, for local government to provide structured input and influence into energy network investment planning. This can lead to projects being delayed. There is also confusion over whether, where and how local authorities can exceed

national standards on planning. For example, the Review heard from several stakeholders about the difficulty faced by West Oxfordshire District Council in their plans for the Salt Cross Garden Village. The Council had proposed that development at Salt Cross would be required to demonstrate net zero carbon, with submission of a validated and monitored energy strategy. However, in May 2022 the Planning Inspectorate provisionally found that such a policy was not ‘consistent with national policy or justified’ and the plan was modified as a result. This is a clear example of the planning system being unclear in its support for net zero. Decisions such as these have raised the fear elsewhere of legal challenge, with the CCC noting that “Local authorities are wary of the threat of legal challenge, this means to make confident use of their powers, they have to undertake rigorous legal checks, which slows delivery, adds expense and makes some of them risk averse”.

It is essential that the future institutional governance arrangements, associated with the energy system, facilitate the alignment of spatial and energy systems planning and investment to end this uncertainty and threat of legal action.

Frameworks for Community Benefits and Consent

Recent amendments to the Energy Bill focused on the need to ensure that a single objection to renewable energy project did not block cheaper, renewable energy for an entire community. With the government accepting that the NPPF would be altered to reflect this, there is now a renewed need to ensure that community consent and benefit from local and national energy infrastructure projects is well developed in a national framework that gives consistency across local authorities, and certainty for both infrastructure planners and communities over the future development of both renewable projects and grid infrastructure.

There is a balance to be struck between national need and local impact; at a national level, government will need to take a more strategic approach to future energy infrastructure placement, and at a local level there must be improved efforts to involve communities and show the benefits of net zero action. **One way of doing this is through direct community benefit.**

Local communities should be directly involved in determining how this benefit is realised, but the starting point should be other net zero or climate positive actions such as retrofit or development of local green space. There should also be an effort to empower and upskill communities to better understand and engage with planning processes so that projects and benefits reflect true local feeling and consent.

The Scottish Government has published a set of good practice principles for community benefits from onshore renewable energy developments. While the community benefit approach has been a voluntary one currently, it has generated significant income for local communities. As the guidance, published in 2018, recommends, flexibility is key:

The package of benefits that a renewable energy business offer may vary in line with the priorities of community/ communities involved, and the size and scope of the renewable energy project. However, community benefits should relate to the specific needs and aspirations of local people, evidenced by some form of ballot or other mechanism to capture views and presented in a community action plan.

The importance of having a community action plan is critical to being able to engage with the renewable energy business irrespective of the community benefit package being offered. While we will continue at a national level to promote a community benefit value of equivalent to £5,000 per MW, we do understand that some renewable energy businesses will seek to offer a more flexible package of benefits.²⁰

There are a number of examples across Europe, including Ireland, Germany, France, and Italy, where community benefit payments have worked successfully, and should be considered.²¹

To begin with, as the Net Zero Review set out, **the UK Government should give practical guidance and establish a framework on future community benefit with a clear plan for how this can be implemented within the planning system.**

The government should then seek to ensure that a community benefit system can be effectively regulated for, in anticipation of the delivery of future onshore renewable projects and a Net Zero National Grid.

The Local Mission Zero Network intends to convene and publish a further report on developing effective ways to support and empower local communities through community consent, alongside scaling up locally-focused energy projects such as Project LEO across the country.

Pace and Speed

In addition to the reforms that are needed to the planning system, an additional barrier to delivering net zero more effectively at a local level is the length of time it takes for planning permissions to be granted. For those projects that aim to be net zero or low carbon, this has resulted perversely in longer waits for planning permission, rather than the planning system working in their favour.

The ISG mentioned in their written evidence that: Given the importance of net zero performance in attracting occupiers, it doesn't appear that this driver is met by demand-side incentives provided by local planning authorities. Just 11% stated that buildings with net zero commitments result in significantly faster planning permissions. In fact, most owners – particularly in the

datacentre world – report longer planning permission periods for buildings with net zero commitments.

