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Housing, Communities and
Local Government Committee

Local government and the path to net zero

Fifth Report of Session 2021–22

*Report, together with formal minutes relating
to the report*

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Housing, Communities and Local Government Committee

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Summary

It is clear the UK will struggle to reach net zero by 2050 unless central and local government work together to deliver solutions tailored to meet local circumstances. To facilitate this, the Government has committed in its Net Zero Strategy to clarifying the relationship between central and local government in the delivery of net zero and to improving co-ordination between different layers of government. It remains to be seen, however, if this amounts to the comprehensive local government net zero delivery framework called for by the Climate Change Committee.

- **We urge the Government to immediately begin consulting local government on the contents of a draft net zero delivery framework setting out the relative roles and responsibilities of local and central government.**

Local authorities will be particularly important to ensuring a just transition to net zero, since no layer of government is closer to people or better able to tailor climate action to meet the needs of local communities. Only by harnessing local government can central government deliver a just transition that benefits all communities. Without that just transition, the Government will struggle to persuade the public to make the necessary changes.

- **The local government net zero delivery framework should clarify the critical role local government must play in delivering a just transition to net zero that benefits all communities.**

The level of grant funding for local authority climate action has increased in recent years, but much of it remains short term and is allocated through competitive bidding processes, which are expensive and burdensome and make it difficult for councils to plan for the long term.

- **We recommend that the Government come up with a plan for funding local authority climate action in a way that gives councils the confidence and ability to plan for the long term.**

To ensure that new homes are contributing towards achieving net zero, certainty is needed about the details of the Future Homes Standard, which will ensure homes are built with 75–80% lower carbon emissions from 2025.

- **The technical consultation on the Future Homes Standard should take place in 2022 rather than 2023, thereby enabling the relevant legislation to be brought forward as soon as possible. The Government should consider setting a further target of moving to zero carbon homes by 2030.**
- **As the Government's target is to build 300,000 homes a year by the mid-2020s, it should explain where the additional heat pumps and other low-carbon heating systems will come from to meet the demand of all 300,000 new homes.**

The planning system can also support the move to net zero. Resources will also be needed to ensure that planning authorities have the necessary skills to devise and monitor effective decarbonisation policies.

- **To support making new housing carbon neutral, net zero should be given a central role in the National Planning Policy Framework (NPPF). The proposal in the Planning White Paper for local authorities to have a statutory responsibility to produce a Local Plan should also include a requirement that the Local Plan specifically addresses the issue of carbon emissions and how the local authority will ensure developments in their area contribute towards achieving net zero.**
- **We recommend that £500 million be invested over four years into funding the planning system.**

Existing homes also need to have their insulation improved and their heating systems decarbonised. Funding must come from both the Government and private investment. The £3.9 billion of funding, including the Boiler Upgrade Scheme, outlined in the Government's Heat and Buildings Strategy is welcome. But there needs to be more certainty about funding for retrofitting beyond 2025.

- **The Government should set out its longer-term funding plans beyond 2025, and outline the share of funding for retrofitting it anticipates will come from private investment. The Government should also consider offering tax incentives, which could include lower VAT, stamp duty and council tax, for energy efficient measures and homes.**
- **The Boiler Upgrade Scheme will only fund at most 90,000 additional heat pumps, and there is seemingly no role for local authorities in the delivery of the scheme. The effectiveness of the scheme should be monitored closely to ensure its successful contribution to the retrofitting of homes.**
- **Future funding schemes for retrofitting should give local authorities a major role; allocate funding without competitive bidding; be adapted to different types of housing and income groups; should be long-term in duration to provide certainty for the public and suppliers; and should be clear and easily accessible.**

The lack of a requirement to replace a gas boiler that has ceased working with a low-carbon heating system until 2035 risks a large number of existing gas boilers simply being replaced with new gas boilers, especially given that there is a lack of incentives to do otherwise.

Local authorities have a vital role in promoting retrofitting in their area, including through consultation with the public. The Climate Assembly UK similarly stressed the need for the public to have choice over the technologies used for retrofitting.

- **The Government must ensure there is as much choice for the public in deciding how their homes are retrofitted as is technologically possible. There is therefore a need for progress on developing alternatives to heat**

pumps, including hydrogen heating. Local authorities should be given the necessary support and resources to fulfil their important role in retrofitting.

Local authorities are also well placed to influence emissions from road transport, which accounted for one quarter of the UK's emissions in 2019. In particular, they can use their planning powers to seek to prevent development from locking residents into car dependency and encourage a modal shift to public transport and active travel.

- **In the short term, the Government should clarify the need for sustainable transport and placemaking to be embedded in all new development. In the longer term, and in line with our recommendation that net zero be given a central role in the NPPF, it should amend the NPPF to require all housing development to be properly serviced by public transport and active travel networks and be within walking distance of local shops and amenities. As far as possible, all employment areas should also be served by public transport.**
- **We urge the Government to make good on the welcome promises set out in the national bus strategy, in particular to give local authorities more control over bus services, and to explain as soon as possible how it plans to make sure local authorities have the necessary funding to provide high-quality public transport services in rural areas.**
- **We recommend that funding for active travel be put on a more consistent footing and that the Government work more closely with local authorities to support and monitor their activities.**

The contribution local authorities can make to net zero extends well beyond buildings, heating and transport. For example, they can support the decarbonisation of energy generation and supply through the delivery of smart local energy systems; reduce emissions from waste by using their responsibilities for collection and disposal to push waste up the Waste Hierarchy and by connecting more energy from waste facilities to district heat networks; use their procurement powers to encourage best practice and keep services local; and use their position of local leadership to help businesses and the public to reduce their own emissions. It is for central government, in partnership with local government, to enumerate everything local authorities can do, and should be doing, to reduce emissions locally.

Introduction

1. The Climate Change Act 2008 introduced a statutory target to reduce net greenhouse gas emissions in the UK by 80% by 2050 (compared to 1990 levels).¹ This was amended in 2019 to a 100% reduction, known as the net-zero target.² The net-zero target was recommended by the Climate Change Committee (CCC), the UK's independent climate advisory body. In addition to the 2050 target, successive Governments have legislated for a series of carbon budgets, again set in line with recommendations from the CCC, to map the trajectory of emissions reductions needed to reach net zero by 2050. The CCC has recently published its recommendation for the sixth carbon budget, covering the period 2033 to 2037.³ The Government put the sixth carbon budget on a statutory footing in June 2021.⁴

2. To date, most of the UK's emissions savings have resulted from a reduction in coal-fired power, whereas future cuts will increasingly be necessary in areas such as buildings and transport that impact more directly on how people live and over which local government has considerable control or influence.⁵ According to the CCC, while local authorities are directly responsible for 2–5% of emissions in their area, they have powers or influence over roughly a third.⁶ The Net Zero Strategy says 82% of the UK's emissions are “within the scope of influence of local authorities”, although it does not explain its calculation or the huge discrepancy between the two figures.⁷ Given the scope of local government's powers and responsibilities, it is increasingly being recognised as critical to the UK reaching its net-zero target.⁸ In particular, many of the funds allocated to climate action, such as those aimed at improving the energy efficiency of the existing housing stock and encouraging more sustainable modes of travel, are delivered through local authorities.

Table 1: Main areas where local government has some influence over emissions

Area ⁹	Contribution to emissions as percentage of UK's overall emissions in 2019
Road transport	25%
Energy supply	21%

1 [Climate Change Act 2008](#), section 1

2 [The Climate Change Act 2008 \(2050 Target Amendment\) Order 2019 \(SI 2019/1056\)](#)

3 Climate Change Committee, [The Sixth Carbon Budget: The UK's Path to Net Zero](#), (December 2020)

4 [The Carbon Budget Order 2021 \(SI 2021/750\)](#)

5 Climate Change Committee, [Sixth Carbon Budget: The UK's Path to Net Zero](#), (December 2020), p. 14; Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), p. 3; Centre for Cities, [Net zero: decarbonising the city](#), (July 2021), p. 3

6 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), pp. 3 and 5

7 HM Government, [Net Zero Strategy: Build Back Greener](#), (October 2021), p. 261; one possible explanation for the discrepancy is that the 82% figure includes scope 1, 2 and 3 emissions, as defined under the internationally agreed [Greenhouse Gas Protocol](#), whereas the one-third figure includes only scope 1 and 2 emissions.

8 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020)

9 For the definition of each area, except for road transport, see: Department for Business, Energy and Industrial Strategy, [2019 UK Greenhouse Gas Emissions, Final Figures](#), (2 February 2021), p. 5; except for road transport, each area is a “national communication sector” for the purposes of reporting greenhouse gas emissions; road transport forms a part of the transport NC sector, which also includes domestic aviation, railways and domestic shipping; all transport accounted for 27% of emissions in 2019; the basis of the 25% figure for road transport comes from: Department for Transport, [Transport and Environment Statistics: 2021 Annual Report](#), (11 May 2021), p. 5; according to that document, road transport accounted for 91% of transport emissions in 2019

Area ⁹	Contribution to emissions as percentage of UK's overall emissions in 2019
Business	17%
Residential buildings	15%
Waste	4%
Public	2%

Sources: Department for Business, Energy and Industrial Strategy, [2019 UK Greenhouse Gas Emissions, Final Figures](#), (2 February 2021); Department for Transport, [Transport and Environment Statistics: 2021 Annual Report](#), (11 May 2021), p. 5

3. While the Department for Levelling Up, Housing and Communities (DLUHC) oversees local government in England, policy responsibility for many of the areas where local authorities can take climate action lies with other departments. For example, the Department for Business, Energy and Industrial Strategy (BEIS) has overall responsibility for meeting net zero, the Department for Transport (DfT) provides guidance and funding to local authorities in respect of transport services, and the Department for Environment, Food and Rural Affairs (DEFRA) is responsible for waste. The one area where DLUHC has the policy lead is planning and new housing. Our report pays particular attention to the Government's plans to require all new homes to be "zero carbon ready" by 2025 through the introduction of the Future Homes Standard, as well as how local authorities can influence the efficiency of new homes through the planning system.¹⁰

4. The CCC,¹¹ the National Audit Office (NAO)¹² and various Select Committees have recently published reports on different aspects of net-zero policy.¹³ Six select committees, including this Committee, also established the Climate Assembly UK, which met in the spring of 2020 to discuss which policy options the UK should pursue to reduce greenhouse gas emissions to net zero by 2050. The Assembly consisted of 108 members of the public, chosen to be representative of the UK population. Its conclusions, particularly around housing and transport, encouraged the establishment of this inquiry.¹⁴

10 Ministry of Housing, Communities and Local Government, [Future Homes Standard: 2019 Consultation on changes to Part L \(conservation of fuel and power\) and Part F \(ventilation\) of the Building Regulations for new dwellings](#), (October 2019)

11 Climate Change Committee, [Reducing UK emissions: Progress Report to Parliament](#), (June 2020); Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020); Climate Change Committee, [Policies for the Sixth Carbon Budget and Net Zero](#), (December 2020); Climate Change Committee, [Progress in reducing emissions 2021 Report to Parliament](#), (June 2021)

12 National Audit Office, [Achieving net zero](#), HC 1035; National Audit Office, [Local government and net zero in England](#), HC 304

13 Business, Energy and Industrial Strategy Committee, Twenty-First Report of Session 2017–19, [Energy efficiency: building towards net zero](#), HC 1730; Business, Energy and Industrial Strategy Committee, Third Report of the Session 2019–21, [Net Zero and UN Climate Summits: Scrutiny of Preparations for COP26- interim report](#), HC 1265; Business, Energy and Industrial Strategy Committee, Seventh Report of the Session 2019–21, [A climate for ambition: diplomatic preparations for COP26](#), HC 202; Business, Energy and Industrial Strategy Committee, Second Report of the Session 2021–22, [Climate Assembly UK: where are we now?](#), HC 546; Public Accounts Committee, Forty-Sixth Report of Session 2019–21, [Achieving Net Zero](#), HC 935; Treasury Committee, Thirteenth Report of Session 2019–21, [Net zero and the Future of Green Finance](#), HC 147; Environmental Audit Committee, Third Report of Session 2019–21, [Growing back better: putting nature and net zero at the heart of the economic recovery](#), HC 347; Environmental Audit Committee, Fourth Report of Session 2019–21, [Energy Efficiency of Existing Homes](#), HC 346

14 Climate Assembly UK, [The path to net zero](#), September 2020

5. Between 31 October and 12 November 2021, the UK will host the 26th Climate Change Conference of the Parties (COP26) in Glasgow. The talks will bring together heads of state, climate experts and campaigners to agree coordinated action to tackle climate change. On 19 October 2021, after the evidence-gathering phase of our inquiry was completed, the Government published its long-term plan for reaching net zero, known as the Net Zero Strategy, and its Heat and Buildings Strategy, which sets out how it plans to decarbonise homes and commercial, industrial and public sector buildings by 2050.¹⁵

6. Our inquiry built on the work of the Climate Assembly and the evidence on the Future Homes Standard that we received for our inquiry into the future of the planning system.¹⁶ In particular, it sought to examine the Government's proposals for requiring new homes to emit less carbon, as part of its wider reforms to homes and building standards, and to consider the role of local authorities in promoting other measures essential to meeting net zero, including the retrofitting of existing homes and the decarbonisation of road transport.

7. During our inquiry, we received 68 pieces of written evidence from a range of stakeholders and held five oral evidence sessions, including with representatives from local government, think tanks, and energy companies. We also took evidence from Lord Deben, the Chair of the CCC. In our final evidence session, we heard from Lord Callanan, Minister for Business, Energy and Corporate Responsibility at the Department for Business, Energy and Industrial Strategy (BEIS), and Eddie Hughes MP, Minister for Rough Sleeping and Housing at the then Ministry of Housing, Communities and Local Government (MHCLG).¹⁷ We thank everybody who has contributed to this inquiry. We are also grateful for the support and advice throughout this inquiry from three of our specialist advisors, Christine Whitehead, Emeritus Professor of Housing Economics at the London School of Economics and Political Science; Kelvin MacDonald, Senior Departmental Fellow at the Department of Land Economy, University of Cambridge; and Aileen Murphie, Honorary Professor, Durham University Business School.

8. This report has three chapters. The first chapter considers the role of local authorities in the UK's journey to net zero and the call for a net zero framework to clarify the respective roles and responsibilities of local and central government. The second chapter focuses on the Government's Future Homes Standard, particularly the timeframe for introducing it in 2025; and how the planning system can promote more energy efficient new homes. It also considers the retrofitting of existing homes, including the funding available, the enforcement of energy efficiency standards, and how local authorities can encourage retrofitting in their communities. The third chapter considers how local government can influence emissions from other sources, especially road transport, energy and waste, and highlights examples of innovation and best practice. The purpose of the chapter is not to provide an exhaustive list of everything local authorities can do to contribute to net zero but to draw attention to some of the most important areas.

15 HM Government, [Net Zero Strategy: Building Back Greener](#), (October 2021); HM Government, [Heat and Buildings Strategy](#), (October 2021)

16 Housing, Communities and Local Government Committee, First Report of Session 2021–22, [The future of the planning system in England](#), HC 38, para 214

17 Subsequent to our evidence-taking for this inquiry, the Ministry of Housing, Communities and Local Government's name changed to the Department for Levelling Up, Housing and Communities.

9. Our report focuses on the most pressing areas for action. There is no doubt, however, that achieving net zero will need to remain a major policy focus in the years ahead and we therefore plan to return to the issues raised in this inquiry in future work.

1 A net zero framework for local government

The role of local government in net zero

10. As highlighted already, local government has a critical role in reaching net zero.¹⁸ According to the CCC, local authorities are a “cornerstone of climate change partnerships”. They are “the closest form of government to local people” and know “what works best in their areas”. This is especially important as many of the areas where reductions will need to be made have “a strong local dimension”, such as decarbonising buildings, transport and waste.¹⁹ Likewise, the NAO said local authorities had “an essential part to play in decarbonising local transport, social housing and waste because of their powers and responsibilities in these sectors”, although it also acknowledged that the precise “challenges and opportunities for local authority work on net zero will vary according to their powers, functions and local circumstances”.²⁰ While local authorities have limited direct control over emissions, they have powers or influence over roughly a third of emissions in their local areas.²¹

11. The evidence to this inquiry agreed that local government was central to the UK’s efforts to reach net zero.²² E3G, the climate change think tank, said local government would “need to play a central role as the UK moves further into the net zero transition, as decisions and their impacts move closer to people’s daily lives” and that there was “a growing consensus” that different approaches to decarbonisation would be needed “to reflect regional variation and assets”.²³ Cadent Gas said local authorities’ knowledge “of local stakeholders and the local economy, as well as their relationship and trust with the community”, meant they were best-placed “to develop and deliver tailored local area energy plans”.²⁴ The Thakeham Group said local government had “a key role to play in driving the net zero agenda forward and ensuring that new developments in their area are setting an example for achieving net zero”.²⁵ The Energy Saving Trust told us that by “taking an area-based approach, pooling existing budgets and leveraging additional funding”, local authorities had “an almost unique ability to ‘add value’”.²⁶

18 National Audit Office, [Achieving net zero](#), HC 1035; National Audit Office, [Local government and net zero in England](#), HC 304; Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020); UK100, [Power Shift: Research into Local Authority powers relating to climate action](#), (April 2021); Blueprint Coalition, [A blueprint for accelerating climate action and a green recovery at the local level](#), (January 2021); Institution of Civil Engineers, [The role of sub-national leadership in achieving net-zero](#), (September 2021)

19 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), pp. 4 and 6

20 National Audit Office, [Local government and net zero in England](#), HC 304, p. 8

21 Energy Saving Trust ([PNZ0061](#))

22 Local Government Association ([PNZ0005](#)); EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#)); The District Councils’ Network ([PNZ0016](#)); Cadent ([PNZ0024](#)); E3G ([PNZ0049](#)); ADEPT ([PNZ0054](#)); Green Alliance ([PNZ0059](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); Thakeham Group ([PNZ0026](#)); UK100 ([PNZ0047](#)); Energy Systems Catapult ([PNZ0050](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); [Q171](#) (Lord Deben, Chair, Climate Change Committee)

23 E3G ([PNZ0049](#))

24 Cadent ([PNZ0024](#))

25 Thakeham Group ([PNZ0026](#))

26 Energy Saving Trust ([PNZ0061](#))

12. It was also recognised that public support for the net-zero agenda would depend on there being a just transition and that local government, through its various roles and responsibilities, could help to ensure that climate action benefitted all communities.²⁷ As we heard, no one can be expected to support measures that make their lives worse.²⁸ Philippa Borrowman, from the Green Alliance, said: “If we start doing stuff that benefits some people and not others, they will not understand why we are investing in it”.²⁹

13. The joint submission by MHCLG and BEIS also recognised the role of local government in the path to net zero. It said councils were “key delivery partners and place-shapers” and that they played “a role in driving local climate action” through their “direct control and indirect influence” over many national priorities, such as energy, housing and transport.³⁰

The need for a framework

14. Most councils have already set climate change targets at least as ambitious as central government’s.³¹ Nonetheless, in its report, *Achieving Net Zero*, the NAO reported that local government representatives had warned of “a lack of clarity from central government on the role local authorities should play in achieving net zero”.³² In its more recent report, *Local government and net zero in England*, it further found that central government had “yet to determine, in consultation with the sector, local authorities’ overall responsibilities and priorities in achieving the national net zero target” and that consequently there was a risk local authority climate action would not be “as coordinated, targeted, or widespread as it might need to be”.³³ Echoing these concerns, the CCC said the Government “should engage with local authorities to ensure that a net zero delivery framework is included in its Net Zero Strategy” and that this framework should “align and clarify national, sub-national, regional and local delivery roles and areas for collaboration”.³⁴ Without some central government co-ordination, it said the UK risked pursuing a “fragmented strategy towards net zero”, with councils duplicating both effort and expense.³⁵

15. The evidence agreed that local government needed a stronger steer from central government and a more joined-up approach between government departments.³⁶ Lord Deben, Chair of the CCC, told us local authorities were “doing it on their own” because there was “no centralised help”.³⁷ The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) said the Government “must strengthen its coordination and improve its engagement with local government” and “provide a framework for action”.³⁸ The Green Alliance, an environmental think tank, said government policy must “make clear exactly how central government will partner with regional and local governments to

27 [E3G](#); [Q14](#) (Rachel Blake, Local Government Association; Polly Billington, UK100); [Qq49–50](#) (Colm Britchfield, E3G; Philippa Borrowman, Green Alliance; Andrew Forth, RIBA)

28 [Q49](#) (Colm Britchfield, E3G)

29 [Q50](#) (Philippa Borrowman, Green Alliance)

30 MHCLG with BEIS contribution ([PNZ0048](#))

31 Local Government Association ([PNZ0005](#))

32 National Audit Office, [Achieving net zero](#), HC 1035, p. 9

33 National Audit Office, [Local government and net zero in England](#), HC 304, p. 7

34 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), p. 8

35 [Ibid](#), p. 7

36 London Councils ([PNZ0031](#)); ADEPT ([PNZ0054](#)); Green Alliance ([PNZ0059](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); Cadent ([PNZ0024](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); [Q131](#) (Professor Janette Webb, EnergyREV); [Q139](#) (Councillor Sarah Rouse, District Councils’ Network); [Q138](#) (Nick Hibberd, Brighton and Hove Council)

