

## Written evidence submitted by Green Alliance (PEG0091)

Green Alliance is an independent think tank and charity focused on ambitious leadership for the environment. Since 1979, we have been working with the most influential leaders in business, NGOs and politics to accelerate political action and create transformative policy for a green and prosperous UK. We have expertise across the environmental sector, and most recently published a '[Blueprint for Economic Recovery](#)', where we outline how a recovery can support new long term employment opportunities, thriving businesses and a healthier, fairer society, whilst protecting against the potentially devastating future impacts of climate change and nature's decline. We draw on this report, alongside others, in our response to this inquiry.

### GREEN ALLIANCE RESPONSE TO QUESTIONS

#### **1. What core/guiding principles should the Government adopt/prioritise in its recovery package, and why?**

The choices made in the wake of the coronavirus crisis will determine the economic and environmental trajectory of the UK for decades to come. Crucially, the health of our people and the economy is underpinned by the health of our environment. It is therefore vital that the government puts forward a recovery package that encompasses support for nature and climate and harnesses this moment to build back a low carbon, resilient and fairer society.

We believe there should be five building blocks that can guide a green recovery, tying in climate and environmental considerations alongside improved equality and quality of life. These are:

1. Invest in infrastructure
2. Restore high quality natural systems
3. Use resources better
4. Clean air and healthy places
5. Levelling up, with high quality employment opportunities across the country

We published detailed briefings on all of these building blocks in our recent Blueprint for Recovery report, which can be found [here](#), and expand on some of them in answers to the subsequent questions.

There are compelling economic arguments for having a broad approach to green recovery. Healthy natural ecosystems can protect against flooding, improve water quality, keep cities cool and improve mental health. Improving air quality provides long-term health benefits; shifting 1.7% of journeys from cars to walking and cycling would save the NHS £2.5 bn per year<sup>1</sup>. Leaner, more resource efficient manufacturing, construction and retail would help future proof businesses against fluctuating prices and availability, and improve the UK's productivity. Action in these areas would help get us on track for

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<sup>1</sup> Ricardo-AEA, 2013 - Review of the impacts of carbon budget measures on human health and the environment

carbon targets, and in particular help areas like transport and land use where emissions remain stubbornly high.

Targeted investment can also quickly provide new jobs in green industries and play a valuable role in building new industries in the UK.

## **2. How can the Government borrow and/or invest to help the UK deliver on these principles?**

Investment in infrastructure is particularly well suited for economic stimulus, due to the front loaded economic boost and job creation of upgrading or building infrastructure, and the high long term multipliers. Net zero aligned infrastructure, like energy efficiency, safe cycle routes and better broadband connectivity, provides much higher and faster economic and social benefits than higher carbon alternatives, helping to get people back to work in the short term, and building low carbon capacity for the long term<sup>2</sup>. Yet, the government has so far underinvested in the low carbon infrastructure needed to meet its net zero goal, with an estimated annual investment gap of over £14 billion in low carbon transport, buildings, natural capital and resource efficiency infrastructure<sup>3</sup>.

We set out below the priority infrastructure investments and support measures that we consider most important for the Government to include in its plans for the economic recovery.

### **HOME ENERGY EFFICIENCY**

Improving energy efficiency throughout the housing stock is vital. With people spending more time at home it becomes more important than ever that buildings can be kept at a comfortable temperature, regardless of fluctuating fuel prices, and are resilient to future extreme weather events.

The £2bn funding recently announced by the government to support domestic energy efficiency is a much welcome step. It's particularly encouraging that a large share of the funding will support lower income households, providing warmer homes and cheaper bills. This funding should be part of a longer term programme of investment, policy and regulation to upgrade all our buildings to be efficient and use low carbon heating. We look forward to seeing the details on how the Government will deliver this programme of upgrades, including how they plan to ensure that installations are high quality and there are enough highly trained installers.

