

Written evidence submitted by Chapter Zero (NZG0003)

Business, Energy and Industrial Strategy Committee Net Zero Governance inquiry response from Chapter Zero.

10 August 2021

About Chapter Zero

Chapter Zero is building a community of non-executive directors equipped to lead crucial UK boardroom discussions on the impacts of climate change. Our members are helping ensure their companies are fit for the future and that global net zero ambitions are transformed into robust plans and measurable action.

We have over 1500 members who sit on the boards of UK companies including members on 60 of the FTSE100 and 50% of the FTSE350 boards.

We offer this enquiry response based on our understanding of the challenges and barriers our members' face in supporting their company's transition to net zero from conversations, feedback and discussions we hold with them. It does not represent the views of individual members or their company's.

1. What are the key requirements for a governance structure that can deliver cross-Government climate action at the pace, scale and over the duration required to meet the carbon budgets and the 2050 net zero target?

1.1 Feedback from our members shows the need for joined-up and coherent policies supported by clear and decisive communications around existing and future changes which will impact the business landscape.

1.2 A governance structure must reflect the nature of climate change and the systemic action needed to meet the carbon budgets. This requires cross-departmental coordination and an overarching strategy. DEFRA and BEIS play a critical role however all departments contribute and should be included. Critically, it requires the leadership and the backing of the Cabinet Office and HM Treasury to ensure coherence across Whitehall.

1.3 The Government should measure progress towards emissions reductions targets but also establish how new policy and spending proposals will impact these targets in the future. A Net Zero Test as proposed by the Climate Change Committee in its [2021 Progress Report to Parliament](#) is one such mechanism for this. Alternatives could include an impact assessment or review framework similar to that already well established through the Equalities Act 2010.

2. What governance structures would enable HM Treasury to give greater priority to the net zero target and the carbon budgets in its financial and economic decisions?

2.1 HM Treasury should assess financial and economic decisions, including departmental spending plans, to ensure they are coherent with, and do not undermine, the Government's

Net Zero target. As noted in 1.3 there are already proposals and established approaches which should form the basis for this.

3. What signals and support does business need from the Government in order to deliver cross-economy decarbonisation in line with the carbon budgets and the net zero target? What delivery function should Government provide itself and are relevant regulatory bodies mandated and resourced effectively to deliver on Government priorities?

3.1 Feedback from our members shows the need for clear and timely information from Government on expected policy and regulatory changes so their boards have clarity on the decisions they are trying to take now to support decarbonisation. This is particularly critical for capital allocation where uncertainties about different scenarios adds further challenge to complex investment decisions which could have a significant impact on the speed with which they can transition their businesses.

4. The BEIS Committee will be working with the Environmental Audit Committee on this inquiry and inviting guests from other select committees. We are also interested in comments on the effectiveness of current parliamentary scrutiny arrangements for climate change and proposals to improve this.

4.1 As noted above, it's critical that policy and regulatory decisions are reviewed to ensure they are coherent with net zero ambitions and what the science tells us is necessary to limit global temperature increases. Parliamentary scrutiny is an important mechanism for this but ensuring coherence across Whitehall also requires effective cross-departmental working which should include more inter-departmental teams to tackle more complex systemic issues.

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