

Written evidence from West of England Combined Authority

About West of England Combined Authority

1. The West of England Combined Authority was formed to bring decision making closer to the region, ensuring investment and action is taken to deliver on our regional priorities, to drive clean and inclusive economic growth
2. Alongside establishing the Combined Authority, significant powers and funding were transferred to our region. These new powers allow us to make decisions here in the West of England about the things that affect us all every day – decisions about homes, transport, the skills we need and how we can support our businesses, for the benefit of everyone. In total, £1.15bn of new funding has been secured for the region.
3. In 2020, a regional recovery plan was agreed – identifying action needed to support people, businesses and our regional economy to recover from the impact of Covid 19.

Executive Summary

- Mayoral Combined Authorities have a key role to play in delivering on local and national Net Zero ambitions
- The West of England is committed to becoming a Net Zero Carbon region by 2030
- A Net Zero Local Powers Bill would permit, oblige and resource MCAs or the relevant level of local authority to sustainably undertake an effective pathway to Net Zero
- The government should move away from a competitive bidding process towards long-term sustainable funding pots for local and regional authorities to prioritise to address local challenges
- The Spending Review should ensure that MCAs and local authorities have sufficient funding to deliver on local retrofitting ambitions
- MCAs and Local Authorities should also be adequately funded and resourced to deliver on the long-term aspirations of Local Natural Recovery Strategies
- Government engagement on Net Zero must become more frequent and strategic to help deliver on local and national Net Zero aspirations

Q1: What should local authorities' roles and responsibilities in reaching net zero by 2050 be? How clear are the expectations about the role of local authorities?

4. The National Audit Office report makes several references to the existence of Mayoral Combined Authorities (MCAs); however it provides little in terms of context both in how Combined Authority's roles and powers differ from those of Unitary Authorities, and how Combined Authorities can help to achieve national Net Zero goals, and in many cases, more ambitious net zero goals.
5. MCAs have a key role to play in delivering on Net Zero. Delivering "clean and inclusive growth" has been at the heart of the West of England Combined Authority's actions since its creation. Our Local Industrial Strategy set out how we would "tap into the innovation of

people and businesses in the region to secure green growth". For example, the West of England was designated by the Department of Transport as one of four Future Transport Zones, with e-scooters being trialled across the region to help residents decarbonise their transport choices.

6. The West of England Combined Authority declared a climate emergency in July 2019, setting the ambition for the region to be carbon neutral by 2030. In October 2020, we agreed a climate emergency action plan, setting out actions and targets for achieving this ambition. In light of the most recent IPCC report, we are revising our action plan to deliver on increased ambition for reducing emissions and protecting the environment.

7. "Supporting A Green Recovery" was a key pillar of our coronavirus West of England Recovery Plan. By expanding the available funding for the Low Carbon Challenge Fund and Green Business Grants enabled us to allocate over £200,000 during the first round of funding to 33 small and medium sized businesses. Projects funded included lighting, heating, insulation and glazing. The second round is currently underway.

8. However, Mayoral Combined Authorities do not have the funding or the policy levers to address the Net Zero challenge on their own. Delivering our regional goals will be complex and will require action by national government, combined authorities, unitary authorities, individuals, business, the VCSE sector and international government. The below diagram [IMAGE 1] sets out how responsibility lies between stakeholders¹:



9. The NAO report concludes that central government has yet to meaningfully work with local authorities to develop a set of expectations about their roles in achieving the national net zero target. This is similarly the experience for Combined Authorities, who will also have a key role to play in delivering on Net Zero aspirations within their localities.

10. The West of England Combined Authority endorses the UK100's recent recommendations to government on delivering on a net zero UK². This included a call for an enhanced partnership between regional (MCAs), city and local authorities and government to accelerate the transition to Net Zero and deliver on Net Zero commitments.

11. A Net Zero Local Powers Bill would provide greater clarity around the roles and obligations of local authorities in delivering on Net Zero. The Bill should be accompanied by

¹ [West of England Climate Emergency Action Plan, September 2020, p. 10](#)

² ["Net Zero Local Leadership Communique", UK100, July 2021](#)

appropriate policy and guidance around funding, both from the public sector, but also on driving private sector investment, and better cross-departmental working within government to support local areas to achieve their Net Zero obligations.

