

Introduction

The UK2070 Commission is an independent inquiry, into the deep-rooted spatial inequalities that exist across the UK. Its purpose is to identify strategies and policy initiatives to transform the economic performance and social conditions of the UK's nations and regions, It is chaired by Lord Kerslake who is happy to give oral evidence.

The UK2070 Report '[Make No Little Plans](#)', (February 2020) sets out a 10-Point Action Plan in Annex A, in particular, **Action 1 a Spatially Just Transition to Zero-Carbon**, which is summarised in Annex B. The UK2070 Commission has also published a report on the impact of the COVID-19 pandemic – '[Go Big: Go Local](#)'.

The core concern is that the transition Net-zero must be '*just*' in terms of its spatial impacts if it is not to end up replicating, or even reinforcing, the current patterns of inequality. Without changes in governance, efforts to transition to Net-zero will always be constrained.

The work of the UK2070 Commission draws upon evidence submitted to it, or research commissioned by it. Some of which are particularly relevant to the Net-zero Inquiry, and are on its website: [Two Masters](#); [Following the Money](#) ; [UK2070 Through the Lens of Local Government](#); [The UK2070 Commission & Bristol's One City Approach](#) : and [The Devo 3.0 Review](#).

Tackling Climate Change – The Double-headed Crisis

Climate change cannot be separated from its wider social and economic impacts. The risk is that the cost of moving to a Net-zero economy will be borne by those who least benefit from economic change. In particular, the risk is that energy, travel and food costs will fall more heavily on those most disadvantaged communities. Meanwhile, continuing the ever-increasing concentration of development in southern England risks growth of journey distances, increasing flooding, water supply shortages, loss of higher-grade farmland and increasing commuting distances.

Climate change and spatial inequalities are inextricably linked – a '**double-headed crisis**'. The national goal of moving to a zero-carbon economy must avoid an '*unjust*' transition which will merely reinforces existing patterns of spatial inequality. This is critical to the UK's international commitment to deliver on the UN Sustainable Development Goals and 'Paris Agreement on Climate Change' which have been endorsed by the UK Government.

The future risks from climate change therefore vary greatly across the UK and a set of national prescriptions would be inappropriate. These issues have been demonstrated in the work of the Committee for Climate Change which shows, for example:

- The nature of risk e.g. urban overheating in London and the south east and large city centres of Birmingham and Manchester.
- The need for piping of additional water across the UK to serve water shortages in the Wider South East (WSE)
- The quality of the local infrastructure in terms of age, condition and design e.g. the North West's exposure to drought due to limited water storage facilities, or London's

protection from tidal flooding due to the Thames Barrier.

- The differences in local geography affecting risk from rates of run-off and soil erosion.

Responding to Climate Change - The Double-headed Opportunity

In responding to this double-headed crisis it is vital to seize the opportunities created by the new industrial demands associated with a zero-carbon economy (e.g. in terms of energy and products) and transform the impending crisis into a '**double-headed opportunity of clean growth**', whereby:

- The delivery of clean growth helps drive the geographical rebalancing of the economy by giving priority to investing in the new [green](#) industries in areas of greatest need.
- The delivery of a more balanced green economy mitigates climate change impacts, e.g by using brownfield land and reducing journey times especially in London and the Wider South East.

The scale of these opportunity is highlighted in the Government's [Clean Growth Strategy](#), for example the UK's low carbon economy could grow by 11% per year to 2030 – four times faster than the rest of the economy – and deliver over £60 billion in export sales.

This potential has been reinforced in the [NP11 report](#) which concluded that there is a £2 billion economic opportunity, with potential for 100,000 jobs and a stated target of halving carbon emissions by 2032 through a new Net Zero North partnership.