One explanation for this may be increased bureaucracy, as authorities often need to verify that a building is in line with net zero commitment. At the same time, local authorities are under-resourced and lack the skilled planning workforce to meet these raised requirements and demands. Crucially, resourcing and skills constraints in local planning authorities are also holding back green development. Local Authority net expenditure on planning has fallen by 43%, from £844m in 2009/10 to £480m in 2020/21. This amounts to just 0.45% of local government budgets allocated to planning services. Public spending on planning fallen the most – by 62% - in the North East of England. Other regions have faced similar declines: Yorkshire and The Humber (49%), London (48%), West Midlands (47%) and North West (46%). Indeed, less than half (49%) of planning applications were decided within statutory time limits in 2021²².

Local powers to set standards through planning must be retained but be part of a clear consistent trajectory and wider, more reliable approach to climate in national planning. This requires a focus not merely on planning law and regulation, but on ensuring local authorities have the capacity and capability beneath the new frameworks they are expected to adopt.

To ensure successful green growth and help support the delivery of high-quality development new development, Local Authorities must be sufficiently resourced and upskilled, to ensure they can consistently deliver more sustainable development in planning. **In order to achieve this, net zero policy needs to be given greater support in local authorities, with a requirement that an official at Director level should be given dedicated local net zero responsibilities. There should also be a Cabinet Member for Local Net Zero in local authorities.**

4) Measuring the future

The data and measurements that currently local authorities are able to access and utilise to deliver on their net zero commitments are insufficient. In contrast to recycling rates, how councils measure emissions varies significantly. The NAO also found that ‘there is little consistency in local authorities’ reporting of plans and progress on net zero’ that made it ‘difficult to get an overall picture of what local authorities have achieved’. This lack of reporting and accounting was highlighted in the Net Zero Review, which concluded that ‘a lack of standard monitoring and reporting presents barriers to progress, including on accountability’.

In response to the review’s call for better guidance on reporting mechanisms so that local authorities can better monitor and report on their net zero progress, the government stated that it is ‘already working on the data, metrics and reporting mechanisms’, highlighting the work of Net Zero Hubs, yet did not provide any information on how it would delivery consistency in local authority monitoring and reporting progress.

As the Net Zero Review stated, new forms of data and benchmarking will be needed for local authorities:

With a clear framework, statutory duty, missions and devolution, there will be greater value in a standard approach to monitoring and reporting of progress, and a wider range of approaches from which best practice can be taken.

If central government is to increase local responsibility for net zero delivery, there will also need to be clear local accountability. Government should look to learn lessons from what has already worked with regards to local monitoring and reporting of other services such as recycling, where transparency and targets have driven greater accountability.

The CCC in their 2023 Progress Report also stated that: ‘the Government should provide clear guidance to planning authorities on carbon assessment and measuring environmental outcomes. This will help develop more consistent approaches and reduce wasted resource duplicating evidence-gathering’.

The government is in the process of creating a new Office for Local Government (Oflog) and its vision is “to provide authoritative and accessible data and analysis about the performance of local government, and support its improvement.” Oflog will take over responsibility for the further development of the government’s Local Authority Data Explorer tool. But the Data Explorer will initially only include a small number of relevant metrics covering four distinct areas – adult social care, adult skills, waste, and finance – to assess performance.

For several years, local authorities have had the opportunity to establish climate action plans. These have been effectively monitored by MySociety through their Climate Action Plan Explorer (CAPE) which also highlights best practice Climate Action Plans along with advice for effectively formulating a Climate Action Plan. However, the challenge of ineffective and fragmented data, results in, as MySociety told the network:

A lot of effort going into creating climate data which cannot be used to its full potential. When all local authorities are having to deliver their net zero targets, this is creating duplication and preventing useful data and evidence-sharing. For example, Climate Emergency UK wanted to work out the average EPC rating of all council owned buildings as part of their work of compiling scorecards that marked councils on their climate action. In principle, all the data required to understand this is publicly available. All EPC certificates are available as open data: councils are required to publish a register of assets. A joined up list of all assets

could be simply cross-referenced with the EPC register for a sense of how different councils compare on energy efficiency. But the difficulty in obtaining the information from each council means it is prohibitively difficult to build a picture of energy efficiency of local authority buildings across the country²³.