37 [Q170](#) (Lord Deben, Climate Change Committee)

38 ADEPT ([PNZ0054](#))

collaboratively work to reduce emissions”.³⁹ Councillor Sarah Rouse, Enhancing Quality of Life Board Member, District Councils’ Network (DCN), told us: “The critical key from a district level is give us that framework. Tell us what you want us to do and under what banner and we will develop the policies and deliver it. That is very much the frustration, I think, of the districts, just give us the framework”.⁴⁰ Electrical Safety First said it was vital that government agendas aligned “to avoid overlap or conflict”.⁴¹

16. Lord Deben told us a framework could also clarify the role of MHCLG in the net zero agenda.⁴² Except for planning and new homes, the Department (now DLUHC) does not have direct policy responsibility for any of the areas where climate action is most pressing, such as retrofitting existing buildings and transport, for which BEIS and DfT have primary responsibility, although, according to the Minister, Eddie Hughes MP, it does have a role as a conduit between central and local government.⁴³ According to the CCC’s 2021 progress report to Parliament, *Progress in reducing emissions*, however, the Department “is not fully supporting local government to play its part in the transition to Net Zero”.⁴⁴ Lord Deben said this would require a “new partnership” between central and local government, as opposed to the Department, “as it very often does”, simply “handing down requests and determinations”.⁴⁵

17. When we asked the Minister, Eddie Hughes MP, if the Department was drawing up a framework to clarify the role of local government, he said only that it was “contributing towards the Net Zero Strategy” and implied that a framework, as a “constituent element of that”, was not “important”.⁴⁶ When pressed, he said the Department did not have much policy responsibility for net zero and was not providing any specialist support to local authorities, other than a website, and appeared to concede it had not asked local authorities what they would like to see in the Net Zero Strategy.⁴⁷

18. In the recently published Net Zero Strategy, the Government acknowledges the need to support local authority climate action and improve co-ordination between different layers of government. The strategy promises to support “all local government in developing and delivering their net zero delivery plans” by 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”. It also says the Government will establish a Local Net Zero Forum to ensure direct input from local leaders and 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”.⁴⁸

39 [Green Alliance \(PNZ0059\)](#)

40 [Q139](#) (Councillor Sarah Rouse, DCN)

41 [Electrical Safety First \(PNZ0013\)](#)

42 [Q170](#) (Lord Deben, Climate Change Committee)

43 [Q201](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

44 Climate Change Committee, [Progress in reducing emissions](#), p. 29

45 [Q172](#) (Lord Deben, Climate Change Committee)

46 [Q199](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

47 [Qq199–211](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

48 HM Government, [Net Zero Strategy](#), (October 2019), p. 264

Powers and funding

19. As well as greater clarity on what local government should be doing to meet their climate change targets, the Government has also been told it needs to give local government the means to do it, particularly additional powers and funding, for upskilling within local authorities as well the delivery of individual measures.⁴⁹ UK100, in its report, *Power Shift*, said the Government had “yet to provide local leaders with the powers and resources to really deliver” and that the system was therefore “structurally incapable of delivering net zero”.⁵⁰ The NAO found that, while dedicated grant funding for local authority climate action increased significantly in 2020–21, it remained fragmented, and that the nature of grant funding, with its reliance on competitive bidding, ran the risk of money not going to the right places and made it more difficult for local authorities to plan for the long term.⁵¹ Likewise, the CCC concluded: “Short-term competitive funding for narrowly specified projects with tight bidding times makes it very hard for smaller authorities with less capacity to apply and concentrates funding in certain areas. HMT [Her Majesty’s Treasury] should ensure that funding is made over longer time periods to enable better delivery.”⁵²

20. These concerns were echoed in the evidence to our inquiry.⁵³ London Councils said that without the “policies, powers and funding” needed to support their climate action, councils would “not be able to deliver on the climate crisis or support thriving net zero carbon places”.⁵⁴ Energy Systems Catapult told us local authorities had “very few powers and responsibilities to deliver on often lofty climate ambitions”.⁵⁵ When asked what they most needed from central government, all three council representatives who gave oral evidence called for a consistent policy framework and sufficient long-term funding.⁵⁶

21. A particular concern was raised about the Government’s tendency to allocate funding through competitive bidding, which we were told favoured better resourced councils, as they could afford to hire people to write good bids.⁵⁷ Moreover, councils that bid successfully are more likely to win the next round of funding, whilst those “most in need of support are those least likely to bid due to lack of capacity”.⁵⁸ As the Energy Saving Trust explained, “competitive grants focus resources into those most able to respond quickly, creating a vicious circle for those with less staffing/capacity”, whereas “long-term

49 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), pp. 5–8; National Audit Office, [Local government and net zero in England](#), HC 304, pp. 5–14; UK100, [Power Shift](#), (April 2021), pp. 12–14

50 UK100, [Power Shift](#), (April 2021), p. 4

51 National Audit Office, [Local government and net zero in England](#), HC 304, p. 10

52 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), p. 11

53 [Q18](#) (Polly Billington, UK100; Polly Cook, Association of Directors of Environment, Economy, Planning & Transport (ADEPT)); [Q172](#) (Lord Deben, Climate Change Committee); Royal Town Planning Institute ([PNZ0002](#)); London Councils ([PNZ0031](#)); Energy Systems Catapult ([PNZ0050](#)); Local Government Association ([PNZ0005](#)); Cadent ([PNZ0024](#)); ADEPT ([PNZ0054](#));

54 London Councils ([PNZ0031](#))

55 Energy Systems Catapult ([PNZ0050](#))

56 [Q167](#) (Nick Hibberd, Brighton and Hove Council; Councillor Sarah Rouse, District Councils’ Network; Councillor Peter Schwier, Essex County Council)

57 [Q118](#) (Richard Blyth, Royal Town Planning Institute (RTPI)); [Q119](#) (Xavier Brice, Sustrans); UK100 ([PNZ0047](#)); Green Alliance ([PNZ0059](#)); Energy Saving Trust ([PNZ0061](#))

58 UK100 ([PNZ0047](#))

stable funding schemes ... enable a wider range of LAs to benefit and build capacity”.⁵⁹ If bids are unsuccessful, the money is wasted, and, according to the Green Alliance, some bids can cost councils as much as £100,000.⁶⁰

22. In defence of competitive bidding, the Minister, Eddie Hughes MP, argued money from this source supplemented funds allocated through the funding settlement.⁶¹ Moreover, departments are tasked by the Treasury to deliver value for money and there are differences in the quality of bids and how good local authorities are in delivering schemes.⁶² Lord Callanan argued that because Liverpool Council had secured funding from the Local Authority Delivery scheme, it could not be true that competitive bidding favoured better-off councils.⁶³

23. In our recent report, *Local authority financial sustainability and the section 114 regime*, we noted the Government’s increasing use of short-term grants, often allocated through a process of competitive bidding, to fund local government. We concluded that the uncertainty around such funding could “hinder robust financial planning and management by local authorities” and recommended the Government reduce the number of these “burdensome and time consuming” bidding processes.⁶⁴ In its response to our report, the Government said it appreciated “that multiple, competitive funds bring challenges to local councils” and was “exploring opportunities to simplify the system, while recognising that there will be cases where competitions or ringfences are helpful in ensuring value for money”.⁶⁵

24. The recently published Net Zero Strategy acknowledges the mix of funding required to finance local authority climate action and calls grant funding from central government an “important part of the funding landscape”. It also recognises that “longer term and more co-ordinated funding streams can enhance innovation and investment, reduce bureaucracy, and encourage more efficient and integrated decision making” and promises to explore ways to “simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change”. The strategy contains no clear commitment, however, to increasing the overall level of funding specifically for local authority climate action. It also recognises the importance of longer-term funding streams but does not explicitly commit to providing such funding.⁶⁶

25. Given how significant is local government’s influence over greenhouse gas emissions, it is clear the UK will struggle to reach net zero by 2050 unless central and local government work together to deliver solutions tailored to meet local circumstances.

59 Energy Saving Trust ([PNZ0061](#))

60 [Q37](#) (Philippa Borrowman, Green Alliance), Green Alliance ([PNZ0059](#))

61 [Q212](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

62 [Qq213–214](#) (Lord Callanan, Under Secretary of State, BEIS)

63 [Q215](#) (Lord Callanan, Under Secretary of State, BEIS)

64 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, paras 40–44

65 Department for Levelling Up, Housing and Communities, [Government response to the HCLG Select Committee report on local authority financial sustainability and the section 114 regime](#), 21 October 2021

66 HM Government, [Net Zero Strategy: Building Back Greener](#), (October 2021), p. 265

26. Local authorities will be particularly important in ensuring a just transition to net zero, since no layer of government is closer to people or better able to tailor climate action to meet the needs of local communities. Only by harnessing local government can central government deliver a just transition that benefits all communities. Without that just transition, the Government will struggle to persuade the public to make the necessary changes.

27. We welcome the ambitious targets set by many local authorities, and we are pleased the Government has now committed in its Net Zero Strategy to clarifying the relationship between central and local government in the delivery of net zero and to improving co-ordination between different layers of government. It remains to be seen, however, if this will amount to the comprehensive delivery framework called for by the Climate Change Committee. We also recommend that any framework strike a careful balance between clarifying the expectations on local authorities and leaving them free to determine what climate action is most appropriate in their areas.

28. We note that the Net Zero Strategy assigns responsibility for co-ordinating with local government to the Department for Business, Energy and Industrial Strategy and that the role of the Department for Levelling Up, Housing and Communities remains undefined.

29. On funding, we welcome the commitment in the Net Zero Strategy to explore ways to simplify and consolidate the number of local net zero funding streams, but we note it included no clear commitment to increasing the level of long-term funding specifically for local authority climate action.

30. *In line with the recommendation from the Climate Change Committee, and seemingly in line with its own commitment in the Net Zero Strategy, we urge the Government to immediately begin consulting local government on the contents of a draft net zero delivery framework setting out the relative roles and responsibilities of local and central government. The framework should also clarify the critical role local government must play in delivering a just transition that benefits all communities. The Government should also consult local government on what additional powers it might need to meet its climate targets.*

31. *Either in that framework, or elsewhere, the Government should also clarify what role, if any, the Department for Levelling Up, Housing and Communities will play in supporting local authority climate action, given that the Department for Business, Energy and Industrial Strategy is now responsible for co-ordinating with local government in this area.*

32. *We also recommend that the Government come up with a plan for funding local authority climate action in a way that gives councils the confidence and ability to plan for the long term, including by making good on its commitment in the Net Zero Strategy to simplify and consolidate the number of local net zero funding streams.*

2 Homes

33. To achieve net zero, there need to be reductions in carbon emissions from both new and existing homes. In 2019 UK residential buildings emitted 66.5 million tonnes⁶⁷ of CO₂ equivalent (Mt CO₂e), amounting to 18.2% of all UK CO₂ emissions. In the provisional data for 2020 this number and proportion both increased, to 67.7 Mt CO₂e and 20.8% respectively, probably due to people spending more time at home due to the covid-19 pandemic.⁶⁸ 66% of UK homes have an Energy Performance Certificate (EPC) Banding D or worse,⁶⁹ 90% of homes in England currently use fossil fuels for heating, cooking and hot water, and 86% are connected to the gas grid.⁷⁰ The CCC stated in June 2020 that whilst there had been progress in the 2008–15 period, with a 13% reduction in emissions from buildings (adjusted for temperature changes), there had been “negligible progress since 2015.”⁷¹

34. Local authorities have a vital role in the development of new homes through being able to set their own energy efficiency standards, which are stricter than the national requirements. They also ensure buildings in their area comply with local building regulations, for example through enforcing minimum energy efficiency standards on the private rented sector. Their Building Control teams will be responsible after 2025 for ensuring that homes which have been built comply with the Future Homes Standard. Local authorities also own council housing and therefore have responsibility for retrofitting those properties. Since 2010 they appear to have been more proactive than housing associations in carrying out installations such as improving insulation in social housing.⁷² As we consider below, much of our evidence also emphasised the important role local authorities can play in the retrofitting of other properties in their local areas.

35. Ensuring that homes, both new and existing, have lower carbon emissions partly depends on improving their insulation, and partly through replacing fossil fuel burning heating, primarily gas boilers. The Government’s ten-point plan for a green industrial revolution, launched in November 2020, set out the aim to install 600,000 heat pumps per year by 2028. In October 2021 the Government published its Heat and Buildings strategy,⁷³ and trials of hydrogen heating in a local neighbourhood are planned to begin in 2023.⁷⁴

67 One million tonnes of carbon dioxide equivalent equals 1 billion kilograms or c.2.2 billion lb

68 Department for Business, Energy and Industrial Strategy, [Provisional UK greenhouse gas emissions national statistics 2020](#), 25 March 2021. See the spreadsheet 2020 UK greenhouse gas emissions: provisional figures - data tables - Table 1. Calculations of the proportion of CO₂ emissions based on those figures.

69 Energy Performance Certificates are required whenever a property (with certain exceptions) is built, sold or rented. It contains information about a property’s energy use and typical energy costs, along with recommendations about how to reduce energy use and save money. They are valid for ten years and properties are rated from A (the most energy efficient level) to G (least efficient). Department for Levelling Up, Housing and Communities, [Buying or selling your home: Energy Performance Certificates](#), accessed 4 October 2021

70 Department for Business, Energy and Industrial Strategy, *Energy and Industrial Strategy, The Energy White Paper: Powering our Net Zero Future*, CP337, December 2020, pp. 99–100, 102; Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, CP 388, October 2021, p. 64

71 Climate Change Committee, [Reducing UK emissions: Progress Report to Parliament](#), (June 2020), p. 77

72 Department for Business, Energy and Industrial Strategy, [Social Housing Decarbonisation Study: Views from Social Housing Providers](#), BEIS Research Number 2021/056, (October 2021), p. 29

73 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, CP 388, October 2021

74 HM Government, [The Ten Point Plan for a Green Industrial Revolution](#), (November 2020), pp. 11, 20–21

New homes

The Future Homes Standard

36. From October 2019 to February 2020, the Government ran a consultation into a proposed Future Homes Standard. This proposed changes to the regulations for new homes in respect of fuel and power conservation, and ventilation. The Government published its response to the consultation in January 2021. It proposed requiring all new homes be “zero carbon ready” by 2025, meaning they should emit 75–80% less carbon than those built to the current standards introduced in 2013. It is envisaged this would see new homes typically having triple glazing and other insulation to minimise heat loss, and low carbon heating systems such as heat pumps.⁷⁵ The Government plans to hold a technical consultation on the Future Homes Standard in 2023 and introduce the necessary regulations in 2024.⁷⁶ An interim target of a 31% reduction in CO₂ emissions compared to current standards would be introduced through regulations in December 2021. This would take effect in June 2022.⁷⁷ This commitment was reiterated in the Government’s 2020 Planning White Paper.⁷⁸ A further consultation took place in 2021 on the Future Buildings Standard, focusing on non-domestic buildings, improving the ventilation standards for existing homes, and on mitigating overheating in new residential buildings.⁷⁹

37. Our evidence generally either supported the Future Homes Standard coming into effect in 2025,⁸⁰ or thought it should be brought forward to an earlier date—potentially 2022 or 2023.⁸¹ Similarly, we heard that the prospective dates of 2023 for the technical consultation and 2024 for regulations were too late to provide the certainty needed for

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- 75 Ministry of Housing, Communities and Local Government, [The Future Homes Standard: 2019 Consultation on changes to Part L \(conservation of fuel and power\) and Part F \(ventilation\) of the Building Regulations for new dwellings](#), October 2019, pp. 17–19
- 76 Ministry of Housing, Communities and Local Government, [The Future Homes Standard: 2019 Consultation on changes to Part L \(conservation of fuel and power\) and Part F \(ventilation\) of the Building Regulations for new dwellings Summary of responses received and Government response](#), January 2021, pp. 22–23
- 77 Ministry of Housing, Communities and Local Government, [The Future Homes Standard: 2019 Consultation on changes to Part L \(conservation of fuel and power\) and Part F \(ventilation\) of the Building Regulations for new dwellings Summary of responses received and Government response](#), January 2021, p. 23
- 78 Ministry of Housing, Communities and Local Government, [White Paper: Planning for the Future](#), (August 2020), pp. 45–6
- 79 Ministry of Housing, Communities and Local Government, [The Future Buildings Standard consultation impact assessment](#), January 2021; Ministry of Housing, Communities and Local Government, [The Future Buildings Standard: Consultation on changes to Part L \(conservation of fuel and power\) and Part F \(ventilation\) of the Building Regulations for non-domestic buildings and dwellings; and overheating in new residential building](#), January 2021
- 80 Q53 (Richard Smith, Head of Standards, Innovation and Research, National House Building Council (NHBC)); (Catherine Evans, Director of Assets Operations, Stonewater); (Brian Robson, Executive Director of Policy and Public Affairs, Northern Housing Consortium); Q75 (Michael Lewis, CEO, E.ON; Nicola Pitts, Executive Director, Independent Networks Association); Rockwool (PNZ0009); NHBC (PNZ0014); Karbon Homes (PNZ0015); Energy Networks Association (PNZ0017); Association for Decentralised Energy (PNZ0020); Rotherham Metropolitan Borough Council (PNZ0023); British Glass Manufacturers’ Confederation (PNZ0025); E.ON (PNZ0036); Liquid Gas UK (PNZ0040); Energy Systems Catapult (PNZ0050)
- 81 Q24 (Philippa Borrowman, Green Alliance); NALC (PNZ0001); Royal Town Planning Institute (PNZ0002); The National Federation of ALMOs (PNZ0006); Association for Public Service Excellence (APSE) (PNZ0008); The District Councils’ Network (PNZ0016); Essex County Council (PNZ0018); London Councils (PNZ0031); Policy Connect (PNZ0032); Heat Pump Association (PNZ0038); Oxfordshire County Council, Cherwell District Council (PNZ0043); Make UK: Modular (PNZ0045); E3G (PNZ0049); The Kensa Group (PNZ0051); Green Alliance (PNZ0059); Energy Saving Trust (PNZ0061); MCS Charitable Foundation (PNZ0069)

implementation in 2025, especially for developers and suppliers of equipment.⁸²

38. Besides the evidence on the best dates for implementation, consultation and regulation, there were calls for the standard to be more ambitious, echoing calls for further action by the CCC.⁸³ The proposed measures included incorporating higher fabric efficiency alongside, not instead of, the use of low-carbon technologies;⁸⁴ and moving to a requirement for homes to be “zero carbon” rather than “zero carbon ready”.⁸⁵ This would be similar to the target originally planned for 2016⁸⁶ but scrapped in 2015.⁸⁷ The CCC has stated there are now an additional 1.8 million homes that now need retrofitting with low-carbon heat, compared to 2007,⁸⁸ and Lord Deben, in his evidence to us, was very critical of the abandonment of the 2016 target for that reason.⁸⁹ He also argued that the additional homes that will need retrofitting represented “housebuilders handing to the purchaser a bill, which they will have to pay, instead of the housebuilders paying it”.⁹⁰ We heard during our inquiry into the future of the planning system in England that the major housing developer Barratt Developments is working to make all its standard properties zero carbon by 2025 and all its homes zero carbon by 2030. This was echoed by evidence that the housebuilding companies Barratt Developments and Persimmon Homes could construct zero carbon homes at little extra cost.⁹¹ We also heard that higher standards must not impact on the number of new affordable houses being delivered.⁹²

39. The Minister, Eddie Hughes MP, understood the wish to “move as quickly as possible” but said this had to be balanced with the need to build new homes: “We need to make sure that we do not in any way have the unintended consequence of building far fewer homes because we are meeting unnecessarily strict targets”. He also argued that recently built houses would need only limited retrofitting and that it was important to ensure the building sector was prepared for the changes.⁹³ In its Heat and Buildings Strategy the Government also announced its intention to consult on ending “gas grid connections to

82 [Q2](#) (Polly Billington, UK100); [Qq2–6](#) (Rachel Blake, Local Government Association); [Q25](#) (Colm Britchfield, E3G); [Q53](#) (Brian Robson, Northern Housing Consortium); NHBC ([PNZ0014](#)); Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#))

83 [Letter from Lord Deben, Chair of the Committee on Climate Change, to Rt Hon Robert Jenrick MP Secretary of State for Housing, Communities and Local Government](#), 18 February 2020

84 Energy Networks Association ([PNZ0017](#))

85 [Q182](#) (Lord Deben); Association for Public Service Excellence (APSE); ([PNZ0008](#)), Cheltenham Civic Society ([PNZ0011](#)); Essex County Council ([PNZ0018](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); The Kensa Group ([PNZ0051](#)); Jigsaw Infrared ([PNZ0067](#))

86 Department for Communities and Local Government, [Building A Greener Future: Towards Zero Carbon Development](#), December 2006, pp. 3, 14–15

87 HM Treasury, *Fixing the foundations: Creating a more prosperous nation*, [Cm 9098](#), July 2015, p. 46

88 Climate Change Committee, [Reducing UK emissions: Progress Report to Parliament](#), (June 2020), p. 78

89 [Q182](#) (Lord Deben)

90 [Q182](#) (Lord Deben)

91 Oral evidence taken on 9 November 2020, HC (2019–21) 858, [Qq29–30](#) (Philip Barnes, Barratt Developments). See also UK100 ([PNZ0047](#)); Energy Saving Trust ([PNZ0061](#)); Jigsaw Infrared ([PNZ0067](#)); Business, Energy and Industrial Strategy Committee, Twenty-First Report of Session 2017–19, [Energy efficiency: building towards net zero](#), HC 1730, para 121

92 [Q54](#) (Brian Robson, Northern Homes Consortium); The National Federation of ALMOs ([PNZ0006](#)); Essex County Council ([PNZ0018](#))

93 [Q219](#) (Eddie Hughes MP)

homes constructed from 2025 in favour of alternative low-carbon heat sources.”⁹⁴ The Government also stated that it anticipated 200,000 of the expected 600,000 heat pumps being delivered annually by 2028 will go into new homes.⁹⁵

40. Our evidence also considered the transitional arrangements. The main discussion was whether the stricter transitional standards proposed to take effect from 2022 should apply to new properties constructed on sites where other homes have already been constructed as part of the same development. The Government’s position is that the rules should apply to such properties.⁹⁶ Although there were concerns about the changes, particular the problem of having to change the heating networks of sites already partly constructed,⁹⁷ most of our evidence either supported the Government’s approach;⁹⁸ or wanted the transitional arrangements to go further in terms of dates and in terms of stricter standards on walls and flooring. The latter would avoid costly retrofitting for social housing providers.⁹⁹

41. Reaching net zero requires ensuring that new homes are designed and built in a way that will avoid subsequent retrofitting and are built to net zero standards. This will also avoid the cost of ensuring higher standards being borne by the people living in the property, rather than being met by the developer. There needs to be certainty about the details of the Future Homes Standard as soon as possible to ensure the 2025 target is met. *The technical consultation on the Future Homes Standard should take place in 2022 rather than 2023, thereby enabling the relevant legislation to be brought forward as soon as possible to ensure greater certainty for suppliers and developers. The Government should consider setting a further target of moving to zero carbon homes by 2030.*

42. The Government anticipates that only 200,000 heat pumps a year will be fitted into new homes by 2028. As the Government’s target is to build 300,000 homes a year by the mid-2020s, it should explain where the additional heat pumps and other low-carbon heating systems will come from to meet the demand of all 300,000 new homes.