Whole house retrofit also has immediate and far-reaching potential, with high levels of energy efficiency, renewable energy generation, low carbon heating and battery storage. Whole house retrofit is widespread in the Netherlands, and has been trailed in Nottingham and Essex<sup>4</sup>. The government recently announced £50 million for innovative retrofit of social housing in the Summer Economic Statement. We hope this will be just the start of a longer term programme of whole house retrofit in

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<sup>2</sup> Oxford Smith School (2020) *A net-zero emissions economic recovery from COVID-19*

<sup>3</sup> Green Alliance (2020) *Blueprint for an economic recovery*

<sup>4</sup> <https://www.energiesprong.uk/about>

social housing and beyond. Around 2.3 million UK social homes are suitable for whole house retrofits, with a large scale programme adding £11 billion a year to the UK market by the 2030s and supporting high skilled employment across the country<sup>5</sup>. However, economies of scale are required to bring costs down for this type of retrofit. It has been estimated that the government should further support scaling up of a domestic supply chain by allocating £300 million of public funding to deliver 40,000 deep house retrofits, so an extra £250 million is still needed beyond what has been committed by the government. This could be allocated on a 'commit and review' strategy in place, where funding is conditional on cost reductions, with a goal of reaching subsidy-free retrofits. This is similar to the government scheme that resulted in drastic reductions in the cost of offshore wind energy.

## **DIGITAL UPGRADE**

The pandemic has caused a shift to home working and video conferences, both of which estimates suggest will be sustained at higher levels following the crisis<sup>6</sup>. Investment in upgrading home broadband infrastructure brings widespread social and economic benefits, with studies suggesting full fibre expansion could boost UK productivity by £59bn by 2025 and provide 500,000 jobs by 2038. It can also enable 270,000 additional people to live in rural areas, driving local growth around the country<sup>7</sup>.

## **ELECTRIFICATION OF ROAD TRANSPORT**

The majority of existing employment in the automotive sector can be transitioned into green jobs through a shift to electric vehicles<sup>8</sup>. Large scale battery production and increased manufacturing in the UK is estimated to translate into up to 80,000 jobs in the sector by 2030, not including employment in the wider supply chain<sup>9</sup>. On the contrary, failure to attract EV battery gigafactories could cost the UK 105,000 jobs by 2040<sup>10</sup>.

Decisive agenda setting on electrification of transport is needed. Policy and any government investment to support the sector should be directed towards scaling up EV and battery manufacturing. Crucially, a strong domestic market for EVs is vital to incentivise EV manufacturing in the UK and the UK government should promote this by bringing forward the phase out of new petrol and diesel vehicles sales by 2030. Furthermore, one effective way to stimulate vehicle manufacture as part of a green stimulus package is through a scheme to encourage fleets to continue to renew vehicles as they come to the end of their lease in return for agreeing to purchase a zero emission vehicle (ZEVs). Fleet and leasing purchases represent around half of all new car sales and the fleet vehicles quickly pass into the second

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<sup>5</sup> Green Alliance (2019) *Reinventing Retrofit*

<sup>6</sup> E3G (2020) *Recovering better: a green, equitable and resilient recovery from coronavirus*

<sup>7</sup> Open Reach (2020) *The blueprint for a full fibre future*

<sup>8</sup> WWF (2018) *Accelerating the EV transition – environmental and economic impacts*

<sup>9</sup> LSE Growth Commission (2020) *Seizing sustainable growth opportunities from zero emission passenger vehicles in the UK*

<sup>10</sup><https://www.theguardian.com/business/2020/mar/15/not-investing-in-electric-car-battery-production-could-cost-uk-105000-jobs-study>

hand market, which in turn would give access to more affordable EVs to low income households.<sup>11</sup>

## **PUBLIC AND ACTIVE TRAVEL INFRASTRUCTURE**

There are strong economic reasons to support a shift to public and active transport. Cycling supports around 64,000 full time jobs in the UK, including in tourism, sales and repair, cycle delivery, manufacturing, and cycle infrastructure. It could provide considerably more if bicycle manufacturing and the production of parts and accessories were better supported in the UK. Estimates suggest that doubling the modal share of cycling across Europe could increase sector jobs by over 60%, including facilitating local jobs and low skilled job creation.<sup>12</sup>

In the UK, the Government has introduced new statutory guidance on reallocating road space and its £2bn support package for cycling and walking over the next five years. The government now needs to ensure local authorities deliver on the new guidance by helping them to access funding streams and giving the new cycling inspectorate the resources and powers to ensure the statutory guidance is followed. Local Authorities will require between £6 and £8bn over five years to put permanent infrastructure in place<sup>13</sup>.

