

CCN Submission

Net Zero Review

Response from the County Councils Network

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About the County Councils Network

1. The County Councils Network (CCN) is the voice of England's counties, representing 23 county council and 13 unitary authorities, covering 86% of England's landmass and 47% of its population, delivering many of the council services that directly impact on people's lives. As a cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.

Introduction

2. CCN has been undertaking an increasing amount of work on climate change and delivering net zero as our members grapple with the challenges this brings. In 2021, the network published our first major research into climate change, *Rising to the Challenge: the role of Counties in Delivering Net Zero*. This work analysed in detail the specific challenges facing county and rural areas in tackling climate change.
3. The report showed that carbon emissions have increased in England's rural areas since 2005, whilst they have reduced across the rest of the country. Whilst CCN member authorities are taking positive and innovative steps to reduce emissions, the unique and varied challenges faced in more rural areas have resulted in slower emissions reductions than other urban and city areas.
4. Local government, as the recognised leader of place, is ideally positioned to play a major role in enabling the required societal shift in attitudes and behaviours. Through local networks and partnerships, regulation, service provision, funding and communication, local government possesses the tacit knowledge that is required to influence change. The Department for Business, Energy and Industrial Strategy (BEIS) has recognised the importance of local government in their analysis of GHG emissions, acknowledging that 84% of territorial CO2 emissions are influenceable by local government. This recognition alone suggests that local government should be fundamental to climate change action programmes.
5. Accepting that local government is crucial to the successful roll out of climate change action, it is important to recognise that not all places are the same. Any policy that is designed by central government must understand and consider the unique circumstances of county areas. Our work has shown that initiatives designed to improve air quality that have predominately been focussed on cities and urban areas will have led to emissions reductions in those areas, particularly in respect of transport. Unless a

similar level of focus, recognition, investment, and a more co-productive approach is taken to those areas where more than half of CO2 emissions are accounted for, the UK is unlikely to meet its climate change commitments.

6. The report puts forward a number of recommendations for central Government as follows:
 - That the UK Government gives more clarity on the policy, strategy and obligations relating to local government and climate change. Government should create the forum for meaningful engagement with CCN member authorities to jointly define the roles, flexibilities and contributions that they can make to build on the self-made momentum and accelerate climate change action in their areas.
 - Funding to support climate change actions should be directed to CCN member authorities in proportion to the size and scale of the challenge outlined in this report, with clarity, flexibility and sustainable funding streams.
 - Government should quickly establish the mechanisms for capturing and recording the performance data (finance, emissions reductions, co-benefits, etc) to support the evaluation of what works well and that initiatives can be scaled with greater certainty.
7. In preparing this submission, we sent a call for evidence out to our members asking them for their feedback. We received 11 responses, and these have heavily influenced this response. We also encourage the review panel to consider CCN member councils individual responses. In this response, we respond to the overarching questions 1 to 7, along with questions 24 to 28 for local government. Our responses are below.

Response to consultation questions

Overarching questions

Question 1. How does net zero enable us to meet our economic growth target of 2.5% a year?

8. There was a consensus amongst respondents that achieving net-zero is integral to delivering sustainable growth, and evidence that CCN members have invested in net zero solutions that have helped stimulate the local economy.
9. For example, in West Sussex there has been:
 - investments in green infrastructure projects such as mass transit;
 - highways that have the necessary charging infrastructure for electric vehicles,
 - the delivery of significant capital projects aligned to help deliver net zero. For example, requirements on consultants and contractors to support the delivery of net zero has led to a broadening of the supply chain and greater value contract and renewable energy generation.
10. Similarly in Nottinghamshire, net zero procurement for construction of buildings and green infrastructure is a critical part of enabling economic green growth targets.
11. Conversely, some members highlighted the cost of inaction on net zero in relation to economic growth. Cornwall has pointed out UK-wide economic damage by 2050 (with a

2°C temperature increase) is estimated to exceed £1billion per annum. Failure to deliver net zero puts the risk higher.