The challenge of fragmented and inoperable data standards is not merely a matter for more effective local authority performance. The future of energy system planning could be better forecast if several datasets were better aligned. Currently the Distribution Future Energy Scenarios (DFES) are used to inform energy planning, which are a top-down approach providing a series of forecasts for EV deployment, heat pumps, district heating networks, solar PV, wind generation and battery storage. LAEP is a bottom-up approach identifying the change that is needed to the local energy system and built environment. Alignment between the two energy system planning techniques through improved flow of information could increase the confidence of the forecasts, providing greater evidence for energy investment. Enabling the influence of local government and spatial planning decision to be considered in energy systems planning and investment.

There is also the issue of how rapidly data can be deployed to full effect. As Louise Crow from MySociety told the network, ‘the challenge that I see for central government apart from the provision of data and the funding and a consistent framework, which is a huge challenge in itself, is faster feedback loops’. In addition for calling for more structured and granular data at a local level, MySociety have set out a list of what additional data local authorities need to provide, as well as set trackers on progress, against set benchmarks: we also need to know **more about how local authorities reflect on their own progress**. In these instances, free text which we can semantically search, is often most helpful. We need data around:

- **Personnel, systems & processes to manage climate monitoring and reporting.** This helps us to understand who is doing the work, and how resource allocation happens.
- **Progress since the last reporting period, and key areas of focus for the period ahead.** This gives a vital sense of context and perspective from inside the reporting body, and helps situate the scale of work undertaken against work yet to be done.

Energy Systems Catapult emphasises on the integration of data in LEAP as he says, “DESNZ should facilitate a sector taskforce to agree the scope of data inputs and formats for Local Area Energy Planning exercises. This will help ensure consistency and quality. Use cases for output data should also be defined for key user groups, to ensure LAEPs are interoperable and affect change. Involvement from key stakeholders including local government, energy network operators, LAEP practitioners, Ofgem, Net Zero Hubs, and DLUHC would be vital. Current centres of excellence and independent work on data collation, use, standards and quality should be central to this. Why? Data consistency, comparability and interoperability can be a barrier particularly across regions, and its materiality to plan outputs is not widely understood. Data outputs do not always meet the needs of all potential end-users of the plans and more understanding of this is required. For example making plan outputs as useful as possible to support implementation planning, project mobilisation, and refreshes or updates.”

Progress on Accountability

There has been process on delivering better local accountability by making data and measurements more transparent and communicable to the public. Climate Emergency UK initiated the Council Climate Scorecards project to evaluate council climate action plans across the UK, with the first release in January 2022.

The challenge was to assess and communicate the effectiveness of council climate action plans in a simple and comprehensible manner. The project required gathering, analyzing, and summarizing data from various sources, including long and complex documents. Climate Emergency UK coordinated more than 300 volunteers to read and summarize council climate action plans, focusing on areas like community engagement and partnerships with local organizations. They used data from freedom of information requests to supplement publicly unavailable information. The initiative generated substantial press coverage, enhancing awareness of local climate action. By simplifying complex data, it allowed stakeholders to identify gaps and progress in climate initiatives, empowering communities to advocate for change.

