

## 4v. Local Climate Action

Supporting decarbonisation and regeneration in our local areas and communities

### Key Commitments

- Set clearer expectations on how central and local government interact in the delivery of net zero.
- Build on existing engagement with local actors by establishing a Local Net Zero Forum to bring together national and local government senior officials on a regular basis to discuss policy and delivery options on net zero.
- Continue the Local Net Zero Programme to support all local areas with their capability and capacity to meet net zero. This includes provisions to:
  - Continue the Local Net Zero Hubs (previously known as the local energy hubs) to support all areas of England to reach net zero, including those lacking capacity and capability, or those facing unique challenges.
  - Promote best practice and support local authorities to develop net zero projects that can attract commercial investment.
  - Increase knowledge sharing to demonstrate and share successful net zero system solutions.

## The challenge

**1.** Devolved and local government play an essential role in meeting national net zero ambitions. Across the UK many places have already made great strides towards our net zero future, having set their own targets and strategies for meeting local net zero goals. Taking a place-based approach to net zero is also vital to ensuring that the opportunities from the transition support the government's levelling up agenda.

**2.** The combination of devolved, local, and regional authorities' legal powers, assets, access to targeted funding, local knowledge, and relationships with stakeholders enables them to drive local progress towards net zero. Not only does local government drive action directly, but it also plays a key role in communicating with, and inspiring action by, local businesses, communities, and civil society. Of all UK emissions, 82% are within the scope of influence of local authorities.<sup>43</sup>

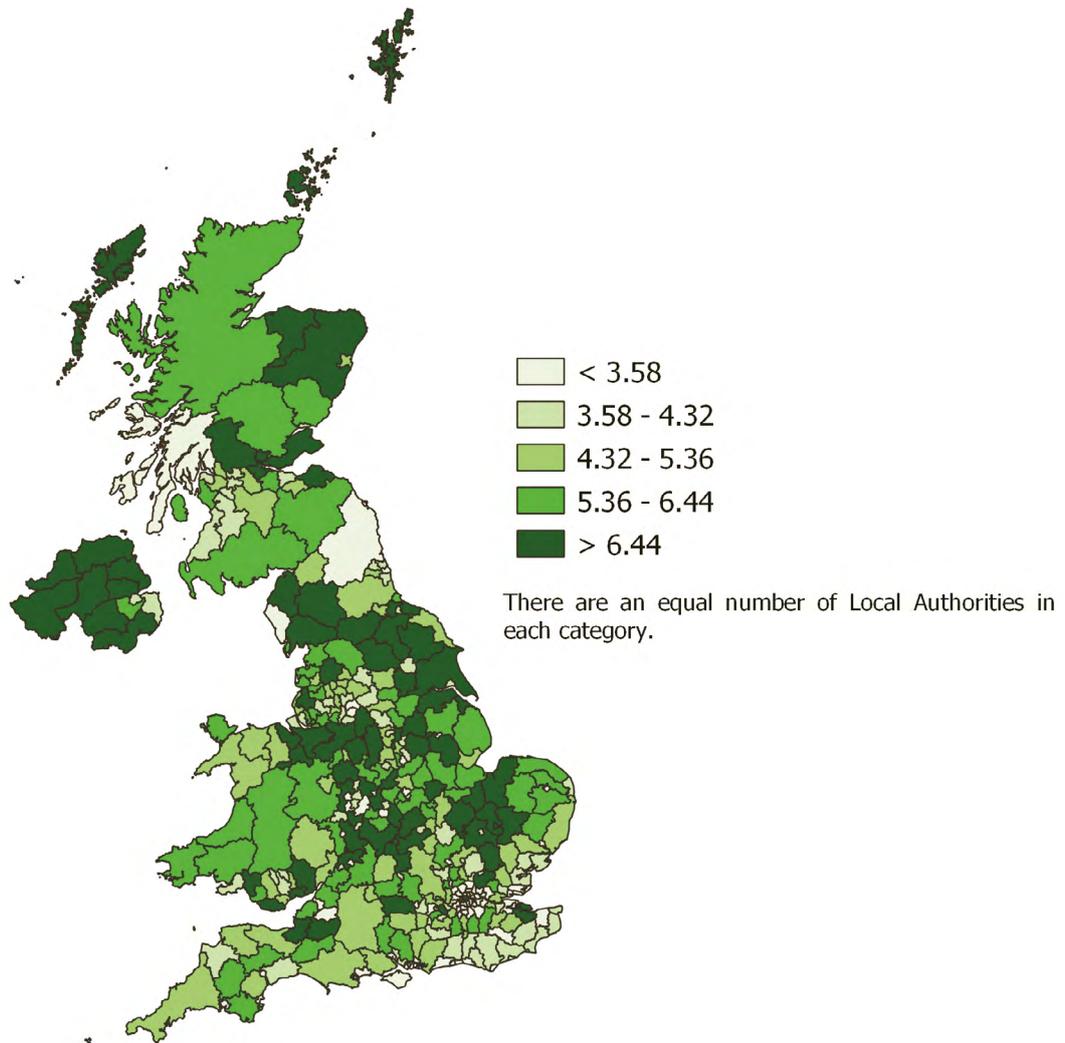
**3.** Local leaders are well placed to engage with all parts of their communities and to understand local policy, political, social, and economic nuances relevant to climate action. The government currently works with the Core Cities Group, for instance, which undertakes a range of activities to promote climate change adaptation, raise awareness and foster leadership in cities. Local government decides how best to serve communities and is best placed to integrate activity on the ground so that action on climate change also delivers wider benefits – for fuel poor households, for the local economy, for the environment and biodiversity, as well as the provision of green jobs and skills.