12. In summary, net zero carbon ambitions can stimulate the creation and growth of new markets around energy efficiency, renewable energy and sustainable transport, as well as promoting innovation. As such, they have an important role to play in supporting the economic growth trend rate of 2.5%.
13. However in order to achieve this, much more needs to be done in terms of public engagement and leadership to support the radical changes we need to see. There is a need for a much wider appreciation of scale and nature of the challenge alongside the translation of this challenge through meaningful engagement into meaningful action. The nature of the climate crisis presents challenges for communication and for building meaningful engagement. It can seem a distant or future problem, or is often talked about as a global issue of overwhelming scale, making the actions of individuals or organisations seem irrelevant. However, this need for public engagement should not delay action.

Question 2: What challenges and obstacles have you identified to decarbonisation?

14. The challenges facing members are multifaceted. Key challenges and obstacles highlighted by respondents include:

Resources – funding and staff

15. All councils are experiencing growing demand for critical services and facing significant pressure across services from rising inflation. It is therefore difficult for Councils to commit financially to a large-scale and long-term project like county-wide decarbonisation. Hampshire estimates that to decarbonise the council's own estate (which accounts for less than 2% of Hampshire's overall emissions) is expected to cost £50m per year for the next 30 years. And to decarbonise every home in Hampshire will require £30bn of capital spend. Cornwall estimates that, with an estimated cost range of between £35k-£75k per home, the total cost to retrofit to the levels required in Cornwall alone would be between £10bn and £21bn.
16. Allied to this, capital costs associated with decarbonisation measures are high. One respondent estimated that net zero design has increased up-front costs by approximately 5-15%.
17. There can be limited financial incentives for those who do not view carbon as a priority (and some respondents highlighted a lack of political will to address the issues associated with achieving net zero). Incentives to decarbonise need to be provided to different sectors and particularly to landlords.
18. In terms of staff resource amongst our members, this was seen as an issue by the majority of respondents, with one saying that councils do not, and cannot, have the level of staffing to support their county to net zero.

Rurality and Incomes

19. Our members are often Counties with a geographically diverse make-up. Such diversity in economies, urbanicity, and landscape can make it difficult to advance net zero

solutions holistically. The dispersed nature of the settlement pattern in some of our County and Unitary Authorities makes it extremely challenging to deliver cost effective public transport, and weaker transport links and peripheral locations hinder economic performance in some of our Counties. Some respondents also highlighted how rural attractions, which are often inaccessible by public transport, often rely on car park income. This reliance means that there is little incentive for them to promote the more sustainable option of public transport in their locality.

20. Agricultural emissions have reduced by 16% since 1990 but progress since 2011 has been modest. Some activity to reach net zero in this sector comes with little or no cost (e.g. more efficient use of fertilisers) but others (e.g. investment in renewables, new equipment, automation, etc) comes with a cost that cannot always be recouped from the market.
21. Some Counties may not have the necessary infrastructure in place to achieve net zero. For example, Cornwall said their Cornwall's energy infrastructure is not currently capable of supporting the significant expansion of renewable electricity generation, low carbon heating systems and the electrification of transport required to achieve net-zero.
22. Income levels can be a barrier to decarbonisation. The average salary within Somerset for example is 18% less than the UK average, which makes retrofitting property and early adoption of EVs without financial help problematic – especially in the midst of a cost of living crisis. This immediate crisis is likely to pare back residents' willingness and/or ability to take action on e.g. retrofitting their homes, despite the opportunity that this presents for long-term savings and reduced emissions.