Measuring energy efficiency

43. There was less support for the Government over the metrics being used to measure energy efficiency.¹⁰⁰ This is an issue which applies to the measuring of both new homes and existing residences. There was criticism of the existing Energy Performance Certificates

94 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, p. 190

95 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, pp. 33, 101, 157

96 MHCLG with BEIS contribution ([PNZ0048](#))

97 For those against see [Q77](#) (Nicola Pitts, Independent Networks Association); Association for Decentralised Energy ([PNZ0020](#)); Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#)); Anonymous ([PNZ0039](#))

98 [Q57](#) (Richard Smith, NHBC), (Brian Robson, Northern Housing Consortium); UK Green Building Council ([PNZ0012](#)); Karbon Homes ([PNZ0015](#)); Association for Decentralised Energy ([PNZ0020](#)); British Glass Manufacturers’ Confederation ([PNZ0025](#)); Royal Institute of British Architects ([PNZ0034](#)); Brighton & Hove City Council ([PNZ0037](#)); Heat Pump Association ([PNZ0038](#)); Energy Systems Catapult ([PNZ0050](#)); Building Research Establishment ([PNZ0055](#)); Energy Saving Trust ([PNZ0061](#))

99 [Q53](#), [Qq56–57](#) (Catherine Evans, Stonewater); NALC ([PNZ0001](#)); The National Federation of ALMOs ([PNZ0006](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); Stonewater Ltd ([PNZ0030](#)); E.ON ([PNZ0036](#)); E3G ([PNZ0049](#)); The Kensa Group ([PNZ0051](#)); Vaillant Group UK Ltd ([PNZ0063](#))

100 London Councils ([PNZ0031](#))

as “a tick-box exercise” which were unsuitable for traditional and rural properties, and needed reform.¹⁰¹ Proposed reforms to the certificates included better recognition of the decarbonisation of electricity.¹⁰² Proposed wider reforms to the metrics used included requiring calculations of carbon emissions produced by construction to include the embedded carbon of a property.¹⁰³ Emphasis was also placed on ensuring measuring real, in-use performance.¹⁰⁴ Similarly, action was advocated to close the performance gap between the theoretical and actual energy output of new homes.¹⁰⁵ We were told it was estimated new build homes lost 50% more heat than they are designed to.¹⁰⁶ Possible measures include better airtightness testing and standards,¹⁰⁷ enhanced in-use measuring,¹⁰⁸ and post-occupancy evaluations of new homes and public sector buildings.¹⁰⁹ The Minister, Eddie Hughes MP, stated that, while he would not support mandatory post-occupancy evaluations, it nonetheless “has a role to play”.¹¹⁰

44. The public need to have confidence that homes stated to be net zero are as promised. Therefore, the Government should review the metrics used to measure energy efficiency in homes. This should include considering how energy performance certificates are calculated, how embedded carbon could be better incorporated into the calculations of the carbon emissions of properties, and how the in-use performance of properties can be accurately measured. The Government should introduce measures to close the performance gap, including post-occupancy evaluations, which assess whether the actual energy output of new properties meet the standards promised by the developers once they are being lived in. This is particularly important as evidence indicates that new homes can lose 50% more heat than expected.

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- 101 [Q9](#) (Polly Billington, UK100); [Q29](#) (Philippa Borrowman, Green Alliance); Policy Connect ([PNZ0032](#)); Liquid Gas UK ([PNZ0040](#)); UK100 ([PNZ0047](#)); E3G ([PNZ0049](#)); Energy Systems Catapult ([PNZ0050](#)). See for more mixed views of EPCs: [Q58](#), [Q71](#) (Richard Smith, NHBC); [Q71](#) (Brian Robson, Northern Housing Consortium), (Catherine Evans, Stonewater)
- 102 [Q8](#) (Rachel Blake, Local Government Association); [Q71](#) (Brian Robson, Northern Housing Consortium); Local Government Association ([PNZ0005](#)); UK100 ([PNZ0047](#)); E3G ([PNZ0049](#))
- 103 [Q9](#) (Polly Cook, ADEPT); [Q23](#), [Q28](#) (Andrew Forth, Interim director of policy and public affairs, Royal Institute of British Architects (RIBA)); [Q71](#) (Brian Robson, Northern Housing Consortium); [Q75](#) (John Alker, UK Green Building Council); Association for Public Service Excellence (APSE) ([PNZ0008](#)); The District Councils’ Network ([PNZ0016](#)); Thakeham Group ([PNZ0026](#)); Manchester City Council ([PNZ0027](#)); London Councils ([PNZ0031](#)); Royal Institute of British Architects ([PNZ0034](#)); Brighton & Hove City Council ([PNZ0037](#)); UK100 ([PNZ0047](#)); Energy Systems Catapult ([PNZ0050](#))
- 104 [Q28](#) (Colm Britchfield, E3G); [Q58](#) (Brian Robson, Northern Housing Consortium); Rockwool ([PNZ0009](#)), UK Green Building Council ([PNZ0012](#)); Energy Networks Association ([PNZ0017](#)); London Councils ([PNZ0031](#)); Royal Institute of British Architects ([PNZ0034](#)); Brighton & Hove City Council ([PNZ0037](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); Energy Systems Catapult ([PNZ0050](#)); Energy Saving Trust ([PNZ0061](#)); Northern Housing Consortium ([PNZ0066](#))
- 105 Association for Decentralised Energy ([PNZ0020](#)); Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#)); Zurich Insurance ([PNZ0060](#)); Energy Saving Trust ([PNZ0061](#)); Vaillant Group UK Ltd ([PNZ0063](#)); Jigsaw Infrared ([PNZ0067](#))
- 106 UK100 ([PNZ0047](#))
- 107 UK Green Building Council ([PNZ0012](#)); Thakeham Group ([PNZ0026](#)); London Councils ([PNZ0031](#))
- 108 NALC ([PNZ0001](#)); UK Green Building Council ([PNZ0012](#)); Stonewater Ltd ([PNZ0030](#)); Brighton & Hove City Council ([PNZ0037](#))
- 109 [Q27](#) (Andrew Forth, RIBA); Royal Institute of British Architects ([PNZ0034](#)). See also NALC ([PNZ0001](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))
- 110 [Q220](#) (Eddie Hughes MP)

The planning system

45. The construction of low-carbon and net zero homes can also be incentivised through the planning system. There was broad, though not complete,¹¹¹ support for continuing to permit local authorities to set their own energy efficiency standards, which are above the national requirements, for developments needing planning permissions.¹¹² However, the current system was also criticised as a race to the bottom, with developers doing the minimum possible to comply with existing home standards.¹¹³ It was also feared that stronger standards are being undermined by permitted development rights.¹¹⁴ The Government has announced reforms to the planning system, which we reported on in June 2021.¹¹⁵ The CCC commented that the reforms missed “the powerful opportunity to ensure that developments and infrastructure are compliant with Net Zero and appropriately resilient to climate change.”¹¹⁶

46. The general tenor of our evidence was a wish to give local authorities greater powers to use the planning system to require higher standards of energy efficiency. It was stressed to us by UK100 that existing powers are inadequate because:

you can sometimes have really ambitious sustainable planning ambitions and the national Planning Inspectorate will come along, rip it out and say it is a drag on the market. That is crazy. We should be creating a market that is more environmentally sustainable, so we need to ensure that the more ambitious things are supported rather than dragged back.¹¹⁷

47. It was also argued that the “framework for Local Plan making must adapt to recognise the urgency and importance of net zero aims.”¹¹⁸ Examples such as Reading Borough Council’s Local Plan being amended by the planning inspector, and similar fears the same would happen in Central Lincolnshire, were cited to show where the current rules around development viability stifle stricter energy efficiency standards.¹¹⁹ The risk of planning inspectors requiring alterations to Local Plans therefore discouraged local authorities

111 For those opposed see [Q70](#) (Richard Smith, NHBC), (Catherine Evans, Stonewater); Association for Public Service Excellence (APSE) ([PNZ0008](#)); NHBC ([PNZ0014](#)); Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#)); British Glass Manufacturers’ Confederation ([PNZ0025](#)); Thakeham Group ([PNZ0026](#)); Stonewater Ltd ([PNZ0030](#)); Energy UK ([PNZ0035](#)); Anonymous ([PNZ0039](#)); Zurich Insurance ([PNZ0060](#))

112 [Q7](#) (Rachel Blake, Local Government Association); [Q70](#) (Brian Robson, Northern Housing Consortium); [Q89](#) (John Alker, UK Green Building Council); NALC ([PNZ0001](#)); Anglian Water ([PNZ0003](#)); Local Government Association ([PNZ0005](#)); The National Federation of ALMOs ([PNZ0006](#)); Rockwool ([PNZ0009](#)); Cheltenham Civic Society ([PNZ0011](#)); UK Green Building Council ([PNZ0012](#)); Karbon Homes ([PNZ0015](#)); The District Councils’ Network ([PNZ0016](#)); Energy Networks Association ([PNZ0017](#)); Association for Decentralised Energy ([PNZ0020](#)); Manchester City Council ([PNZ0027](#)); London Councils ([PNZ0031](#)); Policy Connect ([PNZ0032](#)); Royal Institute of British Architects ([PNZ0034](#)); Brighton & Hove City Council ([PNZ0037](#)); Heat Pump Association ([PNZ0038](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); UK100 ([PNZ0047](#)); E3G ([PNZ0049](#)); Energy Systems Catapult ([PNZ0050](#)); The Kensa Group ([PNZ0051](#)); Building Research Establishment ([PNZ0055](#)); Blueprint coalition ([PNZ0058](#)); Green Alliance ([PNZ0059](#)); Energy Saving Trust ([PNZ0061](#)); Vaillant Group UK Ltd ([PNZ0063](#))

113 [Q32](#) (Andrew Forth, RIBA); UK100 ([PNZ0047](#))

114 [Q130](#) (Richard Blyth, Head of Policy Practice and Research, RTPI); Local Government Association ([PNZ0005](#)); Cheltenham Civic Society ([PNZ0011](#)); The District Councils’ Network ([PNZ0016](#)); Royal Institute of British Architects ([PNZ0034](#)); UK100 ([PNZ0047](#)); Building Research Establishment ([PNZ0055](#)); Blueprint coalition ([PNZ0058](#))

115 Housing, Communities and Local Government Committee, First Report of Session 2021–22, [The future of the planning system in England](#), HC38

116 Climate Change Committee, [Progress in reducing emissions 2021 Report to Parliament](#), (June 2021), p. 29

117 [Q9](#) (Polly Billington, UK100)

118 The District Councils’ Network ([PNZ0016](#)); UK100 ([PNZ0047](#)); ADEPT ([PNZ0054](#))

119 Cheltenham Civic Society ([PNZ0011](#)); UK Green Building Council ([PNZ0012](#)); UK100 ([PNZ0047](#))

from including bold targets in their draft Plans in the first place.¹²⁰ This tied to concerns about the need to clarify in the National Planning Policy Framework (NPPF) that local authorities could set local energy efficiency standards for developments that were more rigorous than national standards.¹²¹ It was also proposed that the NPPF should ensure local authorities could insist on net zero housing,¹²² and that getting to net zero should be placed on the same level of importance in the NPPF as the current requirements for local authorities to consider forecasts of local housing need and to foster economic growth.¹²³ This echoes the CCC's call that the Government should "remove blocks and align powers and policies to be consistent with delivering Net Zero" including in planning policies.¹²⁴

48. Besides these changes to the NPPF, the new national design code proposed by the Government was seen as another way of ensuring that new homes have high levels of energy efficiency. At present the proposed code, the national model design code, does not appear to consider these issues.¹²⁵ It was proposed that the code could include requiring that sustainability be included in the local design codes drawn up by local authorities; and that attention be paid to the amount of carbon used in materials and in construction.¹²⁶

49. Our evidence also called for the proper resourcing of the planning system to fill gaps in skills and knowledge about decarbonisation in local planning authorities. In our report into the future of the planning system in England, we followed the Royal Town Planning Institute's (RTPI) call for £500 million over four years to support the planning system and fill specialist skill gaps.¹²⁷ The RTPI explained it had wanted £67 million of that £500 million to be allocated to providing a full-time planner dedicated to climate change for each planning authority. Apart from a small amount of money for design, the called for funding has not been promised or delivered.¹²⁸ A member of the Local Government Association's (LGA) Environment, Economy, Housing and Transport Board, Councillor Rachel Blake, noted that 88% of local authority local directors surveyed by the LGA had mentioned skills shortages as a barrier to dealing with climate change. This reflects a wider consensus on the need for more skills and therefore resources for the planning system.¹²⁹

120 UK100 (PNZ0047). See also Cheltenham Civic Society (PNZ0011)

121 Royal Town Planning Institute (PNZ0002); The District Councils' Network (PNZ0016)

122 Blueprint coalition (PNZ0058)

123 Q132 (Richard Blyth, RTPI); Energy Systems Catapult (PNZ0050); Blueprint coalition (PNZ0058)

124 Climate Change Committee, *Local Authorities and the Sixth Carbon Budget*, (December 2020), p. 11

125 The District Councils' Network (PNZ0016); Henry Boot plc (Hallam Land Management & Stonebridge Homes) (PNZ0022); Royal Institute of British Architects (PNZ0034); Building Research Establishment (PNZ0055); Blueprint coalition (PNZ0058)

126 Blueprint coalition (PNZ0058)

127 Housing, Communities and Local Government Committee, First Report of Session 2021–22, *The future of the planning system in England*, HC38, paras 185–6

128 Qq105–106 (Richard Blyth, RTPI). See also the Northern Housing Consortium (PNZ0007)

129 Q9 (Rachel Blake, Local Government Association). See also Q2 (Polly Billington, UK100); Q80 (John Alker, UK Green Building Council); Q123 (Richard Blyth, RTPI); Karbon Homes (PNZ0015); Manchester City Council (PNZ0027); Brighton & Hove City Council (PNZ0037); UK100 (PNZ0047); Energy Systems Catapult (PNZ0050); Building Research Establishment (PNZ0055); Blueprint coalition (PNZ0058); Green Alliance (PNZ0059)

50. The Government's *Net Zero Strategy* stated its commitment to reviewing the NPPF "to make sure it contributes to climate change mitigation and adaptation as fully as possible" as part of its wider reforms to the planning system.¹³⁰ It emphasised that the national model design code stresses that local design codes should consider the contribution of places and buildings to net zero targets.¹³¹

51. The Department for Levelling Up, Housing and Communities should ensure that future reforms to the planning system give a larger role to sustainability than is the case in the current planning system. We welcome the Government's commitment to reviewing the National Planning Policy Framework to ensure it contributes to climate action, but the Net Zero and Heating and Buildings strategies could have said more about the ability of local authorities to use the planning system to shape their communities in ways that reduce carbon emissions. We agree with local authorities continuing to be able to set their own, more extensive, energy efficiency standards for new housing developments. *To support making new housing carbon neutral, net zero should be given a central role in the National Planning Policy Framework. This can and should be compatible with the Government's target to deliver 300,000 new homes a year by the mid-2020s. Net zero should also be embedded in the new national design code and local design codes. Furthermore, local authorities should be given the ability to include tougher standards in Local Plans as unconditional requirements for all developments. The proposal in the Planning White Paper for local authorities to have a statutory responsibility to produce a Local Plan should also include a requirement that the Local Plan specifically addresses the issue of carbon emissions and how the local authority will ensure developments in their area contribute towards achieving net zero. This will enable local authorities to take a strategic approach about how to foster developments that will help reduce carbon emissions. To ensure that planning authorities have the necessary skills to devise and monitor effective decarbonisation policies we reiterate the recommendation from our recent planning report for £500 million to be invested over four years into funding the planning system.*

Retrofitting of existing homes

52. The Government's figures show that c.16 million homes in England have EPC Band below C.¹³² The Government's ambition is to raise to EPC Band C as many homes as possible in England and Wales by 2035 where it is cost effective, practical, and affordable.¹³³ This means these homes will need work undertaken to enhance their energy efficiency and to replace their fossil fuel, usually gas, heating systems. The CCC singled out the lack of progress in upgrading buildings, noting that insulation rates have consistently been below the level seen in 2012.¹³⁴ Furthermore, the Government's statistics on greenhouse gas

130 HM Government, [Net Zero Strategy: Building Back Greener](#), (October 2021), p. 252; see also [Q243](#) (Eddie Hughes MP).