Similarly, there is a need for a '*double-headed approach to environmental policies*' embedded into a National Spatial Plan, for example:

- *Managing rising sea-levels*, for example by harnessing tidal power of our estuaries upon which several of our major cities sit, and the creation of new English polders linking the risk global food shortages and rural regeneration.
- *Integrating the national natural assets* to the pressure of growing urbanisation, through a network of National Urban Parks, linked to the designation of National Heritage Areas.
- *Creation of new landscapes* for example 'Nature Recovery Network and a National Forestry Strategy.

Experience of Responding to Climate Change

Central to policy is the need for an explicit spatial dimension in the UK's plan for Net-zero giving priority to the most vulnerable communities, if necessary, with a dedicated funding regime. This requires a four-pronged approach through specific programmes of action for:

- Disadvantaged communities;
- High-carbon using regions;
- The location of new low-carbon industries; and
- Embedding inequality in economic assessment processes

There is emerging experience in identifying such opportunities. These seek to harness new industrial demands in transitioning to a zero-carbon economy to support a more balanced economic geography for the UK. For example:

- [Tees Valley Mayor and Combined Authority](#) : Hydrogen Hub have put at the heart of the [Local Industrial Strategy](#) reflected in a range of initiatives including Net Zero

- Industry Innovation Centre, a CCUS project, and proposed net zero electricity plant
- Leeds City Council: The linkage of tackling climate change with economic policies is demonstrated in the *Inclusive Growth Strategy* of Leeds City Council (see Case Study).
- Greater London Authority: The potential for linking climate change with the wider social agenda is also central to the Greater London Authority *1.5C Compatible Plan*.
- The Scottish Just Transition Commission is developing a range of *Just Transition Principles*, which include creating opportunities to develop resource-efficient and sustainable economic approaches that help address inequality and poverty, but also have wider application; and
- IPPR 2021 report proposes setting up a *Just Transition Commission* for the North of England and a Just Transition Fund for the North of England as part of regional economic development funding to help the drive towards a low-carbon economy and to mitigate against the negative impacts of decarbonisation.

The Challenges to Net-zero Governance

The challenges to delivering Net-zero are not the lack of ideas or opportunities but the endemic governance problems in the UK which threaten and undermine the action required to 'shift the dial' of public policy. It is important to face up to the following challenges to Net-zero Governance:

- *Conflicting UK Policies* arising from an over-centralised administrative system where priorities and action are fragmented and where departmental initiatives do not always cohere or reinforce one another.
Implication: this has been well set out in the House of Lords *report* and the *recommendations* of the National Audit Office in 2020.
- *Strained Central–Local Relationships* arising from the central control and detailed scrutiny of local decision-making, meaning that devolved powers in practice are very constrained.
Implication: this has, for example, constrained local authorities in setting standards for energy efficiency in local plans. For example, the RTPI 2018 *report* raised concerns about the revised National Planning Policy Framework (NPPF);
- *Flawed Strategy for Growth* that assumed incorrectly that the benefits of growth in London and the Wider South East would spill over to the rest of the UK.
Implication: this has resulted (and continues to result) in unsustainable patterns of growth involving avoidable increases in travel distances and pressure on greenspaces as illustrated in UK2070 *report*;
- *Low Levels of Investment* compared with other advanced economies which result in under-resourced programmes of action, creating a competitive project-based bidding culture to the detriment of the 'left behind' places:
Implication: currently policies to promote Net-zero are not on the scale required to deliver the rate of change required, e.g. the level of funding *required* to deliver comprehensive transit networks for all major urban areas.
- *Constant Change in Policies and Delivery Agencies* which does not allow sufficient time for any programme of action to have real impact. Many initiatives change with government cycles e.g the decision in 2015 to scrap the *Code for Sustainable Homes*.

Implication: The need for greater consistency of policy and a coherent plan has again been highlighted in the [Institute for Government](#) 2021 report;

- *Narrow Short-Term Measures of Success* that do not take account of longer- term generational and wellbeing impacts being based on CBA ratios, not need.

Implication: the need for a clear target for 2050.