Lack of Skills

23. Access to sufficient technical expertise, especially for new technologies, is challenging for local authorities and very difficult for individual homeowners and businesses.
24. The workforce to deliver net zero does not currently exist. Hampshire say that to decarbonise every home in that County will require 6,000 new jobs per year to 2050 in trades from general builders to heat pump installers.
25. To produce the workforce needed to reach net zero the educational institutions need the expertise to deliver the required training. This is currently lacking. Retrofit is just one aspect of net zero that has a large skills deficit. EV maintenance and the construction industry are other examples.
26. In addition, on the policy side, some respondents argued that there was a lack of expertise at a policy making level across all tiers of government

Dearth of Suppliers

27. We need a healthy market of suppliers who can readily offer options at competitive prices. Skills and technology are key interlinked aspects here - notably in building a workforce with the capability to deliver decarbonising technologies at scale, and so drive down prices for consumers and businesses.

Behaviour

28. It was mentioned that the net zero strategy in its current form appears to place more emphasis on technological advancements over addressing consumer behaviour change particularly in the aviation and transport sector and on the role of diet. Members argued that programmes must consider and address barriers to behaviour change across both commercial and residential settings. If people are to change their carbon emitting habits and behaviours, it is critical to identify solutions enabling capability, motivation and opportunity.

Question 3. What opportunities are there for new/amended measures to stimulate or facilitate the transition to net zero in a way that is pro-growth and/or pro-business?

29. There is a need for a national approach that enables flexibility in delivery at the local level. It is the case that rural and urban areas face different challenges in tackling climate change. National policy can provide the direction and the consistency, however delivery through a one-size-fits-all approach cannot effectively address the different challenges faced by urban and rural areas: rural building efficiency, transport and connectivity and industry, or even the specifically rural issues of agriculture and land use. Flexibility to deliver specific local solutions is vital, and a recognition in policy that these solutions will be different in different areas is needed.

30. Respondents highlighted several initiatives that could support the transition to net zero and drive growth. For example:

- Preferable corporation tax rates for those operating in the Green economy
- Zero VAT on renewable energy; resource efficiency; zero carbon transport modes; green infrastructure
- Measures to incentivise promoters of renewable energy developments to use components manufactured/assembled in the UK – further stimulating growth.
- A mechanism for advice and signposted expertise in relation to the transition to green technologies will help people have confidence in the information they are receiving and the solutions they are selecting.
- New training opportunities – in West Sussex, Officers have led educational trips to the County Council's solar farm to highlight the jobs and training opportunities offered by the green economy.

Question 4. What more could government do to support businesses, consumers, and other actors to decarbonise?

31. Respondents suggested a range of measures that could support this objective. These included:

- Set a clear, positive, long-term vision, developed in partnership with key stakeholders, to provide confidence for investors. There is a lot of interest from business to capitalise on the net zero agenda, but a lack of positive messaging and leadership from Government. This deters investors and saps business confidence.
- Provide a streamlined funding process that is easier to navigate and less resource intensive. And a single central fund could be created – similar to the Green Business Fund run by the Carbon Trust;
- Incentives (including tax), use of technology (AWorld app was quoted) to support and nudge behaviour change;

- Dis-incentives – for example increased tax - for businesses and industries that generate carbon
- More effective planning guidance in this field.

Question 5. Where and in what areas of policy focus could net zero be achieved in a more economically efficient manner?

32. At present, policy on net zero is conducted in a piecemeal fashion across central government, complicating the interaction between local and central government on this agenda. This approach has served to increase the number of engagement points for local government, with a corresponding increase in areas of policy focus they are required to have regard to.
33. The transition to net zero will require policies promoting low carbon and sustainability to be embedded within the full range of levers available at both a local and national level. Developing ambitious and coherent policy at a national level, supported by aligned local policy, will enable the private sector investment needed to drive down costs and accelerate delivery.
34. A greater certainty of policy focus would enable county and unitary authorities to use their scale as some of England's largest local authorities to help make net zero more economically efficient by driving down costs, stimulating markets and in turn ensuring that costs are reduced for consumers.
35. For example, county and unitary councils could harness their significant procurement chains to help make net zero more economically efficient, using energy efficient construction materials for new buildings, or supporting significant domestic retrofit programmes.
36. There are also significant opportunities for council trading standards teams to help drive shifts in behaviour that will result in net zero being delivered in a more economically efficient manner.