Sharing Best Practice and Scaling: Data Tools

While there are many examples of best practice of effective local climate action projects and successful pilots, the challenge for many local authorities and communities is to scale these achievements, so that they can be replicated and deployed elsewhere in the UK at scale. Carbon Copy, a climate-focused charity, has developed a database of local community climate action stories. They aim to encourage the replication of these initiatives across the country. They utilize information on net zero targets and local authority plans to structure these community action stories. The challenge was to connect community climate action stories with data on net zero targets and local government plans. This involved collating and organizing vast amounts of data and making it accessible for public use. Carbon Copy made their data freely available, enabling partners like Climate Emergency UK to use it for projects like Council Climate Scorecards. This scorecard project aimed to create a clear, simple snapshot of council climate action plans and their progress, engaging over 300 volunteers to review and summarize complex documents.

Following a programme of significant engagement with Local Authorities and specialist stakeholders across our licence areas in the north of Scotland and central southern England in recent years, Scottish and Southern Electricity Networks have formally rolled out its LAEP+ tool.

The tool, which has been developed over 3 years and piloted with 3 local authorities, provides essential data and tailored services to empower local authorities to deliver their climate action plans and achieve their net zero ambitions. Using the tool, in support of their Local Area Energy Plan or Local Heat and Energy Efficiency Strategy, local authorities can locate energy assets by collaborating and sharing data with utility companies. The LAEP+ tool shows constraints on the network, allowing local authorities to make better informed decisions about the placement of new energy assets. A straightforward traffic light system reacts to a 'click and drag' operation by the planning team in the local authority, to show whether a new energy asset could be accommodated on the existing network.

With the uptake of low carbon transport and heating, local authorities are finding themselves in the driving seat to help plan the infrastructure that will support the choices that will drive net zero. The LAEP+ tool takes a 'whole system' approach, by drawing together data from multiple sources into a single tool that can be used to plan the roll out of low carbon technologies (LCTs) such as charging points for electric vehicles. This will help local authorities by enabling LCTs to be sited in cost effective locations and provide early notification to SSEN of additional network needs, creating an effective partnership for accelerating net zero. LAEP+ will be available to local authorities across SSEN's licence areas later this year.

Data sharing will be key for Local Authorities to unlock their potential and for the energy system to achieve a whole-system approach. In September 2023 the Geospatial Commission published their 'Charging Ahead: Using location data to boost local EV chargepoint rollout'. The report sets out how location data can support local authorities to make good decisions about where EV chargepoints should be installed. The report highlights how SSEN as "leading the way with data sharing" between DNOs and local authorities with the use of the LAEP+ tool. The LAEP+ tool created by Advanced Infrastructure has data from Scottish and Southern Electricity Networks (SSEN) and other Distribution Network Operators which demonstrates the grid capacity along a road for areas in the several DNO licence areas. The tool can be used to model scenarios involving different types of chargepoints and different combinations of chargepoints spatially. Future iterations of the tool will facilitate the creation of decarbonisation plans per neighbourhood based on local data.

It is clear that in order for local authorities to measure effectively their emissions reductions collaborative but compulsory climate reporting standard for local authorities. MySociety have set out what data is necessary to collect and report upon in order to ensure that progress is both effectively monitored, and local authorities and regions are held accountable for delivering

on their net zero and Climate Action Plans²⁴. Reporting frameworks in Scotland (<https://sustainablesotlandnetwork.org/reports/guidance-reporting-guidance-2021-22>) Wales (<https://www.gov.wales/public-sector-net-zero-reporting-guide>) and soon, Northern Ireland (<https://www.daera-ni.gov.uk/consultations/consultation-climate-change-reporting-by->

specified-public-bodies-developing-new-regulations) have already been established to create a better picture of the progress towards net zero that has been made and is still yet to happen. These reporting frameworks are an important model that the UK government should seek to learn from, and may be able to adopt in order to enhance more rapid collection of net zero data and information.

A Local Net Zero Data and Reporting Framework should be established, in order to provide consistency and increase integrity for reporting across local authorities.

The Net Zero Review recommended that ONS should collect more forms of net zero related data, and this network maintains that net zero will be better delivered the more we know, and where we know action needs to take place.

The need for open source and operable data is also important, if we are to encourage better uses of AI and future systems thinking²⁵. This data to be held in a central repository, supported by a central government data convenor.