Public transport upgrades can support jobs by helping people get to work: 77% of jobseekers in British cities outside London do not have regular access to private transport.<sup>14</sup> Further, 70-90% of unfilled jobs were easily accessible by car, but only 35-55% could be reached within 30 minutes by public transport.<sup>15</sup> Public transport infrastructure must also therefore be a priority for investment. Government should continue to instigate safety measures on buses and trains to give the public confidence to use public transport. Continued support for public transport operators and transport authorities to keep services running whilst adhering to social distancing guidelines is essential. Furthermore, additional investment of £5.5bn and £1bn per year to 2023 is needed to enhance and expand UK railways and trams, respectively<sup>16</sup>.

## **WASTE AND RECYCLING INFRASTRUCTURE**

Public and private infrastructure investment in the waste, recycling and resource use sector has centred around energy from waste facilities which, by burning valuable materials, perpetuate the linear model of 'take, make, use, throw'. The government should dedicate a similar level of funding for upstream

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<sup>11</sup> Green Alliance (2020) *Going electric: how everyone can benefit sooner*

<sup>12</sup> Blondiau, T, van Zeebroeck, B and Haubold, H (2016) 'Economic Benefits of Increased cycling', *Transportation Research Procedia*, 14, 2306 – 2313.

<sup>13</sup> WWF et al, 2020, [Briefing: support resilient UK transport](#)

<sup>14</sup> Urban Transport Group (2017) *Job access schemes - Briefing*; see also UK case studies of improved employment supported by increased public transport in: Campaign for Better Transport, 2016, *Improving Local Transport Helps the Economy: experience from the local sustainable transport fund*

<sup>15</sup> Joseph Rowntree Foundation (2012) *The challenges for disadvantaged young people seeking work*

<sup>16</sup> Greenpeace et al, 2019, GOVERNMENT INVESTMENT FOR A GREENER AND FAIRER ECONOMY

circular economy projects as it does to industrial resource efficiency. At least £400 million over the next five years should be used to help businesses deliver carbon savings through better design, durability, reuse, refurbishment and high quality recycling. This new support should build on ongoing research and innovation, and the successful National Industrial Symbiosis Programme (NISP) and the Resource Efficient Business (REBus) projects.

To support resource efficiency across the economy, the government should also establish partnerships with key sectors to identify best practice, challenges and opportunities, and set sector specific targets to achieve whole lifecycle savings of carbon and materials.

A transformation to a more circular economy, by encouraging and investing in recycling, buying services rather than products, biorefining, reuse and remanufacturing, could add at least 102,000 net jobs of various skill levels right across the UK<sup>17</sup>. Improving resource efficiency could also add £10 billion a year in profits to the bottom line of UK manufacturing firms. This sector comprises up to a fifth of the economy in UK regions with high unemployment and low productivity, such as the North and the Midlands. Better product design and reusing high quality recovered materials, product parts and products, instead of using new resources, would increase the resilience of UK businesses to the volatile international market in resources. In the past 15 years manufacturers have experienced a 81 per cent increase in input prices, in contrast to manufacturing wage costs, which have only risen by 17 per cent.<sup>18</sup>

## **NATURE AND NATURAL ENVIRONMENT**

Effective management and restoration of forests, peat, wetlands, rivers and grasslands can play a part in making the UK resilient to extreme weather events like heat waves, storms and floods. This natural infrastructure can also help to filter out damaging pollution of air, water and soils.