Question 6. How should we balance our priorities to maintaining energy security with our commitments to delivering net zero by 2050?

37. As set out above, a more joined up approach across central and local government will enable us to work towards net zero whilst maintaining energy security. This will be achieved through reducing demand; and supporting the next generation of renewable energy.
38. This approach should be balanced and sustainable, recognising the interaction between environmental, social and economic policy and associated funding streams. This can be supported through an aligned strategic approach that provides long term confidence through clear, committed investment and infrastructure improvement
39. Reducing energy consumption is conducive to both of these aims, and reduces reliance on the international energy market. This could be achieved by utilising a range of technologies, long-term investment, and an approach to tax and regulation that ensures that the low carbon choices are logical for the consumer. Increasing awareness amongst the wider public will also help with reducing demand.

40. With regard to energy generation, the UK has excellent potential for renewables generation, and upscaling our generation reduces reliance on international energy market and provides opportunity for local suppliers.
41. For example, the southwest of England was the first to install wind turbines and is well placed to become a net exporter of clean energy by 2030 through market leading developments of geothermal and potential for floating offshore wind, wave and tidal energy, along opportunities for wind and solar created by the natural environment.
42. County and unitary councils are already leading improvements in infrastructure, supporting large-scale battery storage sites or development of renewable sources such as locating solar panels on council properties such as schools, which reduce utility bills and also provide teaching and learning opportunities for children.
43. County and unitary councils are also using land for large scale renewable energy projects. For example, West Sussex County Council have constructed solar farms to make use of unused, low-grade land to generate renewable electricity and an income for the council. The Tangmere solar farm generates enough zero-carbon electricity to power 1,500 homes, for example, and will generate £13.8 million from feed-in-tariffs and electricity sales during the lifetime of the project.
44. The government will also want to consider the role of the next generation of nuclear reactors, given that these are most likely to be located in county areas.

Question 7. What export opportunities does the transition to net zero present for the UK economy or UK businesses?

45. CCN members and the areas they cover hold extensive assets, related knowledge, expertise and skills which present significant opportunities to develop and grow new markets within the green sector, with opportunities for major energy generation, carbon capture and storage. CCN members would welcome support to capitalise on these opportunities to work with local companies to eco-innovate their products and export more effectively.
46. There are also significant opportunities through new build development and large-scale growth sites to procure and invest in green technologies and digital infrastructure to support the transition to a more self-sustained net zero economy. If more of this infrastructure is made in the UK and invested in a low carbon way this will both grow our progress towards net zero and enable our growth of UK product and IP for export. In addition to the growth in locally produced skills and innovation, economic growth will also be aided by strong alignment of the opportunities around investments zones and freeports.
47. CCN members are already working with local partners on sites that can help to facilitate wider export of net zero capabilities. For example, Cumbria has the potential to develop and support these export opportunities through existing assets such as Workington Port, which is a multi-modal transport hub (supporting a shift from freight to rail and sea). However, this can only be achieved through clear, committed infrastructure investment: a planned, aligned approach to national infrastructure investment will be critical in providing the clarity and certainty for stakeholders, which will allow this export potential to be unlocked.

Questions for local government, communities and other organisations delivering net zero locally

Question 24. What are the biggest barriers you face in decarbonising / enabling your communities and areas to decarbonise?