12. The government should provide greater clarity around its expectations for the roles of Mayoral Combined Authorities in achieving Net Zero and provide certainty on longer term, sustainable funding streams which is essential to actually delivering action towards Net Zero.

13. The government should also implement a Net Zero Local Powers Bill which both permits, obliges and resources MCAs or the relevant level of local authority to sustainable undertake an effective pathway to Net Zero. This should include what Combined Authorities can do independently, and where their support can add value to actions undertaken by their constituent unitary authorities.

Q2: What funding and resources are available for local authority work on net zero, and what are the priorities for improving local authority funding?

14. We echo the NAO's observations that the current competitive bidding process prevents long-term financial planning and can result in funding not going to areas of greatest need. A sustainable, multi-year financial settlement would allow Combined Authorities to make the long-term investments and interventions needed to deliver on Net Zero.

15. At present, there is no dedicated or sufficient funding pot available to deliver on net zero, which creates policy uncertainty and supplier instability. Existing funding pots are often earmarked for specific activities, such as the government's £250m Emergency Active Travel Fund was used to promote a greater uptake of cycling and walking. The Green Homes Grant LAD 2 scheme, aimed at encouraging people to improve their household energy efficiency, saw £7m of funding allocated to the West of England, but only targeted at low income EPC C & below households. It is not clear yet clear how much money the region will be allocated under the forthcoming Sustainable Warmth grant; however government have already confirmed that individual Unitary Authorities will have to bid into it, as opposed to it being managed at the regional level by the South West Energy Hub, like the Green Homes Grant.

16. More often than not, MCAs are required to take a decision on how more general funding is allocated. For example, the West of England Combined Authority's own Investment Fund, or the upcoming City Region Sustainable Transport Settlement (CRSTS), is earmarked for or channelled into 'net zero' supporting programmes and projects.

17. We fully endorse the UK100s recommendations to government on six priorities for immediate action for delivering a net zero UK, including a call for the government to commit to financing the transition.

18. Ensuring the new UK Infrastructure Bank has a net zero mandate that can enable local and regional projects and programmes must be a priority. The Infrastructure Bank should have the capacity to work directly with regional and other relevant local authorities to develop investable proposals for place-based Net Zero projects and programmes and it should provide development capital and leverage additional private investment. a clear national retrofit strategy is needed, where MCAs or other relevant local authorities more broadly should play a central role.

19. Crucially, this needs to include clear long-term funding commitment from government to give the industry the confidence it needs to invest in upskilling its workforce, stimulate consumer appetite and unlock private investment in the retrofit market. Without sustainable,

sufficient and long-term funding as part of a concerted national strategy, authorities cannot meet the large-scale challenge to decarbonise existing buildings and homes in their areas needed to deliver on local and national net zero targets.

20. It has also been observed that recent government actions have moved away from the principle of devolving pots of funding to Combined Authorities for them to prioritise locally, which was originally one of the main incentives for Devolution³. For example, in the Budget 2021 announcements, unitary, county and district councils were put in the driving seat in accessing regeneration funding, marginalising the Combined Authorities. In the short-term funding opportunities under the Levelling Up Fund and the UK Community Renewal Fund, lead authorities have been responsible for developing a shortlist of projects for consideration, but the final decision for successful applications resting with Westminster. This has led to disparate sources of funding, making regional actions more difficult to co-ordinate as funding decisions are either being made at the national or hyperlocal level.

21. The government should move away from the current competitive bidding processes around funding towards a long-term, sustainable funding settlement. For Combined Authorities, this should include funding for their own actions in achieving Net Zero including a fully funded national retrofit strategy, as well as devolved, flexible, funding pots to prioritise local actions for delivering Net Zero.

Q3: What should government's analysis of net zero funding to local authorities focus on in the next Spending Review?

22. A clear national retrofit strategy that offers sustainable, sufficient and long-term funding for MCAs and other local authorities to build capacity, supply chains and fund delivery at-scale should be a top priority for the Spending Review. Retrofitting has been identified as a top priority by the Government, both in terms of delivering on net zero, and contributing to our economic recovery post-pandemic. It is also a policy that can be most effectively delivered at the regional level, with Mayoral Combined Authorities having powers both over housing, as well as Skills and Adult Education budgets.