**4.** Despite the excellent work already underway, we understand that there remain significant barriers to maximising place-based delivery on net zero. We know that some places are moving faster than others and that places and communities will face different challenges when meeting net zero commitments and adapting to climate change.

**5.** There are significant regional variations in the level of emissions (see Figure 29 below) and some of the hardest hit local economies that face multiple development and growth challenges are proportionally home to a greater number of lower skilled workers. Many of these areas are also where high-carbon industries are located.

Figure 29: Net emissions of carbon dioxide per capita by Local Authority (tonnes CO<sub>2</sub>e per capita) in 2019



Source: ONS

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6. We also recognise that certain types of communities, such as rural and coastal communities, face significant and unique challenges. For example, the increased age of rural housing makes it both more difficult and expensive to introduce energy efficiency measures and rural communities also have greater reliance on cars. Similarly coastal communities face significant challenges as they may be vulnerable to more frequent

flooding, rises in sea level, and accelerated coastal erosion which will have the potential to affect public services and infrastructure. However different types of localities may also have opportunities available to them that do not exist everywhere. For instance, coastal communities may be able to utilise tidal energy or industrial scale water source heat pumps, and rural areas may have access to sustainable biomass.

**7.** There are currently no net zero statutory targets on local authorities or communities in the UK, and we do not believe that a new general statutory requirement is needed. This is because of the existing level of local commitment with the sector, and because it is difficult to create a uniform requirement that reflects the diversity of barriers and opportunities local places experience. However, we do understand that there is a real need to ensure local leaders across the board are supported by enhancing the capacity and capability of local areas to deliver net zero, coordinating engagement with local authorities, and clarifying expectations at a national level to accelerate local progress towards net zero.

## Our goal

**9.** The government will continue to set UK-wide priorities for meeting carbon budgets and for assessing how each sector will help meet those budgets. Local government has a key role in integrating delivery at a local and regional level to deliver more cost-effective routes to net zero and derive local co-benefits that embed climate action in the heart of local places and services. By taking this approach, we can achieve even more for net zero and for the economy locally and nationally; we recognise that a one-size-fits-all approach will not work. We want to build strong partnership working between central, devolved, and local government, increase the co-ordination and better support all levels of government to utilise the influences available to them.

**10.** We want to continue to empower our local leaders to take the actions which will lead to the biggest gains in emissions reduction, including the potential opportunities in building back greener and meeting our ambitions to level up the country. While the COVID-19 pandemic has severely impacted our communities, it has also reshaped how we think about place, community, and our natural and built environment.

**8.** Central and local government will need to work closely together to deliver net zero and our interim carbon budgets. Government analysis suggests that over 30% of the emissions reductions needed across all sectors to deliver on our Carbon Budget 6 target, as set out in this strategy, rely on local authority involvement to some degree.<sup>44</sup>

**11.** Community empowerment, engagement, and action can play a role in supporting the UK's transition to net zero and enable communities to access the benefits that it brings, from greener jobs to improved health. Communities are especially well placed to help raise awareness and engage people in adopting net zero behaviours. For example, community ownership of renewables and other assets, often in partnership with other organisations, can be an important driver of reducing local emissions. It can also enable people to learn more about climate change and build sustainable behaviours.