131 HM Government, [Net Zero Strategy: Building Back Greener](#), (October 2021), pp. 163, 267; Ministry of Housing, Communities and Local Government, [National Model Design Code: Part 1 The Coding Process](#), (June 2021), pp. 2, 11, 17

132 Department for Business, Energy and Industrial Strategy, *The Energy White Paper: Powering our Net Zero Future*, [CP337](#), December 2020, p. 100

133 HM Government, [The Clean Growth Strategy: Leading the way to a low carbon future](#), (October 2017), pp. 13, 75, 77; Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021; HM Government, [Net Zero Strategy: Build Back Greener](#), (October 2021), p. 48

134 Climate Change Committee, [Progress in reducing emissions 2021 Report to Parliament](#), (June 2021), p. 19

emissions show that not only were the provisional CO2 emissions of residential properties in 2020 higher than in 2019, but the low point of annual residential CO2 emissions was back in 2014.¹³⁵

53. The CCC has estimated the cost of decarbonising buildings could be as much as £250 billion.¹³⁶ However, upgrading all UK homes to EPC Band C could save £7.5 billion on annual energy bills.¹³⁷ Our evidence highlighted the possible costs at a local level. It is reckoned the cost per home could be £20,000 to £30,000.¹³⁸ Essex County Council has estimated that retrofitting in Essex to at least EPC Band C would cost £6.8 billion.¹³⁹

Funding for retrofitting

54. The Government has put various schemes in place to encourage retrofitting. The Conservative Party's 2019 manifesto promised £9.2 billion in energy efficiency funding for homes, schools and hospitals.¹⁴⁰ This included a Public Sector Decarbonisation Scheme, whose funding would rise to £690 million by 2023–24, and a Social Housing Decarbonisation Fund, whose funding would rise from £60 million in 2021–22 to £240 million in 2022–23 and £410 million in 2023–24.¹⁴¹ In July 2020 the Government announced in the *Plans for Jobs 2020* policy paper its intention to launch a Green Homes Grant scheme.¹⁴² In September 2020 the Government launched this policy, backed with £2 billion worth of funding, and divided into two schemes: the Green Homes Grant Voucher scheme and the Local Authority Delivery schemes. The voucher scheme received £1.5 billion, which paid up to £5,000 to homeowners and landlords to cover up to two-thirds of the cost of upgrading energy performance, and for people on low-incomes up to £10,000, covering the whole cost.¹⁴³ By 6 September 2021, at least 36,400 installations had taken place with 32,700 vouchers paid, out of a total number of 169,300 applications for vouchers from 113,700 households.¹⁴⁴ The voucher scheme closed at the end of March 2021, with an unspent £300 million being redirected to local authorities.¹⁴⁵ In May 2021 the Government acknowledged that the scheme “has not been delivering at the rate and scale we had originally hoped.”¹⁴⁶

55. Another £500 million was ringfenced for the Local Authority Delivery scheme. The first phase (1A and 1B) allocated money to particular projects in different local authorities, with phase 1A spending £74 million targeted at c.10,000 low-income households; and phase

135 Department for Business, Energy and Industrial Strategy, [Provisional UK greenhouse gas emissions national statistics 2020](#), 25 March 2021. See the spreadsheet 2020 UK greenhouse gas emissions: provisional figures - data tables - Table 1

136 [Q218](#) (Lord Callanan)

137 Department for Business, Energy and Industrial Strategy, *The Energy White Paper: Powering our Net Zero Future*, [CP337](#), December 2020, pp. 99–100, 102

138 The National Federation of ALMOs ([PNZ0006](#)). See also Rotherham Metropolitan Borough Council ([PNZ0023](#))

139 Essex County Council ([PNZ0018](#))

140 The Conservative and Unionist Party, [Get Brexit Done: Unleash Britain's Potential](#), (November 2019), p. 55

141 The Conservative and Unionist Party, [Costings Document](#), (November 2019), p. 8

142 HM Treasury, *Plan for Jobs*, [CP 261](#), July 2020, pp. 7, 12

143 Department for Business, Energy and Industrial Strategy, [Green Homes Grant: make energy improvements to your home](#), 19 July 2021; National Audit Office, *Green Homes Grants Voucher Scheme*, [HC 302](#), September 2021, pp. 18–19

144 Department for Business, Energy and Industrial Strategy, [Green Homes Grant voucher release, September 2021](#), 23 September 2021

145 House of Commons Library, *Green Homes Grant*, [CBP 9235](#), 26 May 2021, p. 1

146 Environmental Audit Committee, First Special Report of Session 2021–22, [Energy efficiency of existing homes: Government Response to the Committee's Fourth Report of Session 2019–21](#), HC 135, p. 8

1B allocating £126 million to 81 local authority-led bids.¹⁴⁷ Phase 2 allocated £300 million to five local energy hubs acting as regional points of expertise and coordination.¹⁴⁸ Phase 3, with £200 million available, was combined with the £150 million Home Upgrade Grant Phase 1, into the Sustainable Warmth Competition. This aims to upgrade owner-occupier and private rented homes with EPC Bands of D to G which are lived in by low-income families. Local authorities have to bid for the money, with successful projects allocated funding by the end of 2021, and projects having to be completed by 31 March 2023.¹⁴⁹

56. The voucher scheme was strongly criticised by the Environmental Audit Committee for being “rushed in conception and poorly implemented” with a lack of consultation, overly short timescales, “disastrous” administration and overly complex anti-fraud measures. The consequences were that vouchers were not issued, companies lost orders, and staff were laid off.¹⁵⁰ Similar criticisms were made by the NAO,¹⁵¹ and in our evidence.¹⁵² Lord Callanan acknowledged: “It is fair to say that the Green Homes Grant has not been one of our finest success stories. A lot of work went into it. We did gain a wealth of experience and knowledge, but clearly it did not fulfil the high expectations we had of it originally.”¹⁵³ The relative failure of this scheme echoed the failure of previous schemes to support retrofitting. In 2016 the NAO similarly criticised the Coalition Government’s Green Deal scheme, which had enabled householders to borrow money to improve the energy efficiency of their homes, but failed to attract the public take-up expected by the government.¹⁵⁴ A recent review of the supply chain demonstrator scheme¹⁵⁵ by BEIS also noted there was “general scepticism from the installer supply chain about the likely returns, and / or long term prospects of a Government funded scheme; often on the basis of previous experiences e.g. Green Deal.” These experiences caused “a lack of trust in government initiatives.”¹⁵⁶

147 Department for Business, Energy and Industrial Strategy, [Green Homes Grant Local Authority Delivery Phases 1A and 1B: successful local authorities](#), 23 March 2021

148 Department for Business, Energy and Industrial Strategy, [Green Homes Grant Local Authority Delivery scheme, Phase 2: funding allocated to Local Energy Hubs](#), 23 March 2021

149 Department for Business, Energy and Industrial Strategy, [Sustainable Warmth Competition: Guidance for Local Authorities](#), June 2021, pp. 5–7, 9

150 Environmental Audit Committee, Fourth Report of Session 2019–21, [Energy Efficiency of Existing Homes](#), HC 346, paras 69–70

151 National Audit Office, *Green Homes Grants Voucher Scheme*, [HC 302](#), September 2021

152 [Q61](#) (Brian Robson, Northern Housing Consortium); [Q82](#) (Michal Lewis, E.ON), (John Alker, UK Green Building Council); Anglian Water ([PNZ0003](#)); Northern Housing Consortium ([PNZ0007](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); UK Green Building Council ([PNZ0012](#)); British Glass Manufacturers’ Confederation ([PNZ0025](#)); Manchester City Council ([PNZ0027](#)); Building Research Establishment ([PNZ0055](#)); Energy Saving Trust ([PNZ0061](#))

153 [Q237](#) (Lord Callanan)

154 NAO, *Green Deal and Energy Company Obligation*, [HC 607](#), April 2016, p. 8

155 This involved six projects run in Bristol and Bath, Cornwall, Sussex, Greater London, Greater Manchester and Oxfordshire from November 2018 to April 2021 (Cornwall was cancelled early). Each project was delivered by a consortium of organisations. The aim was to test different projects to promote energy efficiency improvements among able-to-pay owner occupiers.

156 Department for Business, Energy and Industrial Strategy, [Evaluation of the Supply Chain Demonstrator Project: Final evaluation report](#), BEIS Research Paper 2021/055, (October 2021), p. 25

57. By contrast we heard praise for the Local Authority Delivery scheme.¹⁵⁷ By the end of July 2021 at least 4,933 installations—primarily of insulation—in 4,025 households had been completed as part of phase 1.¹⁵⁸ It was expected eventually phase 1 would eventually upgrade 20,000 to 25,000 homes and phase 2 would upgrade 30,000 homes.¹⁵⁹ The Northern Housing Consortium commented: “With longer-term certainty, local authorities could deliver even more ambitious schemes and use various funding streams to shape local supply chain capacity.”¹⁶⁰ The consortium particular praised the second phase, because of the pre-allocation of funds that avoided money being wasted on bids that would not succeed.¹⁶¹ Therefore it was regrettable that funding is scheduled to end on 31 December 2021.¹⁶²

58. The Public Sector Decarbonisation Scheme is focused on funding the decarbonisation of the buildings of public sector organisations, including local authorities. It is managed by Salix Finance Ltd, a non-departmental public body sponsored by BEIS.¹⁶³ There have now been three phases of the scheme: £1 billion committed in 2020 to bolster the economy; £75 million provided for the 2021–22 financial year concentrated on heat decarbonisation; and a third phase for which applications began on the 6 October 2021.¹⁶⁴ The Public Sector Decarbonisation Scheme received similar praise to the Local Authority Delivery Scheme.¹⁶⁵ However, the same complaint was made about both schemes: that they were too short in duration, particularly in their bidding period.¹⁶⁶

59. The Social Housing Decarbonisation Fund is aimed at improving the energy performance of social rented homes. As a pilot scheme, in October 2020 the £62 million Social Housing Decarbonisation Fund Demonstrator was launched, aiming to raise over 2,300 homes to EPC Band C.¹⁶⁷ In June 2021, the competition to win allocations of first wave of the fund, worth £160 million, was launched.¹⁶⁸ Our evidence on this fund echoed the recommendation of the Environmental Audit Committee for the promised £3.8 billion Social Housing Decarbonisation Fund to be front-loaded “rather than trickled out over 10 years”, enabling the retrofitting of social housing to build up the wider skills and supply chain of the retrofitting industry.¹⁶⁹ A review by BEIS also found that 48% of social

157 [Q61](#) (Brian Robson, Northern Housing Consortium); [Q82](#) (Michal Lewis), (John Alker, UK Green Building Council); Northern Housing Consortium ([PNZ0007](#)); Rockwool([PNZ0009](#)); The District Councils’ Network ([PNZ0016](#)); E.ON ([PNZ0036](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); MHCLG with BEIS contribution ([PNZ0048](#)); E3G ([PNZ0049](#))

158 Department for Business, Energy and Industrial Strategy, [Green Homes Grant Local Authority Delivery \(LAD\) release, September 2021](#), 23 September 2021

159 [Qq221–222](#) (Lord Callanan)

160 Northern Housing Consortium ([PNZ0007](#))

161 [Q62](#) (Brian Robson, Northern Housing Consortium). See also Stonewater Ltd ([PNZ0030](#))

162 [Q61](#) (Brian Robson, Northern Housing Consortium)

163 Salix Finance, [Public Sector Decarbonisation Scheme, Eligibility](#), accessed 6 October 2021; HM Government, [Salix Finance Ltd](#), accessed 6 October 2021

164 Department for Business, Energy and Industrial Strategy, [Public Sector Decarbonisation Scheme: Phase 1 \(closed to applications\)](#), 1 October 2020; Department for Business, Energy and Industrial Strategy, [Public Sector Decarbonisation Scheme: Phase 2 \(closed to applications\)](#), 17 March 2021; Department for Business, Energy and Industrial Strategy, [Public Sector Decarbonisation Scheme: Phase 3](#), 8 September 2021

165 E.ON ([PNZ0036](#)); Energy Saving Trust ([PNZ0061](#))

166 Northern Housing Consortium ([PNZ0007](#)); London Councils ([PNZ0031](#)); UK100 ([PNZ0047](#)); E3G ([PNZ0049](#))

167 Department for Business, Energy and Industrial Strategy, [Social Housing Decarbonisation Fund Demonstrator – successful bids](#), 23 March 2021

168 Department for Business, Energy and Industrial Strategy, [Apply for Wave 1 of the Social Housing Decarbonisation Fund](#), 16 June 2021

169 Environmental Audit Committee, Fourth Report of Session 2019–21, [Energy Efficiency of Existing Homes](#), HC 346, para 86; [Q61](#) (Brian Robson, Northern Housing Consortium); Northern Housing Consortium ([PNZ0007](#)); The District Councils’ Network ([PNZ0016](#)); Royal Institute of British Architects ([PNZ0034](#))

housing providers thought the Government’s policy regarding energy performance in social housing was unclear, and 23% were not sure. Only 34% of social housing providers had heard of the Social Housing Decarbonisation Fund, with small providers having low levels of awareness.¹⁷⁰

Proposals for future funding

60. We heard several proposals for how future funding for retrofitting should be organised and focused. First, local authorities should be given a central role,¹⁷¹ as is the case with the Home Upgrade Grant, which is targeted at low-income households and is being introduced in 2022.¹⁷² It was also proposed that local authorities should be able to combine together pots of money from different schemes,¹⁷³ and that funding be devolved to regional levels,¹⁷⁴ with cooperation fostered by Green Growth Boards consisting of the local authorities and other stakeholders in an area.¹⁷⁵

61. Secondly, even those successful in the Local Authority Delivery scheme thought funding needed to be awarded by means other than competitive bidding.¹⁷⁶ The LGA criticised the projects that were awarded money through the Social Housing Decarbonisation Fund Demonstrator for being “nearly identical” and “lacking any innovative approaches.”¹⁷⁷ The UK100 noted the Public Sector Decarbonisation Scheme and the Low Carbon Skills Fund¹⁷⁸ were both awarded through competitive bidding with short timeframes for applications and delivery of projects, and therefore the majority of recipients were larger urban authorities or those already strongly active on climate change. Those most in need were less likely to bid due to a lack of capacity.¹⁷⁹ Furthermore, money spent on bidding was money not spent on retrofitting.¹⁸⁰

62. Thirdly, the needs of the ‘able-to-pay’ market cannot be neglected; retrofitting needs to be incentivised for all types of housing and all income levels.¹⁸¹ Different funding approaches are needed based on household income—a mixed approach is already employed by some local authorities.¹⁸² Poorer families, regardless of housing tenure, need

170 Department for Business, Energy and Industrial Strategy, [Social Housing Decarbonisation Study: Views from Social Housing Providers](#), BEIS Research Number 2021/056, (October 2021), pp. 11, 62–64

171 [Q171](#) (Lord Deben); Building Research Establishment ([PNZ0055](#))

172 Energy Saving Trust ([PNZ0061](#))

173 [Q13](#) (Polly Cook, ADEPT); Energy Saving Trust ([PNZ0061](#))

174 Energy Saving Trust ([PNZ0061](#))

175 Royal Town Planning Institute ([PNZ0002](#)); [Q109](#) (Richard Blyth, RTPI)

176 E3G ([PNZ0049](#))

177 Local Government Association ([PNZ0005](#))

178 The Low Carbon Skills Fund has run alongside the Public Sector Decarbonisation Scheme, helping public sector organisations to fund specialist and expert advice for energy efficiency and low carbon heat upgrade projects for non-domestic buildings, and for projects funded through the Public Sector Decarbonisation Scheme, and to put in place or upgrade heat decarbonisation plans. Phase 1 had £32 million in funding, with applications submitted in January 2021 to March 2021. Phase 2 provided £11.5 million in grant funding to all eligible public sector organisations (a further £3.5 million was reserved for state schools). Applications were submitted between 28 July and 17 September 2021. It was also run by Salix Finance. Department for Business, Energy and Industrial Strategy, [Public Sector Low Carbon Skills Fund \(closed\)](#), 17 September 2021; Salix Finance, [Phase 1 Public Sector Low Carbon Skills Fund](#), accessed 7 October 2021; Salix Finance, [Phase 2 Public Sector Low Carbon Skills Fund](#), accessed 7 October 2021. See also UK100 ([PNZ0047](#))

179 UK100 ([PNZ0047](#))

180 [Q13](#) (Polly Cook, ADEPT); [Q15](#) (Rachel Blake, Local Government Association)

181 Policy Connect ([PNZ0032](#)); E3G ([PNZ0049](#)); Building Research Establishment ([PNZ0055](#))

182 Manchester City Council ([PNZ0027](#)); Brighton & Hove City Council ([PNZ0037](#))

a grant-based system.¹⁸³ There is a place for loans to wealthier homeowners.¹⁸⁴ If loans are adopted then lessons should be learnt from the failed ‘Green Deal’ initiative of the Coalition Government,¹⁸⁵ including ensuring an attractive rate of interest is offered and greater security to encourage local authorities to invest.¹⁸⁶ Attention should also be paid to the pilot scheme in Scotland where several local authorities are providing equity loans, where individuals can borrow against the value of their property, secured against the sale of the property.¹⁸⁷

63. Fourthly, the Government must ensure that retrofitting is feasible for social housing.¹⁸⁸ This could include bringing forward the remainder of the promised £3.8 billion the Government has committed to the Social Housing Decarbonisation Fund.¹⁸⁹ We were concerned by the warning from the representatives of arms-length management organisations, who manage nearly 350,000 council homes in England, that the estimated cost of retrofitting (£20,000 to £30,000 per homes) their existing homes was “completely unaffordable” and would require the properties to be demolished and rebuilt.¹⁹⁰ PlaceShapers, an organisation made up of over one hundred housing associations, told us that the cost of retrofitting meant all but one of their members reported they “would be bankrupted well before 2050.”¹⁹¹ We were also told there should be reforms to any successor to the current Domestic Renewable Heat Incentive scheme,¹⁹² which ends in March 2022, as it is “resource intensive and difficult to apply for.”¹⁹³ Government help may also be needed to overcome the problem of social housing providers recouping the costs of energy performance improvement work on mixed tenure housing from leaseholders and share owners, as this is a significant barrier to such work taking place.¹⁹⁴

64. Fifthly, there needs to be long-term certainty rather than short-term schemes.¹⁹⁵ One potential benefit of such long-term certainty over spending would be to facilitate an increase in the number of installers, something the green home schemes did not achieve,¹⁹⁶

183 Northern Housing Consortium ([PNZ0007](#)); Building Research Establishment ([PNZ0055](#))

184 Stonewater Ltd ([PNZ0030](#))

185 National Audit Office, *Green Deal and Energy Company Obligation*, HC 607, April 2016

186 Brighton & Hove City Council ([PNZ0037](#)); Heat Pump Association ([PNZ0038](#))

187 E3G ([PNZ0049](#)); Energy Saving Trust ([PNZ0061](#))

188 The National Federation of ALMOs ([PNZ0006](#)); Northern Housing Consortium ([PNZ0007](#)); Essex County Council ([PNZ0018](#)); Brighton & Hove City Council ([PNZ0037](#)); Energy Saving Trust ([PNZ0061](#)); PlaceShapers ([PNZ0065](#))

189 Local Government Association ([PNZ0005](#)); Northern Housing Consortium ([PNZ0007](#)); Rockwool ([PNZ0009](#)); Karbon Homes ([PNZ0015](#)); The District Councils’ Network ([PNZ0016](#)); Royal Institute of British Architects ([PNZ0034](#)); E3G ([PNZ0049](#))

190 The National Federation of ALMOs ([PNZ0006](#))

191 PlaceShapers ([PNZ0065](#))

192 The Domestic Renewable Heat Incentive is a financial incentive scheme introduced by the Department for Business, Energy and Industrial Strategy, with participants who join the scheme and keep to its rules receiving payments every three months for seven years. Ofgem, [Domestic Renewable Heat Incentive: Essential Guide for Applicants](#), 7 March 2021, pp. 6–7

193 [Q54](#) (Brian Robson, Northern Homes Consortium); The National Federation of ALMOs ([PNZ0006](#)); Essex County Council ([PNZ0018](#)); Brighton & Hove City Council ([PNZ0037](#))

194 Department for Business, Energy and Industrial Strategy, [Social Housing Decarbonisation Study: Views from Social Housing Providers](#), BEIS Research Number 2021/056, (October 2021), p. 58

195 [Q37](#) (Philippa Borrowman, Green Alliance); The National Federation of ALMOs ([PNZ0006](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); UK Green Building Council ([PNZ0012](#)); Rotherham Metropolitan Borough Council ([PNZ0023](#)); Manchester City Council ([PNZ0027](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); E3G ([PNZ0049](#)); ADEPT ([PNZ0054](#)); Blueprint coalition ([PNZ0058](#)); Green Alliance ([PNZ0059](#)); MCS Charitable Foundation ([PNZ0069](#))

196 [Q62](#) (Brian Robson, Northern Housing Consortium); London Councils ([PNZ0031](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

with a minimum schedule of ten years being mentioned as necessary to build up the retrofitting industry.¹⁹⁷ Sixthly, future retrofitting schemes need to be properly funded, clear, and easy to access, with obvious benefits to the participants.¹⁹⁸

65. Alongside government funding, we heard calls for tax incentives and support for private investment to promote retrofitting. This could include reduced or zero-rated VAT,¹⁹⁹ measures which the Prime Minister appeared to sympathise with when asked about this at the Liaison Committee.²⁰⁰ There were similarly calls for tax incentives through levying different rates of stamp duty,²⁰¹ and council tax to reflect the energy efficiency of the property.²⁰²

66. Another source of funding is from the private sector. Michael Lewis, CEO of the gas and electricity supplier E.ON, argued that extracting 3% or 5% of the £275 billion annual mortgage market could be a useful source of funding for retrofitting.²⁰³ This could be undertaken either through a process of certification to prove a house being sold meets the required standards or by offering stamp duty relief for buyers committing to make improvements.²⁰⁴ This reflected wider enthusiasm for the concept of green mortgages, which are mortgages with more favourable terms, such as lower interest rates, for more energy efficient properties.²⁰⁵ Similarly, we were told that the UK Infrastructure Bank, which has two core objectives of tackling climate change and supporting regional and local economic growth,²⁰⁶ had an important role in supporting retrofitting.²⁰⁷ The example was cited to us of the German national infrastructure bank, the KfW, which had generated €6 in private financial support for retrofitting for each euro it had invested. It was suggested the UK Infrastructure Bank could underwrite the interest rates on loans by banks and building societies for retrofitting,²⁰⁸ and provide technical assistance to local authorities, particularly for those lacking the expertise in infrastructure projects and investment.²⁰⁹ The Government stated that it would not be possible for the whole of the estimated £250 billion cost of decarbonising buildings to be met by the taxpayer. Similarly, whilst the Government has invested £2.5 billion into the National Skills Fund to fund the training of adults, including in installing heat pumps and insulation, Lord Callanan also pointed to the £10 million construction of a training facility in Slough by the energy company Octopus, as reflecting an approach of public and private funding.²¹⁰