[Wildlife and Countryside Link](#) recently mapped out a programme of 'shovel-ready project proposals in the natural environment that, with £315 million of new investment, could bring forward the creation of 200,000 hectares of priority terrestrial and marine habitat in a new Nature Recovery Network. If funded properly, it would begin to reverse declines in biodiversity, providing better access to nature for many thousands of people, creating 10,000 jobs, supporting rural and urban economies countrywide, and improve the resilience of our cities to climate-exacerbated events like heat waves and flooding. The UK government can also raise some of the investment needed for restoration from private finance, if it guarantees a level of demand for the ecosystem services described above. One way to mobilise that private investment is through Natural Infrastructure Schemes<sup>19</sup>.

Promoting long term resilience also relies on ensuring that UK businesses do not contribute to environmental degradation abroad. The government should introduce a mandatory due diligence

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<sup>17</sup> Green Alliance and WRAP, 2015, *Employment and the circular economy: job creation in a more resource efficient Britain*

<sup>18</sup> Green Alliance, 2019, *Smarter transport: a digital revolution for electric vehicles and mobility services*

<sup>19</sup> Green Alliance, 2020, *Natural Infrastructure Schemes explained*

obligation in the Environment Bill on companies that place commodities and derived products that contribute to deforestation on the UK market and to taking action to ensure similar principles are applied to the finance industry, as recommended by the Global Resource Initiative Taskforce.

Aside from infrastructure investment, there are other climate and nature solutions that will require the government to scale up public investment. Green Alliance, alongside a number of other organisations, has estimated that the overall additional investment needed per year for the next three years is £25bn.<sup>20</sup> While funding announced by the government since the start of 2020 will support some of the key areas identified, it only provides a fraction of the investment needed over the next three years.

### **3. What measures and support will businesses need to rebuild consumer confidence and stimulate growth that is sustainable, both economically and environmentally?**

Alongside the areas for investment we cover above, we consider the following to be important in supporting businesses to grow in a sustainable way economically and environmentally over the coming years:

- A more **predictable policy and funding framework** is required across a range of sectors to provide greater certainty for investors and drive long-term business activities. This should include a clear timeline for future CfD auctions; clarity on the approach to post-Brexit carbon pricing; an updated, net zero compliant infrastructure pipeline with more project specific information; and urgent publication of a number of strategies, including the National Infrastructure Strategy, the Energy White Paper, the Low Carbon Heat Strategy and the Transport Decarbonisation Plan.
- **Unambitious policy frameworks limit investment** in a range of fields. Examples include: the low targets for domestic heat installations via the new Clean Heat Grant; relatively weak energy efficiency targets in the proposed Future Homes Standard; the lack of energy efficiency requirements for existing buildings outside the rented sector; limited strategy and market access for electricity storage; the absence of mandatory recycling targets for commercial and industrial waste; and the lack of waste minimisation targets or recycled content standards apart from the proposed plastic packaging tax.
- **Taxation should be targeted to drive sustainable behaviours:** The extent to which the level of taxation will change post COVID-19 remains to be seen, but there are some easy areas where changes to taxation could help to support businesses and drive more sustainable behaviours without big adverse impacts on consumers. For example, we recommend that VAT on house upgrades and renovation is brought in line with that for new house building<sup>21</sup>. Building renovations are subject to 20% VAT, while new build benefits from zero VAT. The higher VAT rate also discourages whole building retrofit, disincentivising the development of industrialised,

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<sup>20</sup> Greenpeace et al (2019) Government investment for a greener and fairer economy

<sup>21</sup> Green Alliance (2020) Smart building How digital technology can futureproof UK construction

high performance retrofit supply chains. Research has shown that lowering VAT on building renovation could support 100,000 extra jobs across the economy<sup>22</sup>.