Rebalancing Central- Local Relationships

The balance of central and local governance is of particular significance in delivering *Net-zero Governance*. The centralisation of power away from local authorities to central government has been a persistent process since WWII. The UK is now the most centralised major developed economy, resulting in inappropriate *one-size-fits-all place-blind* policies in England in contrast to the devolved nations. It will continue to limit the capacity for local action, innovation and flexibility in tackling climate change, (refer Annex C). Covid-19 has demonstrated the importance of local leadership. There is a need for a full package of devolved powers open to all local authorities.

A change in culture is required to create a '**parity of esteem**' between central and local government, which is currently missing. As a corollary, there is a need to move to a system based on consistent and strategic programmes of action and reinforcing emerging strategic local and regional partnerships. This is illustrated in the recent consultation [report](#) on London and the Wider South East.

Key to establishing effective devolution is delivering real fiscal devolution. The principles that could be adopted include:

- Block allocations to remove silo-based budgeting;
- Take account and offset the distortions of established patterns of wealth;
- Levels of funding should be linked to long-term needs set out in spatial strategies;
- A move to a place based multi-year integrated budgeting of public services; and
- City Region funding deals to be aligned with strategic spatial planning.

Potential ways forward include:

- A review of Whitehall requirements to a more relaxed to permit greater policy divergence;
- Piloting of the concept of Local Public Accounts Committees to cover both devolved and non-devolved spending decisions; and
- An exploration of the options around fiscal devolution which overcome the large differentials of tax incidence and capacity to generate revenue.

There is also need to make *Government Fit for Purpose* with New Institutions and Processes. Central government needs to align its actions and provide a framework of support. through:

- National Outcomes Frameworks based on national performance targets;
- A powerful cross-government ministerially-led committee to oversee the delivery of the programme;
- A dedicated national team to develop and deliver the programme;
- Flexible 'block grant' funding; and
- Independent institutions and commissions located outside London and the Wider South East including one for the *Just Transition to Net-zero*

Strategic Institutional Capacity

Local strategic capacity across the board is central to the delivery of the Net-zero agenda. Cross-boundary infrastructure and environmental issues are wider than even the few existing strategic bodies are able to address alone. However, there is a strategic institutional gap in England which is too often filled by central government and its agencies, either directly, or through, for example, the planning appeal processes, often ending on Minister's desks.

Therefore, alongside the weakness of local government and an over-centralised national government, the lack of strategic regional governance in England is a serious barrier to economic growth. To create sound structures for decision making, new arrangements are needed based on the following principles:

- Local and sub regional areas of cooperation should be required, based on functional economic regions;
- Joint working in metropolitan and city regions should be mandatory.
- Cross regional working subnational arrangements building on the existing work in the Midlands, the North and the Southwest, and as proposed for London and the Wider South East, and set out in the recent report by the [London and Wider South East Planning Network](#).
- Decisions should be supported by being linked to spending programmes.
- Joint technical teams should be established.

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ANNEX A

The UK2070 10-Point Plan

- [A Spatially Just Transition to Zero-carbon](#) to seize the opportunity to tackle climate change and re-balance the economy, ensuring there is an explicit spatial dimension to the UK's plan to become zero carbon by 2050.
- [Delivering a Connectivity Revolution](#) investing in a new connectivity revolution, transforming the connections between cities, within cities and beyond cities to poorly connected towns through increasing infrastructure investment to at least 3% of GDP per annum.
- [Creating New Global Centres of Excellence](#) harnessing increased investment in research and development to create 'hub and spoke' networks of excellence and growth across the country comparable to the economic impact of the 'golden triangle' of London, Oxford and Cambridge.
- [Strengthening the Foundations of Local Economies](#) by strengthening economies in disadvantaged towns and empowering local leadership to develop economic capacity and promote resilience and wellbeing.
- [Rethinking the Housing Crisis](#), recognising housing as part of national infrastructure and ensuring that the supply of new housing is aligned with the needs of the economy.
- [Harnessing Cultural & Environmental Assets](#) increasing the focus of policy and funding on

assets outside of London.