197 Policy Connect ([PNZ0032](#))

198 Zurich Insurance ([PNZ0060](#))

199 [Q165](#) (Cllr Peter Schwier, Climate Czar, Essex County Council); E.ON ([PNZ0036](#)); ADEPT ([PNZ0054](#)); Blueprint coalition ([PNZ0058](#)); MCS Charitable Foundation ([PNZ0069](#))

200 Oral evidence taken before the Liaison Committee on 13 January 2021, HC (2019–21) 1144, [Q98](#) (Rt Hon Boris Johnson MP)

201 [Q85](#) (Michael Lewis, E.ON), (John Alker, UK Green Building Council). See also [Q41](#) (Colm Britchfield, E3G); [Q43](#) (Andrew Forth, RIBA); Royal Institute of British Architects ([PNZ0034](#)); E.ON ([PNZ0036](#)); ADEPT ([PNZ0054](#)); Blueprint coalition ([PNZ0058](#))

202 Royal Institute of British Architects ([PNZ0034](#)); E.ON ([PNZ0036](#)); Building Research Establishment ([PNZ0055](#)); Vaillant Group UK Ltd ([PNZ0063](#))

203 [Q84](#) (Michael Lewis, E.ON)

204 [Q85](#) (Michael Lewis, E.ON)

205 E.ON ([PNZ0036](#)), ADEPT ([PNZ0054](#)), Building Research Establishment ([PNZ0055](#)), Blueprint coalition ([PNZ0058](#)), MCS Charitable Foundation ([PNZ0069](#))

206 HM Treasury, UK Infrastructure Bank, [UK Infrastructure Bank Framework Document](#), June 2021, p. 3

207 [Q16](#) (Polly Billington, UK100); Rockwool ([PNZ0009](#)); E3G ([PNZ0049](#)); Energy Saving Trust ([PNZ0061](#))

208 [Q40](#) (Colm Britchfield, E3G)

209 [E3G](#) ([PNZ0049](#))

210 [Q218](#), [Q228](#) (Lord Callanan)

67. After we had finished taking evidence for this inquiry, and shortly before the publication of our report, the Government published its Heat and Buildings Strategy and its Net Zero Strategy.²¹¹ The former announced that detached properties using oil or liquid petroleum gas (LPG) with EPC Band E, and large, detached grade-listed properties with EPC Bands E or F would from 2026 have to adopt a low-carbon heating system when their current system needs replacing. All other houses would have to move to low-carbon heating when they need to change their heating system from 2035.²¹² It also announced a £450 million Boiler Upgrade Scheme, which had previously been consulted on as the Clean Heat Grant, to fund the installation of low-carbon heating through to 2025. Households would receive £5,000 in government grants for installing air-source heat pumps and biomass boilers, and £6,000 for ground-source heat pumps.²¹³ The Government expected that the cost of installing heat pumps would fall by 25 to 50% by 2025 and move towards parity with boilers by 2030.²¹⁴ This scheme would be part of £3.9 billion promised for the 2022/23 to 2024/25 period to decarbonise heat and building. This £3.9 billion also included a further £1.425 billion to fund the Public Sector Decarbonisation Scheme, an additional £950 million for the Home Upgrade Grant scheme and an additional £800 million for the Social Housing Decarbonisation Fund.²¹⁵ The Government also announced there would be £338 million for the Heat Network Transformation Programme.²¹⁶ Money would also be taken from the £1 billion Net Zero Innovation Portfolio to provide £65 million for the Flexibility Innovation Programme to support innovative projects that would help manage the increased demand on the UK's electricity system,²¹⁷ and the £60 million provided for the Heat Pump Ready programme that would be awarded through a competitive process.²¹⁸

68. The Government also proposed that mortgage lenders should disclose details of the EPC banding of the homes on which they lend, as part of a voluntary improvement target of moving houses to have an average EPC Band C by 2030. If progress was insufficient compulsory targets could be introduced.²¹⁹ UK Finance, representing banks and mortgage lenders, feared this could trap homeowners in negative equity if they could not cost-effectively improve their homes, with the potential for a two-tier market might develop.²²⁰ The Strategy also explained that the UK Infrastructure Bank would develop

211 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021; HM Government, [Net Zero Strategy: Build Back Greener](#), (October 2021)

212 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, p. 32; HM Government, [Net Zero Strategy: Build Back Greener](#), (October 2021) pp. 22, 87–92

213 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, p. 136; Department for Business, Energy and Industrial Strategy, [Future Support for Low Carbon Heat: Boiler Upgrade Scheme](#), (October 2021), pp. 8, 15

214 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, p. 152

215 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, p. 19

216 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, pp. 35–6

217 Department for Business, Energy and Industrial Strategy, [Plan to drive down the cost of clean heat](#), 18 October 2021

218 Department for Business, Energy and Industrial Strategy, [Information about the Heat Pump Ready Programme](#), 19 October 2021

219 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, pp. 19, 139–40, 169–70

220 [“Heat and Building Strategy: Homes with inefficient energy rating may struggle to get mortgages - leaked government plans”](#), Sky News, 19 October 2021

expert advisory services to help local authorities with developing and financing projects; and would lend to local authorities “for high value and strategic projects of at least £5 million”, thereby drawing in private sector investment.²²¹

69. **The retrofitting of existing homes is essential for ensuring the UK reaches net zero by 2050. Retrofitting will come at substantial cost and can only be achieved through a mix of both public and private funding. We welcome the additional £3.9 billion of funding being provided for retrofitting as outlined in the Government’s Heat and Buildings Strategy, including for public sector buildings, social housing, and low-income families. But more needs to be done to provide long-term certainty for funding for retrofitting beyond 2025. *The Government should set out its longer-term funding plans beyond 2025, and outline the share of funding for retrofitting it anticipates will come from private investment. The use of private sector financial instruments should be encouraged and incentivised by government. This should include greater action by the UK Infrastructure Bank to support private financing of retrofitting, following the example of the German national infrastructure bank. We note the Government’s proposal to encourage green mortgages, and this should be subject to extensive consultation to avoid unintended consequences. The Government should also consider offering tax incentives, which could include lower VAT, stamp duty and council tax, for energy efficient measures and homes.***

70. **The Green Homes Grant voucher scheme proved a disappointing failure, and it is important that the reasons for its failure—that it was created too quickly, had high management and administration costs, and did not last long enough—should shape future schemes. Above all both the voucher scheme and the previous Green Deal failed to achieve the expected level of take up by the public. These repeated failures make it essential that future schemes are a success and that all relevant government departments, including the Treasury, alter their approach accordingly. Although the funding delivered through the Boiler Upgrade Scheme is welcome, we note that the scheme will only fund at most 90,000 additional heat pumps, and there is seemingly no role for local authorities in the delivery of the scheme. The effectiveness of the scheme should be monitored closely to ensure its successful contribution to retrofitting of homes.**

71. ***Future retrofitting schemes will be needed to incentivise the public to switch to low carbon heating. Such schemes should be put in place after a thorough consultation with stakeholders, including with the public. We believe the following five principles would provide a solid foundation for future schemes:***

- ***local authorities should have a major role;***
- ***the funding provided to local authorities should primarily be allocated without using competitive bidding;***
- ***schemes should be adapted to different types of housing and income groups;***
- ***schemes should be long-term in duration to provide certainty for the public and suppliers, and to ensure a skilled and qualified workforce is built up to safely install the necessary equipment; and***
- ***schemes should be clear and easily accessible.***

221 HM Government, [Net Zero Strategy: Build Back Greener](#), (October 2021), p. 265

72. The Government is proposing that certain properties with low EPC Bands and using electricity and LPG gas will need to choose a low-carbon heating system when replacing their existing one from 2026. This contrasts with the same requirement on replacing heating systems only applying to homes that are on the gas grid from 2035. *The Government should explain the rationale for these different approaches. The lack of a requirement to replace a gas boiler that has ceased working with a low-carbon heating system until 2035 risks a large number of existing gas boilers simply being replaced with new gas boilers, especially given that there is a lack of incentives to do otherwise. Furthermore, the Government should set out its plans for properties that cannot be retrofitted.*

The role of local authorities in retrofitting

73. Local authorities have a vital role to play in retrofitting. We were told there should be an “area-based strategy with local authorities the key delivery partner. The coordination of funding in a local area would enhance the effectiveness and value for money of energy efficiency improvement measures”.²²² Local authorities in Scotland produce renovation schemes and local heat and energy efficiency strategies, and several are involved in a pilot scheme to provide equity loans, where individuals can borrow against the value of their property, secured against the sale of the property.²²³

74. A similar role for local authorities in England would also help ensure that the public is advised as to the choices available for retrofitting, so they have confidence it will be properly installed.²²⁴ We heard various technologies being championed for use in retrofitting—primarily heat pumps,²²⁵ and hydrogen,²²⁶ but also infrared heating,²²⁷ bio-LPG (liquid petroleum gas),²²⁸ and direct electric heating.²²⁹ The potential of a number of power sources was also emphasised to us, such as PV solar panels,²³⁰ district heating networks,²³¹ modular nuclear,²³² and nuclear fusion power.²³³ The importance of

222 Northern Housing Consortium ([PNZ0007](#)). See also ADEPT ([PNZ0054](#)); Building Research Establishment ([PNZ0055](#))

223 E3G ([PNZ0049](#)); Energy Saving Trust ([PNZ0061](#))

224 [Q184](#) (Lord Deben)

225 [Qq33–34](#) (Colm Britchfield, E3G); [Q65](#) (Catherine Evans, Stonewater), (Brian Robson, Northern Housing Consortium); [Q96](#) (John Alker, UK Green Building Council), (Michael Lewis, E.ON); Association for Public Service Excellence (APSE) ([PNZ0008](#)); UK Green Building Council ([PNZ0012](#)); NHBC ([PNZ0014](#)); Thakeham Group ([PNZ0026](#)); Energy UK ([PNZ0035](#)); E.ON ([PNZ0036](#)); Heat Pump Association ([PNZ0038](#)); Make UK: Modular ([PNZ0045](#)); E3G ([PNZ0049](#)); Green Alliance ([PNZ0059](#)); Energy Saving Trust ([PNZ0061](#))

226 [Q96](#) (Michael Lewis, E.ON); Energy Networks Association ([PNZ0017](#)); Association for Decentralised Energy ([PNZ0020](#)); Cadent ([PNZ0024](#)); Policy Connect ([PNZ0032](#)); SGN ([PNZ0044](#)); Vaillant Group UK Ltd ([PNZ0063](#))

227 Rotherham Metropolitan Borough Council ([PNZ0023](#)); Jigsaw Infrared ([PNZ0067](#))

228 Liquid Gas UK ([PNZ0040](#))

229 Energy Saving Trust ([PNZ0061](#))

230 [Q65](#) (Richard Smith, NHBC); MCS Charitable Foundation ([PNZ0069](#))

231 The District Councils’ Network ([PNZ0016](#)); Policy Connect ([PNZ0032](#))

232 [Q260](#) (Lord Callanan); Essex County Council ([PNZ0018](#))

233 Rotherham Metropolitan Borough Council ([PNZ0023](#))

keeping options open was also emphasised.²³⁴ The Climate Assembly UK rightly stressed the importance of the public being provided with as much choice as possible in the retrofitting process, including over the technology provided.²³⁵ Such choice, coupled with local authority communications about the options available, will help overcome public reticence and lack of awareness about retrofitting.²³⁶ We were also told that there needs to be clarity on what will be done with properties that are very hard to retrofit - for example, the 460,000 listed buildings in the UK.²³⁷ We were therefore pleased that Lord Callanan acknowledged that there would not be a silver bullet approach with different solutions needed for different buildings and housing types.²³⁸

75. Local government could also play an important role in bolstering the number of skilled, qualified people able to install the new technologies. The Construction Industry Training Board has calculated that the UK would need 7,500 heat pump installers, 12,000 installers of fabrics such as insulation, and 200 hydrogen boiler installers being trained per year by 2025, and 15,000 heat pump installers, up to 30,000 fabric installers, and 1,500 hydrogen boiler installers by 2031.²³⁹ Local government was seen to have a threefold role: ensuring coordination across a locality or city, to bring the “skills sector together with the construction clients and contractors.” The second was preparing and informing people about the move to net zero.²⁴⁰ Thirdly, there were calls for partnerships between local authorities, businesses, and schools and colleges to foster co-operation.²⁴¹

76. The Government’s Heat and Building Strategy endorsed the principle of public choice and recognised the importance of public engagement in retrofitting.²⁴² It also stated that the Government plans to draw on trials of hydrogen in a neighbourhood and village to “inform a strategic decision on the role of hydrogen in decarbonising heat in 2026.”²⁴³

77. The Climate Assembly UK emphasised the importance of giving the public choice over how retrofitting takes place, including over which technologies are installed. Choice is important in securing public support for retrofitting. Local authorities can play an important role in supporting retrofitting in their local area, by assisting with organisation, advice, promotion and consultation with communities. The Government must ensure there is as much choice for the public in deciding how their homes are retrofitted as is technologically possible. There is therefore a need for progress on

234 [Q33](#) (Colm Britchfield, E3G); [Q35](#) (Andrew Forth, RIBA); [Q96](#) (Nicola Pitts, Independent Networks Association); NALC ([PNZ0001](#)); Local Government Association ([PNZ0005](#)); Karbon Homes ([PNZ0015](#)); The District Councils’ Network ([PNZ0016](#)); Energy Networks Association ([PNZ0017](#)); Association for Decentralised Energy ([PNZ0020](#)); Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#)); Rotherham Metropolitan Borough Council ([PNZ0023](#)); Cadent ([PNZ0024](#)); Manchester City Council ([PNZ0027](#)); Policy Connect ([PNZ0032](#)); Royal Institute of British Architects ([PNZ0034](#)); Energy UK ([PNZ0035](#)); Anonymous ([PNZ0039](#)); Liquid Gas UK ([PNZ0040](#)); Institution of Engineering and Technology (IET) ([PNZ0042](#)); SGN ([PNZ0044](#)); Energy Systems Catapult ([PNZ0050](#)); Independent Networks Association ([PNZ0053](#)); Building Research Establishment ([PNZ0055](#)); Vaillant Group UK Ltd ([PNZ0063](#)); Jigsaw Infrared ([PNZ0067](#))

235 Climate Assembly UK, *The path to net zero*, (September 2020), pp. 6, 18, 174

236 [Q19](#) (Polly Billington, UK100); [Q20](#) (Rachel Blake, Local Government Association); [Q98](#) (Michael Lewis, E.ON); [Q181](#) (Lord Deben)

237 [Q95](#) (Michael Lewis, E.ON)

238 [Q256](#) (Lord Callanan)

239 Construction Industry Training Board, *Building Skills for Net Zero*, (March 2021), pp. 34, 36, 38, 40, 48

240 [Q66](#) (Brian Robson, Northern Housing Consortium)

241 Energy Systems Catapult ([PNZ0050](#)); Zurich Insurance ([PNZ0060](#))

242 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, pp. 125, 175–6

243 Department for Business, Energy and Industrial Strategy, *Heat and Buildings Strategy*, [CP 388](#), October 2021, pp. 11, 17–18

developing alternatives to heat pumps, including hydrogen heating. Local authorities should be given the necessary support and resources to fulfil their important role in retrofitting.

Enforcing energy efficiency standards

78. Local authorities have an important role in enforcing the minimum energy efficiency standards that are required of the private rented sector.²⁴⁴ We were told that the greatest barrier to the enforcement of these standards by local authorities is their lack of resources to fund it.²⁴⁵ We were also told the Standard Assessment Procedure²⁴⁶ should be reformed to reflect changes in low and zero carbon technology,²⁴⁷ and a database of landlords established.²⁴⁸ We were pleased to hear the Government is considering a register of landlords.²⁴⁹ Furthermore, we received considerable evidence calling for reforms to the Decent Homes Standard,²⁵⁰ as part of the Government's on-going review,²⁵¹ with a strong energy efficiency requirement, for example by requiring that all social housing meet EPC Band C by 2028.²⁵² The last proposal echoed the recent call of the Committee on Fuel Poverty for social housing to have to be EPC Band C by 2030.²⁵³

79. We were told that local government needs additional resources to enforce minimum energy efficiency standards in the private rented sector. Resources should be made available for this purpose. Enforcement would also be aided by the introduction

244 These require that properties let for domestic private renting (with certain exemptions) must have an EPC Band of E or above, with landlords required to spend up to £3,500 on energy efficiency improvements. From 1 April 2020 these regulations applied even when there was no change in tenancy. Local authorities can serve compliance notices and then fine landlords for failing to fulfil their obligations. Department for Business, Energy and Industrial Strategy, [Domestic private rented property: minimum energy efficiency standard - landlord guidance](#), accessed 4 October 2021

245 [Qq10–11](#) (Rachel Blake, Local Government Association); [Q11](#) (Polly Billington, UK100); [Q72](#) (Catherine Evans, Stonewater), (Brian Robson, Northern Housing Consortium); NALC ([PNZ0001](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); UK Green Building Council ([PNZ0012](#)); Association for Decentralised Energy ([PNZ0020](#)); Royal Institute of British Architects ([PNZ0034](#)); E.ON ([PNZ0036](#)); UK100 ([PNZ0047](#)); E3G ([PNZ0049](#)); Energy Systems Catapult ([PNZ0050](#)); ADEPT ([PNZ0054](#)); Building Research Establishment ([PNZ0055](#)); Blueprint coalition ([PNZ0058](#))

246 The Standard Assessment Procedure uses standardised assumptions for occupancy and behaviour to calculate how much energy a dwelling will consume. This enables like with like comparisons. It uses energy use per unit floor area, a fuel-cost-based energy efficiency rating, and the emissions of CO₂. These are based on estimates for annual energy consumption of heating, domestic hot water, lighting and ventilation, and appliance energy use. Department for Business, Energy and Industrial Strategy, [Standard Assessment Procedure](#), accessed 4 October 2021

247 [Q11](#) (Polly Billington, UK100); Local Government Association ([PNZ0005](#)); NHBC ([PNZ0014](#)); The District Councils' Network ([PNZ0016](#)); Energy Systems Catapult ([PNZ0050](#)); The Kensa Group ([PNZ0051](#))

248 [Q44](#) (Philippa Borrowman, Green Alliance), (Colm Britchfield, E3G); Northern Housing Consortium ([PNZ0007](#)); E3G ([PNZ0049](#))

249 [Q227](#), [Q236](#) (Eddie Hughes MP)

250 The Decent Home Standard is a set of standards ensuring that social housing, including homes controlled by housing associations and arms-length management organisations (ALMOs), meet the statutory minimum standard for housing, are in a reasonable state of repair, have reasonably modern facilities such as kitchens, bathrooms and insulation, and provides a reasonable degree of thermal comfort. Department for Communities and Local Government, [A Decent home: Definition and guidance for implementation, June 2006 - Update](#), June 2006, pp. 11–12

251 Ministry of Housing, Communities and Local Government, [Decent Homes Standard: review](#), 8 February 2021

252 Building Research Establishment ([PNZ0055](#)). See also Local Government Association ([PNZ0005](#)); The National Federation of ALMOs ([PNZ0006](#)); Northern Housing Consortium ([PNZ0007](#)); Association for Public Service Excellence (APSE) ([PNZ0008](#)); Rockwool ([PNZ0009](#)); UK Green Building Council ([PNZ0012](#)); The District Councils' Network ([PNZ0016](#)); Cadent ([PNZ0024](#)); Stonewater Ltd ([PNZ0030](#)); London Councils ([PNZ0031](#))

253 Committee on Fuel Poverty, [Annual Report October 2021](#), (October, 2021), p. 12 [unpaginated]

of a register of landlords, as already undertaken in certain local authorities, and we are pleased to hear the Government is considering this as an option. This register must be compulsory and local authorities must have enforcement powers to ensure registration.

