

**Central Service and Contingency
Planning Group**

Central Management Branch

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UK NET ZERO GOVERNANCE REVIEW

I am writing in response to your request of 13 July 2021, for Northern Ireland Executive views on the BEIS Committee's [Net Zero Governance](#) inquiry which is looking at the effectiveness of cross-government structures to deliver the 2050 net zero target. I understand that Committee Members have shown particular interest in the role of the Devolved Administrations.

Following receipt of your request DAERA undertook a consultation exercise with other Executive Departments to also seek their views. On the basis of comments received, and those of DAERA, I offer the following comments in response to the Call for Evidence:

UK Net Zero Governance Structures

1. The level of accountability afforded by the existing governance structures may not be sufficient to drive delivery at the pace required. It is proposed that the Climate Change Committee (CCC) be invited to meetings of the Inter-Ministerial Group to keep Ministers informed, present their findings and provide greater scrutiny of the work of the UK Government and the Devolved Administrations (DAs).
2. As the UK and its DAs publish their various net zero strategies, there would be merit in considering how to transition these to Programme delivery governance structures.
3. The recent Climate Change Committee's Progress in Reducing Emissions - 2021 Report to Parliament highlights that 'Achieving Net Zero will require effective adaptation'. However, climate adaptation is not within the remit of UK Net Zero governance structures. Therefore, are the current structures effective in helping to deliver the integrated climate policies required to meet Net Zero?

4. We agree with the Committee on the importance of effective governance, in particular communication and coordination between BEIS and the DAs. To that end, a number of publications have been launched and/or been consulted on recently with more planned in the near future. In light of this, we note that:
 - Documents do not always consider and accurately reflect the circumstances within DAs;
 - Often these documents are shared with DAs later in their development, with limited time for meaningful input; and
 - More consideration needs to be given as to how these publications may affect DAs.
5. It is important that devolved powers are respected and governance structures must facilitate engagement at the right level and with the right people. This will help ensure that decisions can be made by those with the authority to do so and that this happens at a pace consistent with meeting carbon budgets and ambitious net zero targets.
6. There is also a need for governance structures to be as streamlined as possible and joined up with existing groups. For example, the Department for Infrastructure engages regularly with the Department for Transport and Office of Zero Emissions Vehicles in respect of transport decarbonisation. Departments in Devolved Administrations do not have the same level of resources and staff to dedicate to the many policy and operational areas impacted and often it is the same staff in our departments who are working across a broad range of relevant issues. We therefore need to ensure that work and discussions are not duplicated and that the various policy agendas are joined up.
7. There are a number of small changes that could help to deliver cross-Government action more effectively, which are:
 - i. Ensuring that DAs are kept well informed of the BEIS programme of work and information shared at the earliest possible stage and with sufficient time for considered input;
 - ii. Earlier engagement and input from DAs would help address collective challenges we face. NI Executive Departments are happy to engage with BEIS to see how this could be effectively implemented on a practical level;
 - iii. Funding opportunities must be available to all DAs in a fair and equitable way – e.g. support schemes should be open across the UK and designed with input from DAs; local councils in NI to have with the same opportunities offered to local authorities elsewhere; and
 - iv. Consideration should be given to where the various DAs can provide a leadership role given their unique strengths in certain areas, e.g. NI could lead on the design of a new smart meter given our strong digital

sector; or progressing new hydrogen processes to avail of decarbonised alternatives to gas that also utilises circular economy principles.

Metrics

8. It has been highlighted at the BEIS Deep Dives that the CCC and BEIS have different sets of statistics which align in many ways. However it would seem prudent to have one agreed set of targets and metrics for the purposes of clarity and avoidance of confusion.
9. DAERA is leading on development of the NI Executive's Green Growth Strategy – a multi-decade strategy to address climate change holistically by balancing climate action, the environment and the economy. The benefits from this Green Growth Strategy will be wide-ranging – green jobs, emissions reduction, improved environment and wider societal gain. We are working to establish indicators to measure the success and the impacts of delivering the Green Growth Strategy.
10. Subject to NI Executive approval prior to COP26, the new Energy Strategy for Northern Ireland proposes monitoring progress through annual reporting which will include the flexibility to be updated at regular intervals based on changing circumstances and developments.
11. Within each of the five principles of the NI Energy Strategy, DfE will set specific targets and objectives that we will report on. In addition, DfE also intend to monitor a range of strategic outcome indicators, which can track progress in achieving the two aspects of our overall vision.
12. Indicators will allow us to measure success at achieving the Energy Strategy outcome. We are proposing using the following strategic level metrics:
 - a. Greenhouse Gas emissions from energy-related sectors;
 - b. Jobs and turnover in the low carbon and renewable energy economy;
 - c. Domestic energy costs relative to household income;
 - d. Business energy purchases relative to turnover;
 - e. Households in fuel poverty;
 - f. Relative electricity and gas prices.