- **Clear regulation that drives innovation:** regulation that clearly sets out a trajectory for increasing standards, alongside supportive policy and investment, can drive innovation. Areas where this will be important includes:
  - **Vehicle manufacturing:** we recommend regulating car and van manufacturers to require them to progressively increase their market share of sales of ZEVs. This could be in the form of a ZEV Mandate, a system that has been successfully operated in California and China<sup>23</sup>. This should be complemented by reform for 1st Year Vehicle Excise Duty as a means to continue to fund grants for ZEVs.
  - **Product design:** the UK has already benefited from regulations on energy efficiency of energy using products. There is now a need to move beyond energy efficiency to resource efficiency, to ensure these more efficient products last longer. Regulations could ensure products are durable, that spare parts are available and common faults can be accessed and improve information about substances and parts used in a product, for instance.
  - **Energy efficiency of homes:** Changes to regulation of the energy efficiency of properties can drive investment and skills. The UK already has minimum energy efficiency standards on private rented homes, while in Scotland, houses will need to be at least EPC Band C at the point of sale from 2024. In the short term, the UK should introduce new regulations on domestic private rented sector properties, social housing, and, in the longer term, all homes on the point of sale.
  - **Data optimisation of in-house energy use:** New regulations that introduce operational ratings for buildings and the mandatory public disclosure of in use energy performance can optimise and monitor energy use in building. The National Australian Built Environment Rating System, which relies on such measures, has seen a reduction in building energy use by 40 per cent in 13 year<sup>24</sup>. This will be vital for UK businesses to achieve an estimated £5 billion in annual energy savings by 2030.

#### **4. Should the government give a higher priority to environmental goals in future support?**

Studies into investments made as part of a fiscal recovery have shown that policies that have low climate impact can also deliver some of the greatest economic results, whilst also supporting the UK on a net zero transition. Investment in connectivity infrastructure, clean energy infrastructure, investing in education and training, building energy efficiency spending and natural capital investment for

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<sup>22</sup> Experian (2015) An estimate of the effects of a reduction in the rate of VAT on housing renovation and repair work

<sup>23</sup> Transport and the Environment (2017) Why the EU needs a zero emission vehicle sales target and what it should look like

<sup>24</sup> Green Alliance (2020) A smarter way to save energy

ecosystem resilience all deliver high long-run multipliers without compromising environmental, nature and climate targets<sup>25</sup>.

The government is clearly prioritising infrastructure in its post-pandemic support. To ensure that infrastructure that is beneficial to the environment is prioritised, planning processes should set a 'net zero test' for new infrastructure, ensuring it is compatible with emissions reduction trajectories set by the Committee on Climate Change. What this 'net zero test' or "fiscal resilience rule" for infrastructure might look like- in terms of the criteria which it must meet- is something where there is on-going thinking by other organisations in the sector, which is expected to be published later this year.

Infrastructure projects should also go further than the biodiversity net gain required by the Environment Bill, aiming instead for net environmental gain by 2050. This means including wider natural capital benefits such as flood protection, recreation and improved water and air quality, as envisaged in the 25 Year Environment Plan.

Finally, to help prioritise sustainable employment, the government should also consider how investment as part of a recovery package not only creates jobs, but also the longevity of employment opportunities associated with that investment. This means avoiding investing in industries set to contract in future and ensure high carbon industries realign their operations to be compatible with a net zero world will be vital to ensure resilient employment creation- locking in jobs by supporting polluting industries could result in significant job losses. For instance, 28,000 jobs could go in the coal, oil and gas industry in the North of England by 2030<sup>26</sup>.

Housing energy efficiency retrofits, electric vehicle manufacture, building and upgrading public and active transport infrastructure, new recycling and remanufacturing services and carbon capture and storage are all industries that offer long term, large scale employment prospects in the near future.

## **5. Whether the Government should prioritise certain sectors within its recovery package, and if so, what criteria should it use when making such decisions? What conditions, if any, should it attach to future support?**

We cover which sectors the Government should prioritise for investment in our response to the second question, and some ideas of criteria in our response to the fourth question.

There must be specific conditions attached to bailouts for high-carbon industries like aviation or heavy industry. We have already seen this with the recent announcement that the state aid received by Celsa Steel is on the condition of meeting climate targets and other social commitments around jobs and executive pay.

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<sup>25</sup> Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020), 'Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?', Smith School Working Paper 20-02.