3 The wider role of local government

Transport

80. Through its various responsibilities, particularly for spatial planning and roads, excluding the strategic roads network, local government is well placed to influence emissions from road transport, which accounted for 25% of the UK's emissions in 2019.²⁵⁴ Our evidence identified several key areas where local authorities can influence road transport emissions, depending on their powers and responsibilities. In particular, they can use the planning system to prevent development from locking residents into car dependency;²⁵⁵ encourage a modal shift from car to public transport, particularly by improving local bus services;²⁵⁶ agree measures such as clean air zones;²⁵⁷ and incentivise walking and cycling by investing in infrastructure such as segregated cycle lanes.²⁵⁸ As Manchester City Council explained, however, given the complex distribution of powers necessary to combat road transport emissions, action will “need to be coordinated across the layers of national, city-regional and local government”, especially as “transport networks and patterns of travel cross boundaries and are influenced and enabled by interventions at different scales”.²⁵⁹

81. The measures local government can take to reduce transport emissions are rightly predicated on the need to reduce car usage. As we heard, though, people will only be persuaded to drive less if adopting alternative modes of travel is made a “rational decision”, as people cannot be expected to “change their lives and make them worse”. As Polly Billington, from UK100, asked, why would anyone take the train if it costs twice as much as going by car? As she also pointed out, the reason more people take public transport in London is because it is affordable. Quite clearly, no one can be blamed for not reducing their car usage if reasonable alternative modes of travel are not available.²⁶⁰

82. In its strategy document, *Decarbonising Transport*, the Department for Transport (DfT) acknowledged “the critical role of local government in reducing transport emissions”. “Radical change”, it said, “will come from empowering and supporting local leaders” and “harnessing the strengths and expertise of local authorities”. It said local authorities “will have the power and ambition to make bold decisions to influence how people travel and take local action to make the best use of space to enable active travel” and “transform local public transport operations”. It also promised to “better coordinate local transport funding by engaging local areas about their investment priorities in the round” and to publish a toolkit of guidance and information to help local authorities develop innovative sustainable transport policies.²⁶¹

254 Department for Business, Energy and Industrial Strategy, [2019 UK Greenhouse Gas Emissions, Final Figures](#), (2 February 2021); Department for Transport, [Transport and Environment Statistics: 2021 Annual Report](#), (11 May 2021), p. 5; for the various responsibilities of different layers of local government for transport, see: UK100, [Power Shift](#), (April 2021), p. 14

255 Sustrans ([PNZ0021](#)); Royal Town Planning Institute ([PNZ0002](#)); Blueprint coalition ([PNZ0058](#)); Local Government Association ([PNZ0005](#)); Enterprise Holdings ([PNZ0033](#))

256 National Express West Midlands ([PNZ0028](#)); Local Government Association ([PNZ0005](#)); Brighton & Hove City Council ([PNZ0037](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

257 Sustrans ([PNZ0021](#))

258 Sustrans ([PNZ0021](#)); Zurich Insurance ([PNZ0060](#))

259 Manchester City Council ([PNZ0027](#))

260 [Q19](#) (Polly Billington, UK100); [Q49](#) (Colm Britchfield, E3G)

261 Department for Transport, [Decarbonising Transport](#), (July 2021), pp. 39–40 and 154–55

Planning and transport

83. Local authorities with responsibility for planning can influence road transport emissions by seeking to ensure that new development does not lock residents into car dependency. Most importantly, all new housing should be adequately serviced by public transport and walking and cycling networks and be located within walking distance of local shops, amenities, services and employment.²⁶² The RTPI said net zero must be a “prerequisite of new development” and that planning should “encourage local living”, “reduce the dominance of vehicles” and “facilitate behaviour change at the scale required”.²⁶³ According to Sustrans, local authorities “should strive, where they can, to ensure that any new housing developments or extensions to existing developments do not lock local residents into car dependency”.²⁶⁴ The Thakeham Group, an SME housebuilder, agreed that local planning authorities “should also ensure that new developments have ‘smart’ and low carbon public transport schemes built into them from the earliest phase” and thought this “focus on developments being infrastructure-led” was “arguably more important than other policy levers that local government have and would ensure that new developments are truly sustainable”.²⁶⁵ Equally, employment areas, such as large out-of-town warehouse schemes, should be properly serviced by public transport so that people are not reliant on cars to get to and from work.²⁶⁶

84. According to the NPPF, transport should be considered from the earliest stages of plan-making and development. In particular, plans should identify and pursue opportunities to incentivise walking and cycling and public transport.²⁶⁷ As the DfT itself acknowledges, however, whilst many Local Plans “say the right things”, they are “not always followed consistently in planning decisions”, with development often doing “little or nothing meaningful to enable cycling and walking” and sometimes making it worse.²⁶⁸ A recent report by Transport for Homes found that most new development still “hinged on major road improvements to cater for a massive expected rise in car use”.²⁶⁹ According to Richard Blyth, from the RTPI, the planning system, being too focused on housing targets, is still resulting in too much development that locks people into car dependency.²⁷⁰ Enterprise Holdings said new development continued “to be built around the private car”.²⁷¹ To help remedy this, the DfT has promised “to ensure that the importance of securing high quality cycling and walking provision is embedded within the planning system”.²⁷²

85. To improve the provision of sustainable transport in new developments, Sustrans called for the 20-minute neighbourhood to be adopted as a central principle of the NPPF.²⁷³ According to the RTPI, the planning system should adopt “a place-based approach which prioritises measures to reduce the need to travel and encourages people to shift to more active, public and shared modes of transport”. It called for “measures that first focus on

262 [Q16](#) (Polly Billington, UK100); Sustrans ([PNZ0021](#)); Royal Town Planning Institute ([PNZ0002](#)); Manchester City Council ([PNZ0027](#)); Thakeham Group ([PNZ0026](#)); [Q104](#) (Xavier Brice, Sustrans)

263 Royal Town Planning Institute ([PNZ0002](#))

264 Sustrans ([PNZ0021](#))

265 Thakeham Group ([PNZ0026](#))

266 Sustrans ([PNZ0021](#))

267 Ministry of Housing, Communities and Local Government, [National Planning Policy Framework](#), p. 30

268 Department for Transport, [Gear Change: A bold new vision for cycling and walking](#), (July 2020), p. 26

269 Transport for Homes, [Garden Villages and Garden Towns: Visions and Reality](#), (2020), p. 13

270 [Q113](#) (Richard Blyth, RTPI)

271 Enterprise Holdings ([PNZ0033](#))

272 Department for Transport, [Gear Change](#), (July 2020), p. 26

273 Sustrans ([PNZ0021](#))

the role of place in reducing trips, before considering how to increase the proportion of the remaining trips that are taken by active, public and shared forms of transport”.²⁷⁴ Richard Blyth said all new development should be “located and designed to generate no new transport emissions and ideally be carbon negative”.²⁷⁵

86. The Minister, Eddie Hughes MP, when asked if councils should be incorporating sustainable transport into new developments, confirmed that “councils should already be taking account of things such as local infrastructure when trying to determine where it is appropriate for developments to take place”. He also said such considerations should inform councils’ Local Plans and called on all councils to have an up-to-date Local Plan.²⁷⁶

87. As previously stated, we welcome the Government’s commitment to reviewing the National Planning Policy Framework to make sure it contributes to climate mitigation, but we are concerned that in the meantime some councils will continue to grant planning permission to development that locks people into car dependency. *In the short term, the Government should clarify the need for sustainable transport and placemaking to be embedded in all new development. In the longer term, it should amend the NPPF to require all housing development to be properly serviced by public transport and active travel networks and be within walking distance of local shops and amenities. As far as possible, all employment areas should also be served by public transport. To facilitate this, the Government should reiterate to local councils the importance of having up-to-date Local Plans and, in line with our earlier recommendation, require councils to embed sustainability in those plans.*

Public transport

Buses

88. Especially following the covid-19 pandemic, as a result of which bus usage fell, encouraging more people back on to buses by improving services will be crucial to reducing transport emissions. As the LGA explained, “the bus is among the most carbon efficient modes of passenger transport”, with even “modest increases” in ridership yielding “significant improvements in carbon performance”.²⁷⁷ According to National Express, a five-mile bus journey, on the existing bus fleet, typically emits half the carbon per passenger as the same journey by car. It calls buses the “only mode capable of sufficient expansion in the time available” and says a modal shift could be done easily and cheaply by creating bus priority.²⁷⁸ Rotherham Council called buses a “credible alternative to the car” for medium distance journeys of between five and 25 miles.²⁷⁹

89. The Government’s national bus strategy, *Bus Back Better*, backed by £3 billion of new investment, recognises the role of buses in reducing car usage and aspires to make buses “a practical and attractive alternative to the car for more people” and to make services more frequent, faster, more reliable, cheaper and more comprehensive. Central to its vision for improving services is greater involvement by local authorities. The covid-19

274 Royal Town Planning Institute ([PNZ0002](#))

275 [Q126](#) (Richard Blyth, RTPi)

276 [Q245](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

277 Local Government Association ([PNZ0005](#))

278 National Express West Midlands ([PNZ0028](#))

279 Rotherham Metropolitan Borough Council ([PNZ0023](#))

pandemic resulted in much closer co-operation between bus operators and local transport authorities, and the Government says there can be “no return to the situation, seen in too many parts of England, where services were planned on a purely commercial basis with little or no engagement with, or support from, LTAs”.²⁸⁰ The ambition is for local authorities to take more control over bus services, preferably by agreeing Enhanced Partnerships with bus operators, but otherwise by seeking franchising powers like those of Transport for London.²⁸¹ The Government also believes that everyone, wherever they are in the country, should have access to high-quality bus services.²⁸²

90. The LGA welcomed the national bus strategy for recognising “that bus services are improved when councils take the lead on planning services as opposed to private operators” and said it would help local government “do more to improve bus services”, but it added that increased and longer-term funding “would reduce the financial risk to councils”.²⁸³ Franchising, in particular, can be expensive, as seen in the case of Greater Manchester’s plans to franchise its bus services.²⁸⁴ The LGA also said the Government’s proposals still made it “difficult for non-Mayoral Combined Authorities to take up London-style franchising”, since this would require permission from the Secretary of State.²⁸⁵

91. The benefits of closer co-operation between councils and bus operators are perhaps most evident in Brighton and Hove, which has the highest bus use per head outside London.²⁸⁶ Nick Hibberd, Executive Director, Economy, Environment and Culture, Brighton and Hove Council, attributed the council’s success to its bus partnership. The partnership “has been recognised by DfT as an example of good practice” and is “very similar” to the Enhanced Partnerships described in the Government’s national bus strategy. As a result of the partnership, the council has been able to “build patronage over successive years” by “investing in priority bus lanes, multi-operator ticketing ... to make it easier for users and quicker for getting on and off buses, real-time information at train stations as well as bus stops, wi-fi, phone charging on the buses so that passenger experience is better, and investment in new and low emission buses”.²⁸⁷

Demand-responsive public transport

92. While Brighton’s success could be replicated in other towns and cities, it will be much harder to improve provision in rural areas, many of which are poorly served by buses.²⁸⁸ Despite its belief that everyone in the country, no matter where they live, should be served by high-quality bus services, the Government recognises that this is not currently the case. In *Bus Back Better*, it says: “In places currently unserved or barely served by conventional buses, such as rural villages and out-of-town business parks, we want more demand

280 Department for Transport, [Bus Back Better](#), (March 2021), p. 22; Department for Transport, [New story: Prime Minister launches £3 billion bus revolution](#), (15 March 2021)

281 Department for Transport, [Bus Back Better](#), (March 2021), pp. 8–13

282 Department for Transport, [The National Bus Strategy: Delivering Bus Service Improvement Plans using an Enhanced Partnership](#), (2021), p. 4

283 Local Government Association ([PNZ0005](#))

284 About Manchester, [Cost of Bus Franchising Scheme could double according to bus operators](#), (November 2019)

285 Local Government Association ([PNZ0005](#))

286 Department for Transport, [Bus Back Better](#), (March 2021), p. 23

287 [Q144](#) (Nick Hibberd, Brighton and Hove Council)

288 [Q124](#) (Xavier Brice, Sustrans); [Q141](#) (Councillor Sarah Rouse, District Councils’ Network)

responsive services with smaller vehicles”. To trial more demand-responsive services, it is funding 17 pilot projects through its £20 million Rural Mobility Fund.²⁸⁹ The fund was allocated through a process of competitive bidding.²⁹⁰

93. Enterprise Holdings, the car rental company, told us that demand responsive transport could “transform the way people commute and travel, especially in rural areas, where bus services can be “limited and not economically viable for providers”.²⁹¹ The DCN highlighted Watford District Council’s on-demand bus service, the first of its kind supported by a local authority, which provides a flexible bus service that does not follow a fixed route at fixed times but picks people up and drops them off at ‘virtual stops’ close to their home or destination. Journeys cost between £1 and £2.50 an hour.²⁹²

Trams and light rail

94. As recognised in a recent report from the Commission into Prosperity and Community Placemaking, *No Place Left Behind*, trams are another crucial component to the area-wide improvement that will be essential if left behind communities are to reach net zero.²⁹³ Despite this, *Decarbonising Transport* makes barely any mention of trams or light rail, although the Government did recently provide emergency funding to support tram services through the covid-19 pandemic.²⁹⁴ According to UK100, transport authorities can develop tram system proposals, but they need legislation and funding from central government, and there is “a complex interaction between the transport authority and central government” before any development can take place.²⁹⁵

95. We welcome the ambition in the recent national bus strategy to increase bus usage and ensure cheaper and more reliable bus services across the country. In particular, we welcome its promise to give local authorities more control over bus services, either by agreeing Enhanced Partnerships with bus operators or by seeking franchising powers like those enjoyed by Transport for London. It must be acknowledged, however, that franchising will be expensive. We also commend the Department for Transport’s proposals for encouraging demand-responsive services in rural areas and its provision of additional funding through the Rural Mobility Fund. We are concerned, however, that this will not be enough to achieve the Government’s aim of ensuring high-quality services everywhere. We note, too, that the Rural Mobility Fund was allocated through a process of competitive bidding. As we have already noted, it is difficult for local authorities to plan for the long term on the basis of funds allocated through competitive bidding. We also note that the transport decarbonisation plan barely mentions the role of light rail in the future of public transport.

289 Department for Transport, [Bus Back Better](#), (March 2021), pp. 4 and 65–66

290 Department for Transport, [Rural Mobility Fund](#)

291 Enterprise Holdings ([PNZ0033](#))

292 The District Councils’ Network ([PNZ0016](#)); Watford Borough Council, [Sustainable Watford](#)

293 Commission into Prosperity and Community Placemaking, [No Place Left Behind](#), (September 2021)

294 Department for Transport, [Government extends coronavirus support for buses and trams, total funding tops £700 million](#)

295 UK100, [Power Shift](#), (April 2021), p. 44

96. *We urge the Government to make good on the welcome promises set out in the national bus strategy, in particular to give local authorities more control over bus services, and to explain as soon as possible how it plans to make sure local authorities have the necessary funding to provide high-quality public transport services in rural areas. We also ask the Government to give greater consideration to the important role light rail can play in the public transport network.*

Active travel

97. In its walking and cycling plan, *Gear Change*, published in July 2020, the DfT described a modal shift to active travel as one of the most cost-effective ways of reducing transport emissions and imagined a future in which half of all journeys in town and cities are cycled or walked. It promised to deliver “first hundreds, then thousands of miles of safe, continuous, direct routes for cycling in towns and cities, physically separated from pedestrians and volume motor traffic, serving the places that people want to go” and to cease funding for painted cycle lanes and lanes shared with pedestrians.²⁹⁶ The walking and cycling plan built on the announcement in May 2020 of £2 billion of funding “to create a new era for walking and cycling”. The first tranche of money, known as the Active Travel Fund, was worth £250 million and sought to respond to the covid-19 pandemic and its impact on public transport use by creating “pop-up bike lanes with protected space for cycling, wider pavements, safer junctions and cycle and bus-only corridors”.²⁹⁷ The first two tranches of the fund were allocated to local authorities through a process of competitive bidding.

98. As we heard, many local authorities are making use of the Active Travel Fund to encourage a modal shift by investing in cycling infrastructure, such as segregated cycle lanes, cycle parking and bike share schemes, and in walkable neighbourhoods.²⁹⁸ Nick Hibberd, from Brighton and Hove Council, welcomed the *Gear Change* strategy and the additional funding. He said the council had bid successfully for both tranches of the Active Travel Fund and that this had supported its work to promote walking and cycling.²⁹⁹ Essex County Council told us it had secured £7.6 million from the fund to invest in dedicated cycleways, walkable neighbourhoods and school streets”.³⁰⁰

99. We also heard from councils taking measures to support active travel without money from the Active Travel Fund. The City of London Corporation said its Climate Action Strategy would “accelerate actions to increase the number of pedestrian priority streets, widened pavements for pedestrian comfort and access and localised accessibility improvements” and that this would “enhance the overall attractiveness of non-motorised modes, reduce the amount of motor vehicle kilometres on City streets, and therefore contribute to carbon emissions reduction from transport”.³⁰¹ Manchester City Council told us about its City Centre Transport Strategy, produced and adopted jointly with Transport for Greater Manchester, Salford City Council and Greater Manchester Combined

296 Department for Transport, [Gear Change](#), (July 2020), pp. 9–17

297 Department for Transport, [£2 billion package to create a new era for cycling and walking](#), (May 2020)

298 Sustrans ([PNZ0021](#)); Royal Town Planning Institute ([PNZ0002](#)); Essex County Council ([PNZ0018](#)); Brighton & Hove City Council ([PNZ0037](#)); The City of London Corporation ([PNZ0046](#)); Manchester City Council ([PNZ0027](#)); Zurich Insurance ([PNZ0060](#)); [Q150](#) (Nick Hibberd, Brighton and Hove Council)

299 [Q150](#) (Nick Hibberd, Brighton and Hove Council)

300 Essex County Council ([PNZ0018](#))

301 The City of London Corporation ([PNZ0046](#))

Authority. A key element of the strategy is the Bee Network, a network of walking and cycling routes “connecting up every area and community in Greater Manchester, making it easy, safe and attractive for people to walk and cycle”.³⁰²

100. Despite the ambition in the DfT’s walking and cycling plan and the provision of new money through the Active Travel Fund, concerns remain about the ability of local authorities to deliver sufficient walking and cycling infrastructure.³⁰³ Xavier Brice, Chief Executive of Sustrans, welcomed the “substantial sums of money” the Government had made available for active travel but said local authorities needed revenue and not just capital funding. He said the money to date had been “stop-start on an annual basis”, which was “no way to plan or deliver important infrastructure” and made it “hard to retain expertise in-house”, since “you do not know whether you will get the funding next year”.³⁰⁴ Instead, he called for “a long-term financial settlement for walking and cycling” to enable local authorities to “develop and deliver ambitious strategies with confidence that the funding will not dry up in nine months’ time”.³⁰⁵ Richard Blyth, from the RTPI, raised the concern that allocating funding through competitive bidding favoured better resourced authorities, which can hire people to write good bids.³⁰⁶ Xavier Brice agreed and said the funding needed to be spread across the UK, rather than being sent to authorities “experienced in putting in high-quality bids”.³⁰⁷

101. In its written submission to our inquiry, MHCLG said it would “better coordinate local transport funding by engaging local areas about their investment priorities in the round and their overall strategy for improving transport infrastructure” and that this would “enable better strategic planning and more joined up infrastructure projects across local transport networks”.³⁰⁸ When asked how MHCLG was supporting local authorities to promote active travel, the Minister, Eddie Hughes MP, said it was “up to local authorities” as they were “best placed to determine local needs”.³⁰⁹

Other measures

102. The evidence highlighted many other things local authorities can do, and are doing, to reduce emissions from road transport, including disincentivising car use by agreeing measures such as clean air zones, congestion charging and workplace parking levies;³¹⁰ encouraging the take-up of electric vehicles by investing in EV charging points, as Oxfordshire County Council is doing through its Park and Charge scheme, funded by the Office for Zero Emission Vehicles and Innovate UK;³¹¹ switching to low and zero-carbon

302 Manchester City Council ([PNZ0027](#)); Manchester City Council, Transport for Greater Manchester, Salford City Council, Greater Manchester Combined Authority, [City Centre Transport Strategy to 2040](#), (March 2021); Transport for Greater Manchester, [The Bee Network](#)

303 [Q108](#) (Professor Janette Webb, EnergyREV); [Q110](#) (Xavier Brice, Sustrans)

304 [Q110](#) (Xavier Brice, Sustrans)

305 [Q133](#) (Xavier Brice, Sustrans)

306 [Q118](#) (Richard Blyth, RTPI)

307 [Q119](#) (Xavier Brice, Sustrans)

308 MHCLG with BEIS contribution ([PNZ0048](#))

309 [Q248](#) (Eddie Hughes MP, Under Secretary of State, MHCLG)

310 Sustrans ([PNZ0021](#)); Essex County Council ([PNZ0018](#))

311 Oxfordshire County Council, Cherwell District Council ([PNZ0043](#)); Cheltenham Civic Society ([PNZ0011](#)); Electrical Safety First ([PNZ0013](#)); Karbon Homes ([PNZ0015](#)); Essex County Council ([PNZ0018](#)); Sustrans ([PNZ0021](#)); Enterprise Holdings ([PNZ0033](#)); E.ON ([PNZ0036](#)); The City of London Corporation ([PNZ0046](#)); The District Councils’ Network ([PNZ0016](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

bus fleets;³¹² and supporting local businesses to switch to e-cargo bikes and other forms of sustainable last-mile delivery.³¹³

103. We are pleased the Government has promised to empower local authorities to take bold decisions in this area and to publish a toolkit of guidance and information to help local authorities develop innovative and sustainable transport policies. We also welcome its commitment to investing £2 billion over five years in active travel, most of which will be channelled through local authorities, but we are concerned that this might not be enough. Funding should be more consistent and reliable and not dependent on competitive bidding processes, which tend to benefit the larger and better resourced councils and lead to wasted resources on unsuccessful bids. We recommend that funding for active travel be put on a more consistent footing and that the Government work more closely with local authorities to support and monitor their activities.