Part Four

TOWARDS A NEW LOCAL NET ZERO CHARTER

The Net Zero Review adopted a mission based approach to net zero delivery, in order to highlight the importance of long-term, stable and programmatic delivery of policy frameworks. This long-term approach to local authority net zero delivery is essential, and is a theme that runs through every aspect of policy reform that is required in order achieve net zero at a local level, taking a place-based approach that can ultimately achieve net zero in a more efficient, low-cost manner.

Overall this report makes 31 recommendations, which have been grouped into the five overarching themes and key recommendations, as set out below and summarised as:

1. Introduce a Local Net Zero Charter to agree responsibilities and enhance partnership between the UK government, devolved governments and regional, city and local authorities.
2. Hasten the adoption, consistency, and success of Local Area Energy Plans across the UK.

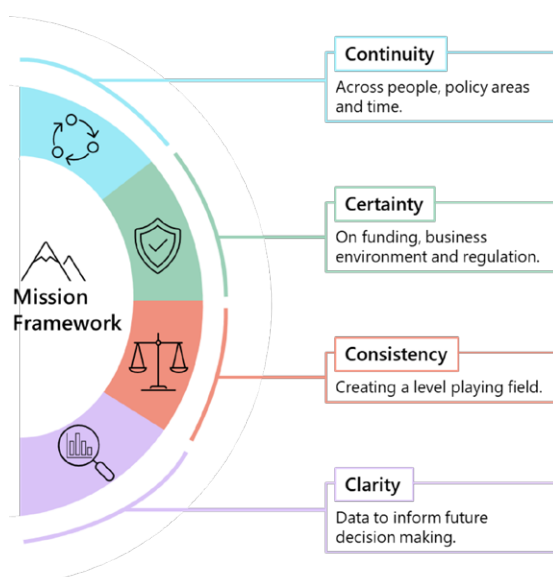
3. Develop a local Net Zero Delivery Framework to enable collaboration between UK Government and local and regional authorities, using the The Local Net Zero Forum.
4. Simplify and enhance the Net Zero funding and financing landscape to support local and regional authorities with longer-term certainty, while also enabling effective public-private partnerships that can unlock inward investment.
5. Commence an urgent review in 2023, of the National Planning Policy Framework (NPPF) to ensure that the NPPF is better aligned to the scale and urgency of the Net Zero, nature recovery and adaptation challenges.

A new, enhanced partnership, in the form of a Charter, between the UK government, devolved governments and regional, city and local authorities is needed to accelerate the transition to Net Zero, drive economic prosperity through growth in green jobs and skills and support the UK's international position as a Net Zero pioneer.

The ability to plan strategically, and for the long term, was also based around a core set of principles set out in the Net Zero Review, known as the '4Cs':

This 4C model can also be adopted for regional and local authorities, community groups in seeking more effective local net zero delivery:

- **Continuity:** ensuring that there is a stable relationship between local and central government, regardless of which political party is in government. Policy frameworks on net zero must be commitments that are maintained.
- **Certainty:** local authorities need stable, long-term funding, while legislation and regulation that relates to planning needs to be made clearer.



- **Consistency:** while every region and local authority will have its own different needs and meet its own net zero targets in different ways depending on its carbon footprint, central government must ensure that there is fairness and a level playing field in funding and net zero opportunities for every local area so that no authority is left behind.
- **Clarity:** local authorities and regions need better data and measurements to both account for net zero delivery and to be held accountable for the progress that they make on reducing their emissions.

These principles should act as a benchmark or test for successful delivery of both present and future local net zero policy.

A New Framework Agreement: Towards a Local Net Zero Charter

Aside from the development of the Local Net Zero Forum, the Hubs, and additional measures highlighted above, there is little evidence that a holistic, systems-based, programme that can be easily identified by local authorities has been established. As set out above, the local net zero landscape remains opaque, fragmented and hard to navigate.