<sup>26</sup> Institute for Public Policy Research (2019) A just transition: realising the opportunities of decarbonisation in the north of England

We welcome the commitment set out by the Chancellor in the Summer Statement to ensure that companies receiving support also need to agree to appropriate conditions, including those relating to tax, supplier payment terms, climate change and corporate governance. However, for these conditions to be effective, they must be aligned with a reduction in carbon emissions that is in line with a net zero by 2050 target, and they must ensure they are followed up by quantified action year on year. The conditions made for the bail-outs must also be transparent to external stakeholders to ensure that companies are held the highest environmental and social standards. The condition could therefore be that the company must produce an independently audited decarbonisation strategy for their company that is aligned with net zero emissions by 2050 at the latest, and then provide annual reporting of their progress towards that goal.

For aviation specifically, we have also developed some specific conditions for bail-outs<sup>27</sup>. This includes:

- **Introducing new taxes to ensure that the sector pays a fair contribution towards public finances to fund the green recovery and reduce demand:** Higher taxes, equitably levied, on flights from the UK would help both to reduce demand and to put the sector on a trajectory compatible with net zero. There are numerous taxes which could be combined to achieve this including:
  - A frequent flier or air miles levy, which would be the most equitable instrument
  - VAT on plane tickets
  - Introducing excise duty on aviation kerosene
  - Raising Air Passenger Duty

Low oil prices have reduced operating costs so the argument for raising taxes as the recovery builds is particularly strong.

- **Requiring airlines to be part of making the UK a leader in zero carbon aviation:** Government could require a small but growing mandate on airlines to use an increasing share of genuinely sustainable aviation fuels, along with the requirement to reduce overall emissions once IAS is included in the UK's carbon budgets, could boost investment and innovation. The introduction of e-kerosene would also progressively raise the costs of fuel helping to manage aviation demand. The bail-out could also require investment in electric or hybrid planes (although these are likely to make only a marginal contribution until after 2050<sup>28</sup>).

## **6. How can the Government best retain key skills and reskill and upskill the UK workforce to support the recovery and sustainable growth?**

The government should set out a bold vision for the future of employment in the UK, including timelines for achieving it, through a low carbon skills strategy. This should include:

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<sup>27</sup> Aviation Environment Federation et al (2020) [Building back a better aviation sector briefing](#)  
<sup>28</sup> <https://s3-eu-west-1.amazonaws.com/media.afreeride.org/documents/Electric+Dreams.pdf>

- **Running regional retraining programmes:** Closing high carbon sectors without putting alternative retraining options in place risks devastating social and economic impacts in regions that have depended on those sectors for employment. Such impacts could linger for decades. However, it can be difficult to shift high carbon jobs to low carbon ones, as they may not be located in the same region or the skills may not transfer easily from one sector to another. The UK should follow international examples on this, where regional retraining has been important in successfully moving away from coal mining to cleaner industries. In Spanish coal mining communities, the government has invested in environmental restoration and regeneration of former mining sites, with former miners prioritised for the new jobs on the sites<sup>29</sup>. Similarly, in the Australian town of Port Augusta, local residents and businesses were engaged in creating a ‘clean energy transition’ that transformed the town into a local energy hub, with 13 renewable energy projects, 3,000 new jobs in construction and millions of dollars in investment provided when the local coal power plant closed<sup>30</sup>. As the UK will need to stimulate job creation after the pandemic, the government should work with regional Skills Assessment Panels to identify what the low carbon opportunities are for each area, and what the likely skills shortages in those low carbon industries will be. They can then support retraining programmes for local people, including those who have lost their jobs as a result of Covid-19.

On the regional aspect of retraining, local communities deserve a say in the changes that are to come. Local communities should be involved throughout the conversation through ‘recovery assemblies’ where a representative sample of local residents are involved with developing recommendations for how investment should be spent to revive their area through deliberative processes. This would help to ensure that the economic recovery is fair across society and bring together communities and workforces, to find solutions that the community, businesses and local and national government can agree on.
- **Working with professional bodies:** Certain sectors require new skills to help them adapt to a low carbon transition. For example, current gas boiler installers will need training to install new heating technologies, like heat pumps; farmers will need to become experts in new sustainable techniques in farming; and construction workers could be retrained to work on the offsite manufacture of components for whole house retrofit. The government should work with professional bodies to design appropriate retraining programmes and then help industry to undertake them, potentially by subsidising training fees.
- **Making retraining a condition of bail-outs:** As the New Economics Foundation has proposed<sup>31</sup>, the government should respond to the likely decline in employment in high carbon industries with a new skills and employment strategy which facilitates the retraining of workers at risk of redundancy in high carbon sectors, supports them into other roles, including emerging job opportunities linked to decarbonisation within the sector.