Energy

Smart local energy systems

104. As last year's Energy White Paper recognised, local authorities can help decarbonise energy generation and supply by supporting the delivery of smart local energy systems, which it describes as “community-based initiatives” that combine a range of “energy issues, including heat, power and transport, to reduce emissions in an integrated way”. “Local authorities”, it said, “are key to delivering these systems by combining energy into their wider statutory work on housing, transport, waste and planning, making delivery more cost-effective and preparing for a net zero future”. It also pointed to the funding it was providing to local authorities to deliver programmes that support decarbonisation and said it would continue to work with communities to enable projects to be tailored and delivered to meet local needs.³¹⁴ Funding is available through Innovate UK's Industrial Strategy Challenge Fund. It comprises £2.6 billion of public money, matched by £3 billion from the private sector, and is made up of 23 separate challenge funds.³¹⁵ BEIS also has a £320 million Heat Networks Investment Project to finance heat network projects in England and Wales, which is available to the public and private sectors.³¹⁶

105. Professor Janette Webb, from EnergyREV, a consortium of academics, told us the idea behind smart local energy systems was “to integrate heat, power, transport and storage at a local scale so that any locally generated and supplied available energy is used as efficiently, flexibly and affordably as possible”. The aim is “to waste no energy and to make best use of all energy produced locally or regionally to help to balance supply and demand”, including by “developing and connecting district heating networks to capture local heat sources such as energy from waste, water sourced energy, mine water sourced energy and so on”. Local government can contribute by taking advantage of local conditions, such as the “development of hydrogen for industrial use”, the presence of “underground mine

312 Local Government Association ([PNZ0005](#))

313 Sustrans ([PNZ0021](#))

314 HM Government, [Energy White Paper: Powering our Net Zero Future](#), (December 2020), p. 25

315 [Industrial Strategy Challenge Fund](#); Innovate UK is part of UK Research and Innovation

316 BEIS, [Heat Networks Investment Project](#)

water sources or industrial heat available for district heating developments”, or a “plentiful supply of wind power connected to distribution networks that can be used to produce more electric-based local systems”.³¹⁷

106. The evidence agreed about the important role of local government in supporting the delivery of smart local energy systems.³¹⁸ Researchers from the Tyndall Centre, University of East Anglia, said they were “an important part of the changing energy landscape on the pathway to net-zero emissions”.³¹⁹ According to research conducted by EnergyREV, local authorities are consistently identified as key actors in the delivery of smart local energy systems, owing to their role as planning authority and to their ability “to bring together other actors and foster wider community engagement”.³²⁰ Cadent Gas agreed that the knowledge local authorities possessed “of local stakeholders and the local economy, as well as their relationship and trust with the community, put them in the best position to develop and deliver tailored local area energy plans”.³²¹

107. We heard examples of innovation by local authorities working with local partners to deliver decarbonised energy systems. The Association of Decentralised Energy (ADE) told us about Islington’s Green Smart Integrated Energy Systems (GreenSCIES Islington), a £20 million smart underground energy grid extracting waste heat from disused subway stations, data centres and offices. The aim is to provide power and heat to thousands of homes and businesses and to power local transport.³²² The project is being funded through the Industrial Strategy Challenge Fund.³²³ Oxfordshire County Council told us about Project Local Energy Oxfordshire, a local energy marketplace that actively balances generation with demand for power, heat and transport, enabled by an intelligent local grid. The council described it as “one of the most ambitious, wide-ranging, innovative, and holistic smart grid trials ever conducted in the UK”.³²⁴ The project is funded through the Prospering from the Future Energy Revolution Challenge Fund, one of the challenge funds comprising the Industrial Strategy Challenge Fund.³²⁵ We also heard from EnergyREV about the Leeds PIPES³²⁶ network, a £40 million project comprising multiple sources of funding and utilising waste heat from the local recycling and energy recovery facility to deliver low-carbon heat and hot water to the city.³²⁷ The National Association of

317 [Q127](#) (Professor Janette Webb, EnergyREV)

318 Energy Systems Catapult ([PNZ0050](#)); EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#)); E3G ([PNZ0049](#)); Mr Theodoros Arvanitopoulos (Senior research associate at Tyndall Centre, University of East Anglia); Professor Charlie Wilson (Professor at Tyndall Centre, University of East Anglia) ([PNZ0052](#)); Association for Decentralised Energy ([PNZ0020](#)); Local Government Association ([PNZ0005](#)); [Q127](#) (Professor Janette Webb, EnergyREV); Energy Saving Trust ([PNZ0061](#)); Rotherham Metropolitan Borough Council ([PNZ0023](#)); Cadent ([PNZ0024](#))

319 Mr Theodoros Arvanitopoulos (Senior research associate at Tyndall Centre, University of East Anglia); Professor Charlie Wilson (Professor at Tyndall Centre, University of East Anglia) ([PNZ0052](#))

320 EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#)); EnergyREV is funded through the Prospering from the Energy Revolution Challenge Fund (PFER), one of the funds comprising the Industrial Strategy Challenge Fund

321 Cadent ([PNZ0024](#))

322 Association for Decentralised Energy ([PNZ0020](#))

323 greenscies.com/about/

324 Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

325 [Prospering from the Future Energy Revolution Challenge Fund](#)

326 Providing Innovative Pro-Environment Solutions

327 EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#)); the project is joint funded by the Public Works Loan Board, the Housing Revenue Account, the European Regional Development Fund, the Leeds City Region Growth Deal and the Heat Networks Investment Project

Local Councils explained how East Devon and Exeter City Councils had adopted a local development order to require new developments to be linked to district heat networks.³²⁸

108. According to ADE, if local authorities are to reach net zero, they will need to “investigate, learn from and replicate” these successful initiatives, “taking into consideration geographical opportunities and constraints, local socio-economic needs and securing funding from bodies such as UK Research and Innovation”. It raised concerns, however, about current barriers to the wider delivery of smart local energy systems, particularly a lack of skills and expertise within local authorities, and recommended that MHCLG “consider what resources and instruments they are able to provide to local authorities so that they are better prepared to take the lead on low-carbon energy projects”. It acknowledged the availability of funding but recommended that MHCLG support local authorities to secure grants such as those from UKRI.³²⁹

109. EnergyREV said that to take advantage of these opportunities local government would need “additional powers and resources, and stable and supportive central government policies”, and that policies would “need to be developed in collaboration with local government leaders and senior managements” and “to specify local and regional powers, resources and responsibilities”.³³⁰ The Energy Saving Trust highlighted a recent partnership agreement between UK100 and Siemens to unlock £100 billion of investment in local energy systems by 2030 with initial development funding of £5 billion but said expanded support from central government would be needed to take full advantage of such opportunities.³³¹

110. On 8 October 2021, following the evidence-gathering stage of this inquiry, the Government launched a public consultation on proposals for heat network zoning. The proposals envisage “central and local government working together with industry and local stakeholders to identify and designate areas within which heat networks are the lowest cost, low carbon solution for decarbonising heating”. The consultation is the first in what is intended to be “a multi-year project developing the necessary legislation and processes for zoning”. In particular, it seeks views on the “methodology to be used for identifying and designating heat network zones” and the “roles and responsibilities of different parties involved in the zoning process”.³³² In its Heat and Buildings Strategy, also published after the evidence-gathering stage of our inquiry, the Government highlighted the support currently available to local authorities but admitted there were “barriers to local action”, including “limited resources and ability to access relevant technical expertise”. It also acknowledged there was “further work to do” to “identify how government can best support and work with local authorities”.³³³

111. Local authorities are well placed to support the decarbonisation of energy generation and supply through the delivery of smart local energy systems, owing to their role as planning authority and knowledge of their local areas. It is also clear that many councils are taking advantage of their position to deliver exciting and innovative

328 NALC ([PNZ0001](#))

329 Association for Decentralised Energy ([PNZ0020](#))

330 EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#))

331 Energy Saving Trust ([PNZ0061](#)); [Siemens announces partnership with local government leaders to help unlock over £100bn of clean energy schemes](#)

332 Department for Business, Energy and Industrial Strategy, [Open consultation: Proposals for heat network zoning](#), (October 2021)

333 HM Government, [Heat and Buildings Strategy](#), (October 2021), pp. 110–111

energy systems. We welcome the fact that much of this innovation is being part funded by central government, but we are concerned that some councils might lack the expertise and resources needed both to take advantage of this funding and to identify opportunities for low-carbon energy systems in their area. We are pleased, however, that the Government has recognised this lack of capacity in its Heat and Buildings Strategy and promised to better support local authorities. We are also pleased it has now launched a consultation on proposals for heat network zoning and that this will consider the role of local authorities in their delivery.

112. *In line with its commitment in the Heat and Buildings Strategy, we urge the Government to immediately consult local authorities on how it can better support them to take advantage of the funding available for other types of low-carbon smart local energy systems.*

Other areas local government can contribute to net zero

Waste

113. Emissions from waste mainly comprise methane released from landfill sites when biodegradable waste, particularly food, paper and card, decomposes. Waste was responsible for 4% of the UK's emissions in 2019.³³⁴ Local authorities of all tiers are in a position to influence emissions from waste through their responsibility for its collection and disposal.³³⁵ They can do this, in particular, by helping to move waste up the Waste Hierarchy, according to which waste management should prioritise first prevention, then reuse, followed by recycling, and finally recovery. The latter refers to the incineration of residual waste in energy recovery facilities (ERFs) to extract energy, through a process known as energy from waste (EfW). Only where none of those is possible should waste go to landfill or be incinerated other than for EfW.³³⁶ In recent years, local authorities have diverted millions of tonnes of waste from landfill. In 2018–19, 2.8 million tonnes of household waste were sent to landfill, compared to 14 million tonnes in 2012–13.³³⁷

114. In its waste strategy, *Our Waste, Our Resources: A Strategy for England*, the Government set out its ambition to reduce greenhouse gas emissions from waste by “working towards eliminating food waste to landfill by 2030”, including by ensuring every household and appropriate business has a weekly separate food waste collection”.³³⁸ In the strategy, the Government called local authorities “central” to the success of the new waste strategy. It also recognised the “financial pressures on local authorities” and said they would receive additional resource to meet the new costs arising from the policies in the strategy.³³⁹ It also said it would work with local authorities to improve urban recycling rates and the working arrangements and performance between local authorities.³⁴⁰ The Environment Bill, which is currently before Parliament, will legislate for many of the commitments in the waste strategy. Among other measures, it will require all local authorities to collect

334 Climate Change Committee, [Factsheet: Waste](#); UK100, [Power Shift](#), (April 2021), p. 107

335 UK100, [Power Shift](#), (April 2021), p. 108

336 Department for Environment, Food and Rural Affairs, [Waste Management Plan for England](#), (January 2021), pp. 14–18

337 Local Government Association ([PNZ0005](#))

338 HM Government, [Our Waste, Our Resources: A Strategy for England](#), (2018), p. 67

339 [Ibid](#), p. 18

340 [Ibid](#), pp. 9–10

household waste for recycling and composting separately from other waste destined for incineration or landfill and to collect different recyclable waste streams separately.³⁴¹

Reuse

115. As we heard, local authorities can help to reduce waste by encouraging people to reuse more of their waste.³⁴² In its evidence, the LGA promoted the circular economy model as a means of keeping materials circulating within the economy at their highest value for as long as possible. It can help to minimise resource consumption and reduce the emissions associated with it. The LGA said councils could “play an important role in facilitating the introduction of circular economy principles through procurement or promotion within their own activities”, which could “help to drive behaviour change down through the supply chain as well as facilitate access to goods and experiences to a broader socio-economic base”.³⁴³ As an example of best practice, Brighton and Hove Council explained how it had partnered with Tech-Takeback to provide residents with a free collection service for unwanted electrical goods. Items that are working or can be repaired are donated to charity and everything else is dismantled and recycled. Between November 2020 and January 2021, some 6,474 items were collected, saving 616 tonnes of emissions.³⁴⁴

Recycling

116. On the provisions in the Environment Bill mandating the collection of certain materials for recycling, the LGA said councils were “ready to play their part in consistent household collections” but that the Government must make good on its promise to fully fund the new duty through the new burdens process. While it supported the principle of establishing a core set of materials, it also asked that councils be “allowed to determine locally how waste is collected, taking into account the local geography and access to infrastructure for sorting and recycling”. It added that “further investment in the capacity of the UK’s recycling infrastructure” would be essential if the Government was to “achieve its ambition on increasing recycling rates”.³⁴⁵ Rotherham Council said “consistency of collections” was “the biggest challenge for LAs” and would require additional infrastructure. It called on the Government to undertake a “mapping exercise” to determine where infrastructure was needed and to “co-ordinate with LAs to get that delivered” to avoid “an excess of facilities in one area that requires vehicles to travel long distances”.³⁴⁶

Recovery

117. The emissions released during EfW are offset by the energy extracted. It is important, therefore, that ERFs be as efficient as possible. For this reason, the Government is keen to ensure more ERFs take advantage of the waste heat produced during incineration to supply

341 [Explanatory memorandum to the Environment Bill](#), [Bill 9 (2019–21)]-EN], para 426

342 [Local Government Association \(PNZ0005\)](#); [The City of London Corporation \(PNZ0046\)](#); [Essex County Council \(PNZ0018\)](#); [Q136](#) (Councillor Peter Schwier, Essex County Council); [Q137](#) (Nick Hibberd, Brighton and Hove Council)

343 [Local Government Association \(PNZ0005\)](#)

344 [Brighton & Hove City Council \(PNZ0037\)](#)

345 [Local Government Association \(PNZ0005\)](#)

346 [Rotherham Metropolitan Borough Council \(PNZ0023\)](#)

district heat networks, such as the Leeds PIPES network mentioned earlier. Currently, most ERFs only generate electricity.³⁴⁷

118. Policy Connect and EnergyREV agreed that more ERFs should be connected to district heat networks.³⁴⁸ Policy Connect argued that investing in more efficient EfW would “enable maximum use of low carbon waste heat generated by EfW to support housing, industry and other sectors” but warned the UK was “lagging behind much of Europe in harnessing EfW heat, with less than a quarter of plants connected to heat networks”. It said the primary challenge to larger scale delivery was finding the right sites for plants and concluded that the Government needed to “play a greater role to realise this opportunity, working collaboratively with industries and local government to determine suitable sites and potential heat customers”.³⁴⁹

119. As our predecessor Committee noted in its 2019 report, *Implications of the Waste Strategy for Local Authorities*, there are concerns about the environmental impacts of incineration, even EfW, and about a possible link to lower recycling rates, but it concluded that, while the “prevention of waste and recycling should always be the highest priority ... incineration does have a role to play within the Waste Hierarchy”.³⁵⁰

Procurement

120. As the CCC explained, procurement is “a key power that local authorities can use to deliver Net Zero, particularly in larger contracts and purchases”, as “they have a duty to deliver best value and social value”. In 2017, 47% of local government spending was in procurement. Moreover, procured goods and services can make up 70–80% of a council’s total carbon footprint, given the use of contractors for waste collection, construction, social services and facilities management.³⁵¹ According to UK100, procurement is “a strong lever that local authorities can use to drive down or lock-out emissions from a wide range of areas and support growth and innovation in their supply chains”. This is particularly true in areas such as councils’ own vehicle fleets, purchased electricity and heat, goods and services and waste disposal.³⁵² The Government says that under new procurement rules local authorities will be required to have regard to climate change in their procurement, including their contractual relationships with outsourced service providers, new vehicles and energy consumption.³⁵³

121. The evidence supported the argument that local authorities should be using their procurement to drive climate action.³⁵⁴ Polly Billington, from UK100, said local authorities needed to be “thinking mostly about procurement” and about how to retain value within their communities, since “keeping things close to home ... reduces the carbon emitted

347 HM Government, [Our Waste, Our Resources](#), p. 77

348 Policy Connect ([PNZ0032](#)); EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#)); [Q127](#) (Professor Janette Webb, EnergyREV)

349 Policy Connect ([PNZ0032](#))

350 Housing, Communities and Local Government Select Committee, Nineteenth Report of Session 2017–19, [Implications of the Waste Strategy for Local Authorities](#), HC 2071, paras 105–113

351 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), p. 30

352 UK100, [Power Shift](#), (April 2021), p. 23

353 MHCLG with BEIS contribution ([PNZ0048](#))

354 [Q16](#) (Polly Billington, UK100); [Q100](#) (John Alker, UK Green Building Council); Royal Institute of British Architects ([PNZ0034](#)); Sustrans ([PNZ0021](#)); Essex County Council ([PNZ0018](#)); The District Councils’ Network ([PNZ0016](#)); E3G ([PNZ0049](#)); ADEPT ([PNZ0054](#)); Zurich Insurance ([PNZ0060](#)); Energy Saving Trust ([PNZ0061](#));

from any given project”.³⁵⁵ According to Zurich, the public sector “is one of the largest buyers of goods and services in the economy” and “its order books are therefore a major factor in tackling the climate emergency”. It said the “collective spending power” of local government could “significantly reduce carbon emissions” and “increase sustainability in communities” and called on local government to design procurement criteria that permitted the procurement only of goods and services that tied in with sustainable objectives.³⁵⁶ According to ADEPT, councils can use their “purchasing power and procurement strategies to incentivise their suppliers, contractors and partners to reduce their own carbon footprints”.³⁵⁷

122. The DCN told us about Lewes District Council’s new corporate plan setting out a road to a green economic recovery. It said the council would be using “community wealth principles to stimulate a local and sustainable recovery from the pandemic, focussing on local procurement and labour supplies and therefore cutting carbon footprints”. The council had already “had success in imbedding these principles into key multiagency activities”.³⁵⁸ The Energy Saving Trust recommended that a clear role be set for local government in delivering net zero and that this include a duty to prioritise net zero in service delivery and procurement.³⁵⁹

Local leadership and public engagement

123. Local authorities are also in a unique position to promote the net zero agenda among local businesses³⁶⁰ and the public.³⁶¹ According to the CCC, their “leadership role in partnerships and with the public places them at the heart of the climate conversation and in developing and replicating local solutions”.³⁶² We heard evidence from councils supporting local businesses to reduce their emissions. Essex Council told us it had recently secured an extra £1.3 million of funding for a further phase of the LoCASE³⁶³ programme. LoCASE is a project, currently funded by the European Regional Development Fund (ERDF), designed to help small and medium-sized enterprises reduce their carbon emissions through investment in energy efficiency measures and renewable energy.³⁶⁴ The project provides grants to businesses of up to £10,000 and is a collaboration between local government and universities across four local enterprise areas.³⁶⁵ Cherwell District Council told us about the OxFutures project, a £3.2 million project aimed at “boosting low-carbon economic development in Oxfordshire”. The project is also funded by the ERDF and is run collaboratively by the Low Carbon Hub, Oxford City Council, the University of Oxford, Oxford Brookes University, Cherwell District Council and Bioregional. The latter two are also developing a county-wide networking organisation to support knowledge transfer from Oxfordshire Green Lab and local businesses.³⁶⁶

355 [Q16](#) (Polly Billington, UK100)

356 Zurich Insurance ([PNZ0060](#))

357 ADEPT ([PNZ0054](#))

358 The District Councils’ Network ([PNZ0016](#))

359 Energy Saving Trust ([PNZ0061](#))

360 The City of London Corporation ([PNZ0046](#)); Essex County Council ([PNZ0018](#)); Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

361 [Q19](#) (Rachel Blake, Local Government Association; Polly Cook, ADEPT); [Q101](#) (Michael Lewis, E.ON); Local Government Association ([PNZ0005](#)); the District Councils’ Network ([PNZ0016](#)); Essex County Council ([PNZ0018](#))

362 Climate Change Committee, [Local Authorities and the Sixth Carbon Budget](#), (December 2020), p. 5

363 Low Carbon across the South and East

364 Essex County Council ([PNZ0018](#))

365 <https://locase.co.uk/>

366 Oxfordshire County Council, Cherwell District Council ([PNZ0043](#))

124. On public engagement, the CCC's 2021 progress report to Parliament, *Progress in reducing emissions*, said the "public must be brought along with the transition" and that better public information was needed on the changes that people should expect. It added that "meaningful public engagement will help build stronger public consent for the transition".³⁶⁷ Our evidence made the same point. Andrew Forth, from RIBA, told us about the important role of local government in leading a "more sophisticated debate" about the sometimes difficult changes people will need to make in their lives if the UK is to reach net zero.³⁶⁸ Likewise, Martin Lewis, from E.ON, said local government had a role in helping people to understand why products such as heat pumps and green electricity tariffs were necessary.³⁶⁹

125. Besides buildings, transport and energy, there are many areas where local government can make a profound contribution to the UK meeting its net-zero target. We have highlighted waste management, procurement and local leadership, but there are many more besides. It is the responsibility of central government, in partnership with local government, to enumerate every area where local authorities can take climate action. It is also the responsibility of central government to make sure local government is properly funded to take climate action.

126. As already recommended, the Government must immediately consult local government on the contents of a draft net zero delivery framework setting out the relative roles and responsibilities of local and central government. It must also commit to properly funding local authority climate action and provide assurance that the UK Shared Prosperity Fund will be able to fund schemes of the kind currently funded through the European Regional Development Fund.