48. County communities face significant challenges to decarbonise because of their coastal, rural and semi-rural nature. However, many of the actions overcoming these can be supported by county and unitary councils, in some cases with strategic input from partners and central government.
49. Given the large number of councils that CCN represents, there are a significant and diverse number of barriers that they face. However, the ability of county and unitary councils to overcome these barriers must also be seen within a context of competing demands on their resources, including unprecedented energy costs, the legacy of Covid-19, SEND overspends, or forthcoming adult social care reforms.
50. Given these competing political and budgetary priorities, it will be ever-more vital to communicate the economic benefits of decarbonisation at the residential, commercial, and governmental levels, as well as the interconnectedness of economic recovery and policies which promote net zero. The IPCC estimated that over 40% of the decarbonisation required to reach net zero by 2050 would need to come from behaviour change, which will require drastic change in lifestyle and thinking about decarbonisation at a societal and individual level.
51. Whilst the barriers to achieving net zero can broadly be broken down to the following, we would urge this review to consider the individual responses from county and unitary councils for further detail:
 - *funding* which is generally through competitive application processes and is often short-term in nature, makes it difficult to plan delivery long-term and invest more widely, for example when working with private sector partners and supply chain on domestic retrofit schemes. There is also a significant focus in the current funding streams on capital investment, when a revenue stream to cover staffing costs would also help, as was the case with the Woodland Creation Accelerator Fund. The recent announcement of £1.5bn for retrofitting to March 2025 is a welcome start, but a longer-term commitment would encourage more young people to train for the skills required and would encourage businesses to invest in these skills;
 - *transport emissions* ensuring that there is sufficient EV charging capacity in counties, supporting rural bus routes, and transitioning away from a car-first culture;
 - *housing emissions* supporting a wide retrofitting programme, which covers social housing and incentivises the private rented sector. For example, the current cost of decarbonising every home in Hampshire would cost £30bn in capital spend. It also needs to be recognised that a significant number of properties in rural areas rely on oil-powered heating systems – for example the 2011 census showed that in West Somerset, only 45% of homes had gas central heating, while 22% had oil heating, more than five times the national average;

- *natural systems and land use* providing advice and support to farmers and rural communities to decarbonise, and embed biodiversity net gain into planning and development;
- *energy* urgently addressing lack of grid capacity to facilitate renewable energy generation, balancing land use between agriculture, development, and renewables, and allowing the promotion of onshore wind where appropriate and supported locally;
- *skills shortages* both within member councils but also wider supply chains. For example, to decarbonise every home in Hampshire will require 6,000 new jobs per year up to 2050 in trades from general builders to heat pump installers;
- *engagement* with no clear signposting towards reliable and credible public information sources to advise residents on how they need to adapt their homes and lifestyles for the country to meet its net zero ambitions. This is increasingly urgently needed given the complex nature of retrofitting homes or businesses.

Question 25. What has worked well? Please share any examples of any successful place-based net zero projects.

52. Despite the challenges outlined above, there have been many examples of successful place-based net zero projects across CCN member councils. Some councils are focusing on both capital projects, along with educational programmes to encourage behaviour change. These can be cross-county or delivered at a community level which allows the sharing of knowledge and helps residents to feel part of a bigger drive to reduce emissions and increase resilience to the impacts of climate change. Some areas have made funding available for communities who then lead on projects themselves, creating a sense of collective responsibility.
53. Many CCN members are undertaking county-wide studies to identify local solutions, such as local energy plans, and some have undertaken studies to measure carbon emissions and use this as a baseline as they look to reduce emissions generated by the operations of their Council and the services they deliver.
54. Please see individual member responses for full details, but some general examples include:
- Housing retrofit programmes, public sector decarbonisation and Passivhaus – these projects include efforts to invest in the skills required to retrofit existing housing stock, identify opportunities to decarbonise council owned buildings, and to deliver high quality Passivhaus buildings with minimal emissions.
 - Trees – leading efforts strategically and locally to replant trees that will remove carbon.
 - Street lighting – replacing obsolete and inefficient lanterns with modern LED technology, delivering cost savings and reducing emissions with welcome funding from the SALIX scheme.
 - Active travel – including introducing bikes and e-scooters to offer an alternative mode of transport. Research from some schemes has shown that many journeys taken through these schemes replaced journeys that would otherwise have been taken by car, van or motorbike.

- Support to local business – offering grants to businesses to support energy efficiency and decarbonisation efforts, such as taxi companies transitioning to the use of electric vehicles.

