

BEIS Select Committee inquiry: Net Zero Governance

6th September 2021

London Councils

1. London Councils represents London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all its member authorities regardless of political persuasion. We are pleased to submit evidence to this inquiry.

Summary

2. Central government must improve its engagement and coordination with local government around net zero. It should create a local and central government taskforce on climate change to facilitate this, and recognise that local authorities are key delivery partners for net zero policy.

Responses to committee questions

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?

- a) **Are the Government's existing net zero governance structures effective in this role, both in terms of coordination across Whitehall, and coordination with the devolved administrations and local and regional authorities?**
 - b) **What alternative governance structures could be established to coordinate and deliver cross-Government action on climate change more effectively?**
3. As is well outlined in the National Audit Office's recent report¹, central government is currently coordinating its engagement with local government on net zero poorly. Engagement with local government is undertaken in a siloed manner by individual departments and information does not seem to get shared across government departments.

¹ <https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>

4. Central government must introduce a cross-departmental approach to working with local authorities. A cross-departmental approach could create opportunities for more streamlined funding systems, saving money for the Exchequer as well as local authority time. Central government must also be clear that local authorities are key delivery partners for net zero policy.
5. We support the recommendation of the Local Government Association² that government should set up a joint, senior level, local and central government taskforce on climate change, with other key stakeholders involved.

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?

a. How could HMT better ensure that spending decisions contribute to achieving net zero in the long term?

6. HMT should invest in understanding what level of funding and financing local authorities need to reach net zero: this is currently unknown, and it is a prerequisite for setting out a strategic, cost effective approach to reaching net zero by 2030. As part of this, HMT should cooperate with MHCLG to understand in particular the staff resourcing and skills that each authority will need to achieve net zero.
7. Central government should also consider how to simplify funding processes to reduce costs for local authorities and improve efficiency and thus value for money for taxpayers. HMT must play a key role in this.
8. Highly limited pots of money accessed via competitive funding process incur costs on local authorities, using a large amount of limited staff time to craft bids which can often be unsuccessful. Further, narrow windows for applications, or unreasonable timescales for the delivery of funded work, do not allow local authorities to strategically plan how to most effectively decarbonise their areas. All areas must reach net zero, so providing funds to limited local authorities is not only inefficient, but also hinders the national net zero effort.
9. We note that London boroughs have received funding from the Green Homes Grants (GHG), Social Housing Decarbonisation Fund and the Public Sector Decarbonisation Scheme.
10. The Committee will be familiar with concerns that have been raised around the GHG, particularly via the Environment Audit Committee. London boroughs – like other authorities – have faced significant challenges with the delivery of these funds. We note that recently the GHG Local Authority Delivery scheme phase 2 has faced significant delays in the Greater South East Energy Hub area: delivery was slated to start on 1st April, with a deadline of 1st

² <https://lga.moderngov.co.uk/documents/g4484/Public%20reports%20pack%2011th-Mar-2021%2014.15%20Executive%20Advisory%20Board.pdf?T=10>

September for 75% of capital to have been spent, but as of today the Hub have still not completed the legal papers to allow delivery to begin.

11. Government should ensure that long-term commitments are made to future programmes – such as the Social Housing Decarbonisation Fund and the Home Upgrade Grants – to enable councils and contractors to prepare, invest and deliver effectively, to secure green jobs and skills, reductions in fuel poverty and cuts to carbon emissions. We are calling on Government to make a firm commitment to the full £3.8 billion Social Housing Decarbonisation Fund and the full £2.5 billion Home Upgrade Grant scheme, as outlined in the Conservative manifesto; the delivery of these funds can be phased over the long-term, but the supply chain needs to be confident that it will come forward if they invest in their businesses and people today.
12. Together with direct funding for local authorities, HMT should consider how wider spending decisions taken now can either increase or decrease the long-term cost of delivering net zero. For example:
 - a. Introducing net zero standards into new build from 2025 will reduce the cost of retrofitting down the line; the sooner the obligations are introduced the better, as retrofit can be a more expensive route if net zero is not designed in from the beginning
 - b. New infrastructure built today should take advantage of opportunities to deliver multiple benefits, examples of which can include new rail routes being built with parallel active travel routes, digital fibre, and biodiversity schemes. A full calculation of social benefit, and integration of co-benefits at business case stage, should offset additional costs from such work.
 - c. Central government should provide resources and support to local authorities to allow them to do the necessary planning to implement government policy around net zero in a cost-effective way. For example, to allow local authorities and Local Enterprise Partnerships to produce and deliver local area energy plans which underpin a strategic, area-based approach to forward investment low carbon infrastructure and technology.

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