- **Implementing a Comprehensive Devolution**, shifting power and funding away from Westminster and Whitehall through a radical programme of devolution and allowing different places to progress through different levels of devolution according to local ambition, need and capacity.
- **Future Skilling the UK** tackling the historic under-performance of the UK on skills through national plans to raise attainment levels, especially in those skills needed to achieve the levels of the best performing places.
- **Levelling UP Access to Funds** tripling the size of the Shared Prosperity Fund for 20 years, with clear spatial priorities, delivering an extra expenditure of £200bn over that already planned.
- **Shaping the UK2070 Future. A National Spatial Plan for England** tasking the National Infrastructure Commission with creating a national spatial plan for England and linking to those in Scotland, Wales and Northern Ireland, to guide investment and to support local and regional spatial plans.

Changing the Way Decisions are Made

In order to deliver the above actions a powerful ministerially-led cross- government committee needs to be established with a dedicated team, to oversee delivery and embed levelling up, supported by spatial analysis, flexible funding and new measures of success, including a review of the Green Book appraisal methodology on the way major projects and local priorities are funded and assessed.

Annex B

A Spatially Just Transition to Zero-Carbon

Action 1 sets out a four-pronged strategy for embedding the eradication of inequalities in the transition to a zero-carbon economy – *Just Transition*. This could form a key contribution by the UK to the international COP26 United Nation’s climate change summit in Glasgow.



ACTION 1

A Spatially Just Transition to Zero-Carbon

It is recommended that the UK Government and devolved administrations should commit explicitly to the delivery of a Spatially *Just Transition* as a fundamental principle of in the delivery a zero-carbon economy through:

- Specific Action Plans to mitigate the impacts of climate change on disadvantaged and marginalised communities, including *Just Transition* funds;
- A targeted Transition Strategy for High-Carbon Regional Economies, especially the North West and West Midlands regions of England;
- Refresh the Industrial Strategy to prioritise the potential new economic opportunities in adapting to climate change to help in levelling-up social outcomes and economic performance; and
- Updating criteria to embed inequality impacts into Green Book guidance on climate change impact assessment.

Annex C

The Need for Sub-National Strategic Powers

(Abstracts from *Go Big: Go Local Report*)

Post-Covid economic recovery will require investment in services across local authority boundaries, The reliance on a 'coalition of the willing' will not deliver the most sustainable outcomes nor maximise net zero growth.

The need for Sub-national Structures is illustrated by the following examples of policies in UK2070's 10-Point Action Plan which require new sub-national institutional arrangements:

- *Just Transition to Zero-Carbon Economy*: the transition to a zero-carbon economy requires fundamental change, particularly in energy generation, building standards and travel modes. This requires clear and consistent approaches within economic regions as well as the setting of national standards.
- *Enhanced Regional Connectivity*: In addition to the planning of major intercity transport investment, regional cross boundary coordination is required in terms of integrated timetabling and fares systems across scheduled public transport.
- *Devolved R&D Investment*: The proposals to expand R&D investment requires the creation of new science and technology institutions at a regional level outside London and the Wider South East, and establishing regional funding Centres of Excellence.
- *Future Skilling the Nation*: A more coherent regional skills offer is required to build services that people can tap into throughout their lifetime, and for employers to be able to access strategic support in business change and innovation, and to reduce unproductive competition between colleges.
- *Housing Infrastructure*: The current system has depended upon the local authority 'Duty to Cooperate' across housing market areas. This has failed and needs to be replaced if housing needs are to be met in full and not frustrated and delayed by the absence of a non-litigious means of resolving disputes.
- *Shared prosperity fund*: Narrowing the differences in prosperity across the UK should be the Fund's main objective. Its management should be part of the Devolution settlement not just to the devolved nations.
- *Levelling Access to Funds*: The review of the Greenbook is committed to building in Levelling Up based on some measure of 'strategic fit' whereby local and national strategic goals are properly integrated into policy development.