367 Climate Change Committee, [Progress in reducing emissions: 2021 Report to Parliament](#), p. 17

368 [Q50](#)

369 [Q101](#)

Conclusions and recommendations

A net zero framework for local government

1. Given how significant is local government's influence over greenhouse gas emissions, it is clear the UK will struggle to reach net zero by 2050 unless central and local government work together to deliver solutions tailored to meet local circumstances. (Paragraph 25)
2. Local authorities will be particularly important in ensuring a just transition to net zero, since no layer of government is closer to people or better able to tailor climate action to meet the needs of local communities. Only by harnessing local government can central government deliver a just transition that benefits all communities. Without that just transition, the Government will struggle to persuade the public to make the necessary changes. (Paragraph 26)
3. We welcome the ambitious targets set by many local authorities, and we are pleased the Government has now committed in its Net Zero Strategy to clarifying the relationship between central and local government in the delivery of net zero and to improving co-ordination between different layers of government. It remains to be seen, however, if this will amount to the comprehensive delivery framework called for by the Climate Change Committee. We also recommend that any framework strike a careful balance between clarifying the expectations on local authorities and leaving them free to determine what climate action is most appropriate in their areas. (Paragraph 27)
4. We note that the Net Zero Strategy assigns responsibility for co-ordinating with local government to the Department for Business, Energy and Industrial Strategy and that the role of the Department for Levelling Up, Housing and Communities remains undefined. (Paragraph 28)
5. On funding, we welcome the commitment in the Net Zero Strategy to explore ways to simplify and consolidate the number of local net zero funding streams, but we note it included no clear commitment to increasing the level of long-term funding specifically for local authority climate action. (Paragraph 29)
6. *In line with the recommendation from the Climate Change Committee, and seemingly in line with its own commitment in the Net Zero Strategy, we urge the Government to immediately begin consulting local government on the contents of a draft net zero delivery framework setting out the relative roles and responsibilities of local and central government. The framework should also clarify the critical role local government must play in delivering a just transition that benefits all communities. The Government should also consult local government on what additional powers it might need to meet its climate targets.* (Paragraph 30)
7. *Either in that framework, or elsewhere, the Government should also clarify what role, if any, the Department for Levelling Up, Housing and Communities will play in supporting local authority climate action, given that the Department for Business, Energy and Industrial Strategy is now responsible for co-ordinating with local government in this area.* (Paragraph 31)

8. *We also recommend that the Government come up with a plan for funding local authority climate action in a way that gives councils the confidence and ability to plan for the long term, including by making good on its commitment in the Net Zero Strategy to simplify and consolidate the number of local net zero funding streams. (Paragraph 32)*

Homes

9. Reaching net zero requires ensuring that new homes are designed and built in a way that will avoid subsequent retrofitting and are built to net zero standards. This will also avoid the cost of ensuring higher standards being borne by the people living in the property, rather than being met by the developer. There needs to be certainty about the details of the Future Homes Standard as soon as possible to ensure the 2025 target is met. *The technical consultation on the Future Homes Standard should take place in 2022 rather than 2023, thereby enabling the relevant legislation to be brought forward as soon as possible to ensure greater certainty for suppliers and developers. The Government should consider setting a further target of moving to zero carbon homes by 2030. (Paragraph 41)*
10. The Government anticipates that only 200,000 heat pumps a year will be fitted into new homes by 2028. *As the Government's target is to build 300,000 homes a year by the mid-2020s, it should explain where the additional heat pumps and other low-carbon heating systems will come from to meet the demand of all 300,000 new homes. (Paragraph 42)*
11. The public need to have confidence that homes stated to be net zero are as promised. *Therefore, the Government should review the metrics used to measure energy efficiency in homes. This should include considering how energy performance certificates are calculated, how embedded carbon could be better incorporated into the calculations of the carbon emissions of properties, and how the in-use performance of properties can be accurately measured. The Government should introduce measures to close the performance gap, including post-occupancy evaluations, which assess whether the actual energy output of new properties meet the standards promised by the developers once they are being lived in. This is particularly important as evidence indicates that new homes can lose 50% more heat than expected. (Paragraph 44)*
12. The Department for Levelling Up, Housing and Communities should ensure that future reforms to the planning system give a larger role to sustainability than is the case in the current planning system. We welcome the Government's commitment to reviewing the National Planning Policy Framework to ensure it contributes to climate action, but the Net Zero and Heating and Buildings strategies could have said more about the ability of local authorities to use the planning system to shape their communities in ways that reduce carbon emissions. We agree with local authorities continuing to be able to set their own, more extensive, energy efficiency standards for new housing developments. *To support making new housing carbon neutral, net zero should be given a central role in the National Planning Policy Framework. This can and should be compatible with the Government's target to deliver 300,000 new homes a year by the mid-2020s. Net zero should also be embedded in the new national design code and local design codes. Furthermore, local authorities should be given the ability*

to include tougher standards in Local Plans as unconditional requirements for all developments. The proposal in the Planning White Paper for local authorities to have a statutory responsibility to produce a Local Plan should also include a requirement that the Local Plan specifically addresses the issue of carbon emissions and how the local authority will ensure developments in their area contribute towards achieving net zero. This will enable local authorities to take a strategic approach about how to foster developments that will help reduce carbon emissions. To ensure that planning authorities have the necessary skills to devise and monitor effective decarbonisation policies we reiterate the recommendation from our recent planning report for £500 million to be invested over four years into funding the planning system. (Paragraph 51)

13. The retrofitting of existing homes is essential for ensuring the UK reaches net zero by 2050. Retrofitting will come at substantial cost and can only be achieved through a mix of both public and private funding. We welcome the additional £3.9 billion of funding being provided for retrofitting as outlined in the Government's Heat and Buildings Strategy, including for public sector buildings, social housing, and low-income families. But more needs to be done to provide long-term certainty for funding for retrofitting beyond 2025. *The Government should set out its longer-term funding plans beyond 2025, and outline the share of funding for retrofitting it anticipates will come from private investment. The use of private sector financial instruments should be encouraged and incentivised by government. This should include greater action by the UK Infrastructure Bank to support private financing of retrofitting, following the example of the German national infrastructure bank. We note the Government's proposal to encourage green mortgages, and this should be subject to extensive consultation to avoid unintended consequences. The Government should also consider offering tax incentives, which could include lower VAT, stamp duty and council tax, for energy efficient measures and homes. (Paragraph 69)*
14. The Green Homes Grant voucher scheme proved a disappointing failure, and it is important that the reasons for its failure—that it was created too quickly, had high management and administration costs, and did not last long enough—should shape future schemes. Above all both the voucher scheme and the previous Green Deal failed to achieve the expected level of take up by the public. These repeated failures make it essential that future schemes are a success and that all relevant government departments, including the Treasury, alter their approach accordingly. Although the funding delivered through the Boiler Upgrade Scheme is welcome, we note that the scheme will only fund at most 90,000 additional heat pumps, and there is seemingly no role for local authorities in the delivery of the scheme. The effectiveness of the scheme should be monitored closely to ensure its successful contribution to retrofitting of homes. (Paragraph 70)
15. *Future retrofitting schemes will be needed to incentivise the public to switch to low carbon heating. Such schemes should be put in place after a thorough consultation with stakeholders, including with the public. We believe the following five principles would provide a solid foundation for future schemes:*
 - *local authorities should have a major role;*
 - *the funding provided to local authorities should primarily be allocated without using competitive bidding;*

- *schemes should be adapted to different types of housing and income groups;*
 - *schemes should be long-term in duration to provide certainty for the public and suppliers, and to ensure a skilled and qualified workforce is built up to safely install the necessary equipment; and*
 - *schemes should be clear and easily accessible. (Paragraph 71)*
16. The Government is proposing that certain properties with low EPC Bands and using electricity and LPG gas will need to choose a low-carbon heating system when replacing their existing one from 2026. This contrasts with the same requirement on replacing heating systems only applying to homes that are on the gas grid from 2035. *The Government should explain the rationale for these different approaches. The lack of a requirement to replace a gas boiler that has ceased working with a low-carbon heating system until 2035 risks a large number of existing gas boilers simply being replaced with new gas boilers, especially given that there is a lack of incentives to do otherwise. Furthermore, the Government should set out its plans for properties that cannot be retrofitted. (Paragraph 72)*
17. The Climate Assembly UK emphasised the importance of giving the public choice over how retrofitting takes place, including over which technologies are installed. Choice is important in securing public support for retrofitting. Local authorities can play an important role in supporting retrofitting in their local area, by assisting with organisation, advice, promotion and consultation with communities. *The Government must ensure there is as much choice for the public in deciding how their homes are retrofitted as is technologically possible. There is therefore a need for progress on developing alternatives to heat pumps, including hydrogen heating. Local authorities should be given the necessary support and resources to fulfil their important role in retrofitting. (Paragraph 77)*
18. We were told that local government needs additional resources to enforce minimum energy efficiency standards in the private rented sector. *Resources should be made available for this purpose. Enforcement would also be aided by the introduction of a register of landlords, as already undertaken in certain local authorities, and we are pleased to hear the Government is considering this as an option. This register must be compulsory and local authorities must have enforcement powers to ensure registration. (Paragraph 79)*

The wider role of local government

19. As previously stated, we welcome the Government's commitment to reviewing the National Planning Policy Framework to make sure it contributes to climate mitigation, but we are concerned that in the meantime some councils will continue to grant planning permission to development that locks people into car dependency. *In the short term, the Government should clarify the need for sustainable transport and placemaking to be embedded in all new development. In the longer term, it should amend the NPPF to require all housing development to be properly serviced by public transport and active travel networks and be within walking distance of local shops and amenities. As far as possible, all employment areas should also be served by public transport. To facilitate this, the Government should reiterate to*

local councils the importance of having up-to-date Local Plans and, in line with our earlier recommendation, require councils to embed sustainability in those plans. (Paragraph 87)

20. We welcome the ambition in the recent national bus strategy to increase bus usage and ensure cheaper and more reliable bus services across the country. In particular, we welcome its promise to give local authorities more control over bus services, either by agreeing Enhanced Partnerships with bus operators or by seeking franchising powers like those enjoyed by Transport for London. It must be acknowledged, however, that franchising will be expensive. We also commend the Department for Transport's proposals for encouraging demand-responsive services in rural areas and its provision of additional funding through the Rural Mobility Fund. We are concerned, however, that this will not be enough to achieve the Government's aim of ensuring high-quality services everywhere. We note, too, that the Rural Mobility Fund was allocated through a process of competitive bidding. As we have already noted, it is difficult for local authorities to plan for the long term on the basis of funds allocated through competitive bidding. We also note that the transport decarbonisation plan barely mentions the role of light rail in the future of public transport. (Paragraph 95)
21. *We urge the Government to make good on the welcome promises set out in the national bus strategy, in particular to give local authorities more control over bus services, and to explain as soon as possible how it plans to make sure local authorities have the necessary funding to provide high-quality public transport services in rural areas. We also ask the Government to give greater consideration to the important role light rail can play in the public transport network. (Paragraph 96)*
22. We are pleased the Government has promised to empower local authorities to take bold decisions in this area and to publish a toolkit of guidance and information to help local authorities develop innovative and sustainable transport policies. We also welcome its commitment to investing £2 billion over five years in active travel, most of which will be channelled through local authorities, but we are concerned that this might not be enough. Funding should be more consistent and reliable and not dependent on competitive bidding processes, which tend to benefit the larger and better resourced councils and lead to wasted resources on unsuccessful bids. *We recommend that funding for active travel be put on a more consistent footing and that the Government work more closely with local authorities to support and monitor their activities. (Paragraph 103)*
23. Local authorities are well placed to support the decarbonisation of energy generation and supply through the delivery of smart local energy systems, owing to their role as planning authority and knowledge of their local areas. It is also clear that many councils are taking advantage of their position to deliver exciting and innovative energy systems. We welcome the fact that much of this innovation is being part funded by central government, but we are concerned that some councils might lack the expertise and resources needed both to take advantage of this funding and to identify opportunities for low-carbon energy systems in their area. We are pleased, however, that the Government has recognised this lack of capacity in its Heat and

Buildings Strategy and promised to better support local authorities. We are also pleased it has now launched a consultation on proposals for heat network zoning and that this will consider the role of local authorities in their delivery. (Paragraph 111)

24. *In line with its commitment in the Heat and Buildings Strategy, we urge the Government to immediately consult local authorities on how it can better support them to take advantage of the funding available for other types of low-carbon smart local energy systems.* (Paragraph 112)
25. Besides buildings, transport and energy, there are many areas where local government can make a profound contribution to the UK meeting its net-zero target. We have highlighted waste management, procurement and local leadership, but there are many more besides. It is the responsibility of central government, in partnership with local government, to enumerate every area where local authorities can take climate action. It is also the responsibility of central government to make sure local government is properly funded to take climate action. (Paragraph 125)
26. *As already recommended, the Government must immediately consult local government on the contents of a draft net zero delivery framework setting out the relative roles and responsibilities of local and central government. It must also commit to properly funding local authority climate action and provide assurance that the UK Shared Prosperity Fund will be able to fund schemes of the kind currently funded through the European Regional Development Fund.* (Paragraph 126)

Formal minutes

Tuesday 26 October 2021

Members present

Mr Clive Betts, in the Chair

Bob Blackman

Brendan Clarke-Smith

Rachel Hopkins

Ben Everitt

Andrew Lewer

Mary Robinson

Mohammad Yasin

Local government and the path to net zero

Draft report (*Local government and the path to net zero*) proposed by the Chair, brought up and read.

Ordered, That the report be read a second time, paragraph by paragraph.

Paragraphs 1 to 126 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134

Adjournment

Adjourned till Monday 8 November at 3.30 pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 21 June 2021

Cllr Rachel Blake, Member of the Environment, Economy, Housing and Transport Board and Deputy Mayor for Regeneration and Air Quality for Tower Hamlets, Local Government Association; **Polly Billington**, Founder, UK100; **Polly Cook**, Chief Officer Sustainable Energy and Air Quality at Leeds City Council, ADEPT

[Q1–21](#)

Colm Britchfield, Researcher, E3G; **Philippa Borrowman**, Policy Adviser, Green Alliance; **Andrew Forth**, Interim Director Policy and Public Affairs, Royal Institute of British Architects

[Q22–51](#)

Monday 12 July 2021

Richard Smith, Head of Standards, Innovation and Risk, National House Building Council; **Catherine Evans**, Director of Assets Operations, Stonewater; **Brian Robson**, Executive Director of Policy and Public Affairs, Northern Housing Consortium

[Q52–73](#)

John Alker, Director of Policy & Places, UK Green Building Council; **Michael Lewis**, CEO, E.ON; **Nicola Pitts**, Executive Director, Independent Networks Association

[Q74–102](#)

Monday 13 September 2021

Xavier Brice, CEO, Sustrans; **Professor Janette Webb**, University of Edinburgh, EnergyREV (Energy Revolution Research Consortium); **Richard Blyth**, Head of Policy Practice and Research, Royal Town Planning Institute

[Q103–133](#)

Cllr Peter Schwier, Climate Czar, Essex County Council; **Nick Hibberd**, Executive Director, Economy, Environment and Culture, Brighton & Hove City Council; **Cllr Sarah Rouse**, Enhancing Quality of Life Board Member, District Councils Network

[Q134–167](#)

Wednesday 15 September 2021

The Rt Hon. the Lord Deben, Chairman, Climate Change Committee

[Q168–193](#)

Monday 20 September 2021

Eddie Hughes MP, Parliamentary Under-Secretary of State (Minister for Rough Sleeping & Housing), Ministry of Housing, Communities and Local Government; **Emma Fraser**, Director, Housing Markets & Strategy, Ministry of Housing, Communities and Local Government; **Siobhan Jones**, Director, Local Government & Communities, Ministry of Housing, Communities and Local Government; **The Lord Callanan**, Parliamentary Under-Secretary of State (Minister for Business, Energy and Corporate Responsibility), Department for Business, Energy and Industrial Strategy; **Ffiona Hesketh**, Deputy Director for Home Decarbonisation Policy and Strategy, Department for Business, Energy & Industrial Strategy

[Q194–262](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

PNZ numbers are generated by the evidence processing system and so may not be complete.

- 1 ADEPT ([PNZ0054](#))
- 2 Anglian Water ([PNZ0003](#))
- 3 Anonymous, ([PNZ0039](#))
- 4 Arvanitopoulos, Mr Theodoros (Senior research associate, Tyndall Centre, University of East Anglia); and Wilson, Prof Charlie (Professor, Tyndall Centre, University of East Anglia) ([PNZ0052](#))
- 5 Association for Decentralised Energy ([PNZ0020](#))
- 6 Association for Public Service Excellence (APSE) ([PNZ0008](#))
- 7 BUUK Infrastructure ([PNZ0056](#))
- 8 Blueprint coalition ([PNZ0058](#))
- 9 Brighton & Hove City Council ([PNZ0037](#))
- 10 British Glass Manufacturers' Confederation ([PNZ0025](#))
- 11 Building Research Establishment ([PNZ0055](#))
- 12 Cadent ([PNZ0024](#))
- 13 Cheltenham Civic Society ([PNZ0011](#))
- 14 E.ON ([PNZ0036](#))
- 15 E3G ([PNZ0049](#))
- 16 ENGIE ([PNZ0062](#))
- 17 Electrical Safety First ([PNZ0013](#))
- 18 Emerson Electric UK Ltd T/A InSinkErator ([PNZ0019](#))
- 19 Energy Networks Association ([PNZ0017](#))
- 20 Energy Saving Trust ([PNZ0061](#))
- 21 Energy Systems Catapult ([PNZ0050](#))
- 22 Energy UK ([PNZ0035](#))
- 23 EnergyREV (Energy Revolution Research Consortium) ([PNZ0004](#))
- 24 Enterprise Holdings ([PNZ0033](#))
- 25 Essex County Council ([PNZ0018](#))
- 26 Geotab ([PNZ0057](#))
- 27 Green Alliance ([PNZ0059](#))
- 28 Hamer, Christopher ([PNZ0064](#))
- 29 Heat Pump Association ([PNZ0038](#))
- 30 Henry Boot plc (Hallam Land Management & Stonebridge Homes) ([PNZ0022](#))
- 31 Independent Networks Association ([PNZ0053](#))
- 32 Institution of Engineering and Technology (IET) ([PNZ0042](#))

- 33 Jigsaw Infrared ([PNZ0067](#))
- 34 Karbon Homes ([PNZ0015](#))
- 35 Liquid Gas UK ([PNZ0040](#))
- 36 Local Government Association ([PNZ0005](#))
- 37 London Councils ([PNZ0031](#))
- 38 MCS Charitable Foundation ([PNZ0069](#))
- 39 MHCLG with BEIS contribution ([PNZ0048](#))
- 40 Maids Moreton and Foscote Action Group ([PNZ0070](#))
- 41 Make UK: Modular ([PNZ0045](#))
- 42 Manchester City Council ([PNZ0027](#))
- 43 NALC ([PNZ0001](#))
- 44 NHBC ([PNZ0014](#))
- 45 National Express West Midlands ([PNZ0028](#))
- 46 National Fire Chiefs Council ([PNZ0041](#))
- 47 Northern Housing Consortium ([PNZ0066](#))
- 48 Northern Housing Consortium ([PNZ0007](#))
- 49 Oxfordshire County Council; and Cherwell District Council ([PNZ0043](#))
- 50 PlaceShapers ([PNZ0065](#))
- 51 Policy Connect ([PNZ0032](#))
- 52 Rockwool ([PNZ0009](#))
- 53 Rotherham Metropolitan Borough Council ([PNZ0023](#))
- 54 Royal Institute of British Architects ([PNZ0034](#))
- 55 Royal Town Planning Institute ([PNZ0002](#))
- 56 SGN ([PNZ0044](#))
- 57 Stonewater Ltd ([PNZ0030](#))
- 58 Sustainable Housing Action Partnership (SHAP) ([PNZ0010](#))
- 59 Sustrans ([PNZ0021](#))
- 60 Thakeham Group ([PNZ0026](#))
- 61 The City of London Corporation ([PNZ0046](#))
- 62 The District Councils' Network ([PNZ0016](#))
- 63 The Kensa Group ([PNZ0051](#))
- 64 The National Federation of ALMOs ([PNZ0006](#))
- 65 UK Green Building Council ([PNZ0012](#))
- 66 UK100 ([PNZ0047](#))
- 67 Vaillant Group UK Ltd ([PNZ0063](#))
- 68 Zurich Insurance ([PNZ0060](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2021–22

Number	Title	Reference
1st	The future of the planning system in England	HC 38
2nd	Local authority financial sustainability and the section 114 regime	HC 33
3rd	Permitted Development Rights	HC 32
4th	Progress on devolution in England	HC 36

Session 2019–21

Number	Title	Reference
1st	Protecting rough sleepers and renters: Interim Report	HC 309
2nd	Cladding: progress of remediation	HC 172
3rd	Building more social housing	HC 173
4th	Appointment of the Chair of Homes England	HC 821
5th	Pre-legislative scrutiny of the Building Safety Bill	HC 466
6th	Protecting the homeless and the private rented sector: MHCLG's response to Covid-19	HC 1329
7th	Cladding Remediation—Follow-up	HC 1249