23. Retrofitting provides a unique opportunity to help the region – and the UK as a whole – transition to net zero, all while creating jobs and promoting economic growth in the process.

24. Despite national and local government commitments, at the current pace of installations in the region, it would take around 557 years to install the required solid wall insulations and 857 years for the required heat pumps to make the West of England housing stock reach net zero. The current funding under the Green Homes Grant is coming to an end in December 2021 and will be replaced by Sustainable Warmth. The short-term nature of this funding, and its unclear future, fail to provide certainty for providers and householders.

25. Most of the retrofitting needs in the West of England are for domestic properties: almost two thirds of homes in the city-region have an EPC rating below band C and approximately 250,000 homes will need some form of renovation to align with net zero emissions. The region, and Bath in particular, also has a significant number of historic buildings. These unique challenges mean that the set of measures to successfully retrofit in the region will need to be tailored locally.

³ ["Devolution: deal to delivery". Local Government Association, July 2021](#)

26. The government should also consider how to support local and regional authorities to reverse the decline in species and habitats in their locations, in line with new requirements brought in by the Environment Bill. This should include the devolution of powers and funding to ensure that MCAs and Councils have the long-term resources needed to deliver on Local Nature Recovery Strategies.

27. In order to help deliver on Net Zero ambitions, the next Spending Review should commit to developing a national retrofit strategy that will provide long-term funding and support for Combined Authorities and other tiers of local government to help deliver on regional retrofitting initiatives, tailored to addressing local needs.

28. The Spending Review should also set out how powers and funding will be devolved to MCAs and local authorities to ensure they are adequately resourced to deliver on Local Nature Recovery Strategies.

Q4: How is central government co-ordinating its engagement with local government on net zero?

29. Current engagement between Combined Authorities is currently sporadic, project-based, and divided across Departments with no specific contact within Whitehall to discuss the cross-cutting actions needed to deliver on Net Zero.

30. The NAO's report quite correctly identifies that MHCLG holds regular meetings with the Chief Executives of Combined Authorities, but this has a broader focus, and is not specific to Net Zero.

31. However, the NAO report does not make any references to the M10 Metro Mayors, the forum for England's elected Metro Mayors. At present, the M10 only meets with government ministers on an infrequent basis, despite a proactive approach by the M10 to engage more regularly with Ministers across Whitehall. As well as the hard powers mentioned in our response to previous questions, Metro Mayors also have soft powers to act both as a figurehead for their region, but as a convenor of local stakeholders, helping to facilitate joint working towards shared challenges. An increased engagement with Metro Mayors would help mayors to align local interventions with national priorities, but also lead to an increased sharing of local intelligence to inform national policymaking.

32. The government should move away from project-based engagement on Net Zero and move towards an enhanced partnership with local government for more sustained, strategic engagement towards achieving common goals. The government and Whitehall should also work more closely with Metro Mayors, as well as the Chief Executives of Combined Authorities, on matters specifically relating to achieving Net Zero.

Conclusion

33. The NAO report clearly outlines the barriers and opportunities currently being faced by local authorities in delivering on their Net Zero ambitions. While the report made passing references to Mayoral Combined Authorities, it is clear that MCAs have a key role to play in delivering on Net Zero, but face many similar challenges faced by other tiers of local government.

34. In order to ensure more effective working between national, local and regional governments on delivering Net Zero, we would call on the government to commit to the following five priorities:

- i) Enhanced partnership between UK government and local authorities (including a dedicated forum for pursuit of net zero targets)
- ii) The government should move away from a competitive bidding process towards long-term sustainable funding pots for local and regional authorities to prioritise to address local challenges in delivering on Net Zero
- iii) A Net Zero Local Powers Bill that would permit, oblige and resource MCAs or the relevant level of local authority to sustainably undertake an effective pathway to Net Zero
- iv) The new UK Infrastructure Bank should have a net zero mandate, and be able to work directly with local authorities to deliver local investment and private sector leverage to enable local projects and programmes that support the transition to net zero.
- v) The Spending Review should focus on developing a national retrofit strategy, including long-term, sustainable funding for local authorities to address local challenges, and ensure that MCAs and Local Authorities should also be adequately funded and resourced to deliver on the long-term aspirations of Local Natural Recovery Strategies and other obligations contained in the Environment Bill

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