55. These all showcase how strong leadership from councils is key to acting on and delivering projects at grassroots and strategic level, and why they are a key partner to achieving net zero targets.

Question 26. How does the planning system affect your efforts to decarbonise?

56. The planning system could be a key enabler in assisting efforts to decarbonise, but is perhaps not working as effectively as it could be. Local Planning Authorities must work to balance the various harmful effects of development against the benefits and whilst the National Planning Policy Framework (NPPF) generally supports the transition to a low carbon future and includes measures that enable renewable energy generation and climate mitigation, it could go further. Policies in the NPPF could be drafted in a way that directs decision makers to give increasing weight to the green credentials of development, and that help them to meet their net zero targets.

57. Building regulations also have an important role in the pursuit to decarbonising the built environment, and an important interplay with the planning system. Local plan policies cannot exceed the requirements of building regulations, and therefore currently creates a ceiling for the ability of local plans to require net zero in new development.

58. The buildings that we are currently permitting will need to be retrofitted as they are not being built to the standards that we need to meet to reach net zero. The biggest change that would make the most difference is to amend building regulations and the National Planning Policy Framework to mandate that all new buildings should be zero carbon.

59. Transport and local transport plans will also play an important role in efforts to decarbonise and influence the travel of people to/from development and around. Active travel is becoming increasingly important, and in county areas the roll out of electric vehicles, and associated infrastructure, is also important. The planning system could focus on how to best enable the provision of the required infrastructure to support this, particularly in the delivery of public and active travel infrastructure and the deployment of rapid charge points for electric vehicles for both residential and commercial use. These are key to not only meeting net zero commitments, but also addressing air quality, public health and wellbeing.

Question 27. How can the design of net zero policies, programmes, and funding schemes be improved to make it easier to deliver in your area?

60. The most impactful measure that could be taken to improve the delivery of net zero policies, programmes and funding would be to guarantee authorities a long-term funding stream for net zero related projects that they can use flexibly to deliver the best outcomes for their areas, rather than bidding on a case-by-case basis. In some instances, authorities have not secured second or third rounds of funding which brings implications for supply chains who have built capacity to deliver and are then unable to meet demands. A long-term funding stream would have avoided this type of situation.

61. Concerning the existing approach around bidding for separate funds, much of the feedback received commented on the short timescales for applications, particularly for recent funding streams, and the competitive nature of funding. Giving authorities more warning that funding is on the way along with more time to prepare bids would improve the number and quality of funding applications. This would also allow them to assess how funding streams are helping to meet their strategic and corporate objectives.
62. In addition, members commented that they would like to see funding streams that support the human resource and skills required to deliver the projects. Whilst our members welcome any capital funding, they believe that a revenue aspect should be included for staffing costs to maximise successful delivery of projects or programmes.
63. Timescales to deliver projects once funding has been allocated is often also very tight, particularly given supply chain issues for low carbon equipment. We would therefore welcome flexibility in the timescales for delivery of these schemes, where it can be demonstrated and justified.
64. Member councils have highlighted the need for a more strategic approach to planning and delivering climate change initiatives. The requirement for one Local Nature Recovery Strategies to cover a county area could offer the opportunity to extend this cover a wide-ranging strategy not only for nature recovery, but also climate resilience and net zero. This would allow for more collective policy and decision making and would lead to a co-ordinated, outcomes based approach at scale. Funding pots could also be bought together at this scale and could be used to drive green economic growth.

Question 28. Are there any other implications of net zero or specific decarbonisation projects for your area that the Review should consider?

65. The pursuit of net zero and decarbonising is going to require a collaborative and whole system approach. As one submission to us put: "the delivery of net-zero is a cross sector, cross organisation, activities which would benefit from a joined-up approach to delivery, especially across public sector organisations and utilities providers, through initiatives such as local energy planning. This type of initiative, if appropriately resourced, would enable long-term coordinate approach which would benefit investment."
66. There will be many specific projects that CCN member councils will be working towards, and the review team should consider the individual responses from councils.