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<sup>29</sup> Government of Spain (2019) Acuerdo marco para una transición justa de la minería del carbón y desarrollo sostenible de las comarcas mineras para el periodo 2019-2027

<sup>30</sup> <https://www.theguardian.com/commentisfree/2016/nov/21/port-augusta-can-show-the-world-what-just-transition-for-workers-looks-like>

<sup>31</sup> New Economics Foundation (2020) Crisis support to aviation and the right to retrain

**7. Is the Industrial Strategy still a relevant and appropriate vehicle through which to deliver post pandemic growth?**

N/A

**8. How should regional and local government in England, (including the role of powerhouses, LEPs and growth hubs, mayoralities, and councils) be reformed and better equipped to deliver growth locally?**

Local authorities have some influence over around 80% of total CO2 emissions in the UK, and their wider influence includes their ownership of social housing, land, recreation, farms and moorlands. In addition, their connection to local people and organisations make them an important mouthpiece and influence on climate action, including their connections with local residents, universities, hospitals, businesses and schools.

In particular, Local Authorities can play a major role in decarbonising transport and housing, due to their role in planning- in particular in approving planning applications for new housing developments and deciding how housing developments interlink with local transport- and their responsibility for some aspects of local transport systems.

While many local authorities have the ambition and ideas necessary to meet net-zero, they lack the support, both in policy design and funding, to put this into practice. National government funding for local authorities has reduced over the years through austerity, and alongside Covid-19, many local authorities are facing significant financial challenges to deliver even core services, let alone wider, long-term climate action. Some upskilling and extra resources are also required in the short term to ensure that relevant Local Authority officers have the expertise on driving low carbon growth through programme design and implementation.

Therefore, while reform of regional and local Government is obviously an option on the longer term, on the shorter term Green Alliance would suggest an increase in overall central government spending on local authorities to bring public investment back to levels seen in 2014, or even higher if they are expected to take on higher responsibility roles of rolling out intensive low carbon programmes like low carbon heat switchovers<sup>32</sup>. Central government must also clarify how the UK Shared Prosperity Fund will look, and how it will replace the current sources of funding from the EU (such as JESSICA and ELENA) which many local authorities have benefitted from. This fund should allow local authorities to use it on a flexible basis, to ensure investment is used in the best way for that particular region. This fund could also have some money ring fenced for public-private investment to leverage private sector funds and open up new opportunities for local authorities.

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<sup>32</sup> Policy Connect (2019) Uncomfortable Home Truths

**9. What opportunities does this provide to reset the economy to drive forward progress on broader Government priorities, including (but not limited to) Net Zero, the UK outside of the EU and the 'levelling up' agenda? What should the Government do to ensure that delivering on these priorities does not exacerbate the vulnerability of businesses, consumers and communities/workers that have been impacted by COVID-19?**

Achieving a net zero emissions economy in the UK, 'levelling up', increased resilience and positioning the UK as a globally competitive player after leaving the European Union are all closely linked to choices that the Government makes now as we start the process of recovery from the pandemic.

We have made clear in previous answers how a recovery stimulus can and must deliver on environmental and climate goals. But green stimulus packages also have many benefits and deliver broader Government priorities.