For this reason, the Net Zero Review called for a 'high-level framework and an agreement to close future partnership working between central and local government'²⁶.

What might this high-level framework and agreement to future partnership working look like? In a similar framework to Mayoral Combined Devolution deals, there should be a framework agreement with local authorities and central government that sets out what duties and responsibilities local authorities will deliver on net zero locally, in return for potential grant or block funding, with an agreed outcome and timescale for delivery.

This cannot simply be a framework that is one-sided, or makes requests to central government. The new framework will only succeed if the relationship between central and local government is one of genuine partnership, with each tier of government recognising that they are mutually dependent on one another if the UK is to succeed in achieving net zero: without local government, central government cannot deliver net zero.

This partnership must be entered into for a long-term commitment. The Net Zero Review set a 10 year time-frame for its ten missions: similarly, there should be at least a 10 year time commitment, or at least until 2030, for central government to establish 'Net Zero Deals' with local and regional authorities (see above).

Local authorities also need to go beyond their commitments made in declaring a climate emergency, and demonstrate more clearly to local communities and populations how they will meet either their planned commitments to net zero, or set out how they intend to further deliver on local climate action and decarbonisation. In order to ensure consistency, local authorities should seek to adopt a common set of standards and commitments, as Paris has done with its net zero charter (see above).

One possibility would be to create a 'Local Net Zero Charter', that could be adopted by a motion and vote in councils and signed both by local and UK Government, that sets out in greater detail and depth how local authorities will practically meet their net zero commitments and how UK Government will support their efforts. Similar to how local authorities declared a climate emergency through council motions, the adoption of a standard Local Net Zero Charter, setting out the local authority's commitment to net zero delivery, while calling on the government to also set out more clearly the vital importance of local net zero delivery, funding, planning and measurement, that this report has highlighted.

The Local Net Zero Charter might therefore both act as a restatement of what a council is prepared to commit to in order to prioritise net zero locally, as well as acting as a manifesto for local net zero, calling on the government to act now to catalyse local action. This might include recognising responsibilities, such as:

- Committing the necessary resources and local budget towards net zero delivery.
- Committing to ensure the necessary workforce, dedicated officers and officials to the net zero transition.
- Committing to providing the necessary data and measurements to track progress towards net zero targets.
- Committing to a Local Area Energy Plan.

The Local Net Zero Charter would also seek to enshrine greater rights or duties on local authorities, calling on the government to act faster to enhance local net zero delivery, and to match the commitments it made on a 'local programme' in the Net Zero Strategy. This could include local authorities calling for:

- Long term and stable, simplified and co-ordinated funding structures
- Certainty and clarity for national planning processes
- Additional guidance where needed to deliver more consistent approaches to local net zero
- Local Net Zero devolution deals to allow local areas to have more autonomy over delivering emissions reductions, for

instance greater control over heat networks and zones, energy efficiency programmes and retrofit.

The Charter could seek to first establish the broader principles under which it might operate, with the detailed commitments aligned with these principles and actions required from central government to achieve the outcome of the principles can be agreed through wider consultation and collaboration with the local government community.

There are comparable models that the Local Net Zero Charter might seek to emulate in establishing a process for its creation and delivery. In the UK, the Student Minds Mental Health Charter is a good example of taking an evidence-based, theory of change, approach to establishing a Charter that has wide support across the Higher Education sector and has been committed to by universities after a period of careful development.

This report does not intend to create in detail the text of a Local Net Zero Charter, but to suggest that a Charter approach, that could be subsequently adopted by local authorities and implemented alongside central government policy changes outlined above, presents a way forward for achieving the '4C' mission-based approach that could form the foundation for a new relationship between local and central government, a relationship that could enhance the UK's ability to meet its net zero commitments and to get back on track to meeting its Nationally Determined Contribution for 2030.