NI Executive Arrangements

13. It is worth noting that Climate Change legislation is currently progressing through the Northern Ireland Assembly. It is expected a Climate Change Bill, when passed, will include specific arrangements for governance and accountability across the NI Executive.
14. DAERA is leading development of the NI Executive's Green Growth Strategy in partnership with other departments, local government and stakeholders from across the business, voluntary and community sectors. This overarching multi-decade strategy will be supplemented by a series of climate action plans to help Northern Ireland transform our society towards net zero by 2050, protecting and enhancing our environment and delivering sustainable economic growth. Development of the strategy involves collaboration with policy leads across Government and is being

supported by CCC advice on sectoral pathways and targets to be included. A draft Green Growth Strategy will be published for consultation in autumn 2021, to coincide with COP26, with the final document and first Climate Action Plan by end of March 2022.

15. The Department for the Economy (DfE) has led a significant collaborative work programme across NI central and local government, arms-length bodies, the energy industry and other key stakeholders to inform the development of a new Energy Strategy for Northern Ireland. The governance structures put in place for this (Project Board, Government Stakeholders Group, five thematic working groups with over 70 representatives from 30 organisations, an Expert Advisory Panel and Gas and Electricity stakeholders groups) have ensured that the Energy Strategy involves appropriate contributions from those that will be involved in delivering it.
16. The Energy Strategy Project Board will now transition to a Programme Delivery Board from September with Deputy Secretary membership from all Departments undertaking a decision-making and implementation monitoring role in energy policy; this will be informed by NICS wide Checkpoint Director meetings to update on policy development.

Spending Decisions

17. The long anticipated Net Zero Costs Review must be delivered immediately to help us all better understand how we can deliver a low carbon economy whilst protecting the environment and the most vulnerable in our society.
18. Each Devolved Administration needs to play its part, therefore, a clearer, more detailed understanding of the financial implications should be provided and the required financial support that is needed to enable Devolved Administrations to address climate change and meet targets for collective benefit.
19. As actions are likely to be required over a long time period, and span political mandates, it is essential that financial and economic decisions accommodate these longer time frames.
20. The Climate Change Committee estimates that NI needs an additional £34bn of capital investment out to 2050 and, whilst this will not all fall to taxpayers, there will be a substantial need for additional public expenditure to deliver on this. This must be considered by the UK Government and HMT to ensure appropriate additional funding is provided.
21. In making spending decisions, HMT should take account of the current position of Devolved Administrations on the trajectory towards net zero in order to inform how to prioritise financial and economic decisions.
22. For example, compared to the rest of the UK, NI has a fairly unique position in terms of financing the energy transition as a result of high levels of fuel poverty and low levels of disposable income. In addition, NI has a different regulator, different regulatory environment and an all-island energy market that is not the same as in GB. As a result, we can take learnings from best practice and unsuccessful

projects elsewhere in GB, but often NI will require bespoke decarbonised energy solutions to ensure we meet our net zero commitments.

23. As the NI budget is agreed through decisions made in Whitehall, this leaves the NI Executive with no recourse to raise funds through other means of taxation. The following points regarding funding for the Net Zero transition in NI should be given due consideration:
- Whitehall should take account of the set of circumstances noted above which NI uniquely experiences and this should be appropriately mitigated in budgetary decisions to deliver against “The Ten Point Plan for a Green Industrial Revolution”, the “UK Net Zero Strategy” and NI’s devolved net zero strategies currently in progress.
 - Further devolved powers may be needed to enable NI to raise funds through other means.

Signals and Support for Business

24. Businesses need clear direction in order to deliver cross -economy decarbonisation to help inform relevant planning and investment decisions. Whilst it is acknowledged that there is still much uncertainty about the optimal route to achieving carbon budgets, where it can, the Net Zero Strategy should provide clear and timely signals through policy development and financial incentives that give assurance to businesses and empowers them to act. It is clear that if we are to achieve carbon budgets, collective action across public, private and third sector will be required.
25. Finally, further consideration of delivery functions and regulatory roles is required to understand the resource implications. Additional resource support for regulation of new and emerging technologies will be required by existing regulatory bodies as their remits expand.

I trust this response is of help in progressing the ongoing Net Zero Governance Review and my colleagues will be interested to read the outcome of this inquiry as it will provide useful information on the direction of the UKG and HMT in their ambitions to finance, and the metrics they use, to reach Net Zero.

Yours sincerely

Michael Oliver
Departmental Assembly Liaison Officer

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