Many of the jobs that will be created from economic stimulus packages will be based outside of the south east and London and therefore deliver on improving regional and social inequalities. For example, an ambitious home energy efficiency programme could create as many as 150,000 full time roles by 2030 all over the country<sup>33</sup>; shifting to a circular economy, underpinned by the expansion of industries like recycling, repair and remanufacturing across the UK, could create over 102,000 net jobs, or half a million gross jobs, many of them outside London and the South East<sup>34</sup>; a net zero energy system could result in 400,000 roles by 2050, with 100,000 based in the North of the UK and 50,000 in the Midlands.<sup>35</sup> Overall estimates suggest that nearly 700,000 direct jobs could be created in England's low carbon and renewable energy economy by 2030, with over 300,000 based in the North West, the East and West Midlands and Yorkshire & Humberside<sup>36</sup>. Green economic stimulus packages can therefore help to deliver on the Government priority of reducing social and economic inequalities across the UK.

Similarly, low carbon and nature solutions will be increasingly in demand globally. The UK is already regarded as a global leader on climate change, and also in developing innovation and then driving commercial scale clean energy technologies like offshore wind turbines. Building on this reputation once the UK leaves the European Union, there are significant opportunities for the UK to continue to be competitive in these sectors and build new leading industries which have export potential- for example, in CCUS, hydrogen, EV manufacturing and green finance. However, this does mean that the government must promote, support and champion business investment in these sectors, particularly as we begin to recover from the coronavirus pandemic. Similarly, it should develop better mapping of supply chains so sector deals for these sectors can increase the UK content of supply chains.

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<sup>33</sup> Energy Efficiency Infrastructure Group (2020) Energy efficiency's offer for a net zero compatible stimulus and recovery

<sup>34</sup> Green Alliance and WRAP, 2015, Employment and the circular economy: job creation in a more resource efficient Britain

<sup>35</sup> National Grid (2020) Building the net zero energy workforce

<sup>36</sup> Local Government Association (2020) Local green jobs- accelerating a sustainable economic recovery- regional breakdown of statistics

Delivering on these policies also has significant co-benefits in terms of resilience. As we covered above, healthy natural ecosystems can protect against flooding, improve water quality, and keep cities cool; improving air quality provides long-term health benefits; shifting 1.7% of journeys from cars to walking and cycling would save the NHS £2.5 bn per year<sup>37</sup>. Leaner, more resource efficient manufacturing would help future proof businesses against fluctuating prices and improve the UK's productivity.

Overall, delivering on our climate targets as part of a recovery package can help meet other Government priorities, as well as other important co-benefits.

### **10. What lessons should the Government learn from the pandemic about actions required to improve the UK's resilience to future external shocks (including – but not limited to – health, financial, domestic and global supply chains and climate crises)?**

The main lessons coming from the pandemic which we believe the Government must learn from include:

- 1. To listen to expert and scientific guidance in responding to future and expected external shocks**  
Global health experts have long warned that the world needed to prepare for a highly infectious, airborne virus pandemic to avoid severe damage to the economy and premature deaths. We must now listen to the scientific and economic evidence about climate change to prepare properly for the likely external shocks that a changing climate will bring.
- 2. People are willing to change if the urgency and significance is well communicated.**  
Most people in the UK, as elsewhere, have now shown that they're willing to change their behaviour drastically to protect others. What these relatively short term actions might mean for the long term behaviour changes needed to protect our planet isn't clear, but it does suggest that people will alter their actions where they see the need and the urgency.
- 3. The economy has to work for both people and the planet.**  
To prevent climate change and future pandemics, we need an economy that doesn't rely on pushing or exceeding [planetary boundaries](#) to function. Continuing exploitation of our natural environment will only increase the likelihood of pathogens moving between species. Pathogens are particularly likely to jump from bats or rats to humans, and these are the animals that thrive when natural habitats are disturbed.  
But we also need to ensure that no one is left behind. It is notable that the well-off are better able to cope with the virus and the resultant shutdown, with greater job security and financial reserves limiting the financial and health impacts of the pandemic. This is likewise true for nation states, with great variation in the ability of health services across the world to manage. With both crises, the most vulnerable people and countries must be supported if the problems are to be effectively solved for all of us, and this can only be achieved through more, not less, [international cooperation](#).

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<sup>37</sup> Ricardo-AEA, 2013 - Review of the impacts of carbon budget measures on human health and the environment