Appendix

SUMMARY OF ROUNDTABLE ATTENDEES

Roundtable I: 19th April 2023

Leigh Broadhurst, Suez
Melanie Bryce, SSE
Alan Bailey, Future Leap
Miriam Brassington, Lloyd's
Chris Brierley, Energy Systems Catapult
Ed Cox, West Midlands Combined Authority
Thomas Delgado, Pollution Solution
Karina Freitas, Pollution Solution
Philip Glanville, Local Government Association
Kate Hand, London Councils
Alastair Harper, Office of Sadiq Khan
Ben Houchen, Tees-Valley Mayor
Anna Howard, Henham Strategy
David Lewy, Reckitt
Henry Murison, Northern Powerhouse Partnership
Nicola Rochfort, Grosvenor
Rt Hon Chris Skidmore, Mission Zero Coalition
Jason Torrance, UK100

Roundtable II: 23rd May 2023

Cllr Liz Leffman, Oxfordshire County Council (speaker)
Cllr Richard Clewer, Wiltshire County Council (speaker)
Leigh Broadhurst, Suez
Melanie Bryce, SSE
Thomas Delgado, Pollution Solution
Karina Freitas, Pollution Solution
Kate Hand, London Councils
Alastair Harper, Office of Sadiq Khan
Nick King, Henham Strategy
David Lewy, Reckitt
Connar McBain, Phoenix
Nicola Rochfort, Grosvenor
John Scanlon, Suez
Rt Hon Chris Skidmore, Mission Zero Coalition
Toby Savage, Gloucestershire County Council
Chris Sood-Nicholls, Lloyd's
Jason Torrance, UK100
Flavie Whetman, Hertfordshire County Council

Roundtable III: 26th June 2023

Louise Crow, mySociety (speaker)
Duncan Law, Head of Policy and Advocacy, Community Energy England (speaker)
Ollie Pendered, Community Energy South (speaker)
Steve Atkins, SSE
Guy Barlett, Barratt's
Meryem Brassington, Lloyd's

Chris Brierley, Energy Systems Catapult
Leigh Broadhurst, Suez
Tom Delgado, Pollution Solution
Alastair Harper, Office of Sadiq Khan
Ben Houchen, Tees-Valley Metro Mayor
David Lewy, Reckitt
Connar McBain, Phoenix
Adam Read, Suez
Nicola Rochfort, Grosvenor
Rt Hon Chris Skidmore, Mission Zero Coalition
Jason Torrance, UK100

Roundtable IV: 17th July 2023

Cllr Susan Aitken, Glasgow City Council (speaker)
Ian Freeman, Scottish Government's Directorate for Energy and Climate Change (speaker)
Marvin Rees, Mayor of Bristol (speaker)
Steve Atkins, SSE
Chris Sood-Nicholls, Lloyds
Chris Brierley, Energy Systems Catapult
Leigh Broadhurst, Suez
Melanie Bryce, SSE
Tom Delgado, Pollution Solution
David Lewy, Reckitt
Nick King, Henham Strategy
James Manning, Grosvenor
Henri Murison, Northern Powerhouse Partnership
Tristan Robinson, Thakeham
Rt Hon Chris Skidmore OBE, Mission Zero Coalition
Jason Torrance, UK100

Roundtable V: 12th September 2023

Mark Atherton, Energy Systems Catapult (speaker)
Chris Brierley, Energy Systems Catapult (speaker)
Andrew Clark, Energy Systems Catapult (speaker)
Tim German, Energy Systems Catapult (speaker)
Ben Houchen, Tees-Valley Mayor
Fatima Isaaq, Phoenix Group
Richard Leach, Energy Systems Catapult (speaker)
Jennifer Pride, Welsh Government/ Llywodraeth Cymru (speaker)
Melanie Bryce, SSE
Tom Delgado, Pollution Solution
Kate Hand, London Councils
Nicola Rochfort, Grosvenor
Rt Hon Chris Skidmore OBE, Mission Zero Coalition
Jason Torrance, UK100
Ben Westerman, Henham Strategy

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