**12.** We will continue to provide support for public and private investment opportunities in local places that will enable the local delivery of emissions savings across the sectors. In the sector chapters we have shown the range of programmes from building retrofit, heating, electric vehicle charging and many others where funding will go to local government to deliver action in their communities.

### Enabling local areas to deliver net zero

**13.** To support all local government in developing and delivering their net zero delivery plans, we need to act in three key areas:

- a. Setting clearer expectations** for local places, clarifying how the partnership with local government should work, and considering how action at national, regional, local, and community levels fits together to tackle the emission and climate risk challenges we face, and the wider benefits the transition brings.
- b. Providing resources** for local places to deliver stronger contributions to national net zero targets, across dedicated funding streams for net zero and non-ringfenced funding, noting the number of broader priorities on which local government needs to deliver.
- c. Building capacity and capability** at the local level to support ambition and share best practice, while also providing support in areas that may not have made as much progress to date.

**14.** To act effectively across these areas, and for local government to translate national goals into local action, we will build on our existing engagement to improve the way local and national government collaborate on net zero. The Department for Business, Energy and Industrial Strategy (BEIS) will take overall responsibility for improving coordination with local government and other local actors on the effective design and delivery of local net zero policies, as part of the Department's overall responsibility and wider leadership on delivering net zero. Other departments will continue to lead on their specific policy areas such as Department for Transport on the decarbonisation of transport. We intend to

build on many of the existing ways of working together to provide more consistency and clarity over roles and responsibilities between national and local government.

**15.** We will do this by establishing a Local Net Zero Forum to ensure that there is direct input from local leaders. Chaired by BEIS, the Forum will be cross departmental and bring together national and local government senior officials on a regular basis to discuss policy and delivery options on net zero. The forum will build on our current engagement mechanisms through the representative bodies such as the Local Government Association (LGA), Association for Public Service Excellence (APSE), Core Cities and the Association of Directors of Environment, Economy, Planning & Transport (ADEPT). The creation of the Forum also draws on the recommendations for a policy framework put forward by member network UK100. The Forum will support the establishment of clearer delivery roles for local government and provide a single engagement route into HM Government in a coordinated and coherent way.

**16.** On adaptation, local actors will be supported through increased Environment Bill powers to take effective action, reduced financial burdens from waste management and stronger abilities to improve health and social outcomes for local citizens.

**17.** Achieving our aims requires national decision makers to have the right knowledge and awareness to understand the local impacts of decisions. BEIS will work with other departments and stakeholders to demonstrate successful net zero system solutions by creating a network of experience that amalgamates learning through case studies and non-spatial planning tools.

**18.** We have already developed a Carbon Literacy toolkit for the delivery of Carbon Literacy training for local authorities. This training has been made available to all local authority staff and aims to increase awareness and ability to reduce emissions across all the policies and programmes local government work on. BEIS has created a sector course and places like Manchester and Sheffield are among the early adopters who have trained staff and councillors.

## Funding

**19.** Funding for local climate action comes from a combination of the Local Government Finance Settlement, other government grants and support schemes, borrowing, and private finance. Collectively, this means there is a range of funding available for local authorities to act on climate change. Some have chosen to explore community bonds and crowdfunding. A third of local authorities say their climate change plans will be cost-neutral by incorporating goals into existing service area strategies, drawing on the funding available for those services.

**20.** An important part of the funding landscape is the diverse range of grant funding schemes provided by HM Government to support local delivery. The recent National Audit Office (NAO) review into local government and net zero identified 22 dedicated grant schemes for net zero work from central to local government. We recognise that longer term and more co-ordinated funding streams can enhance innovation and investment, reduce bureaucracy, and encourage more efficient and integrated decision making. We will explore how we could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change. Building on the vision in the Prime Minister's *Ten Point Plan*, we also will work across departments to explore how we can give certainty to investment in longer-term programmes supported by regeneration initiatives.

**21.** In addition to the above, the UK Infrastructure Bank (UKIB) will lend to local authorities for strategic and high value projects and invest in projects alongside the private sector, crowding in private sector capital. It has twin objectives of helping to tackle climate change, particularly meeting the UK's net zero emissions targets and helping to support regional and local economic growth across the UK. The UKIB will offer loans to local authorities for high value and strategic projects of at least £5 million. To complement this investment activity, over time, the UKIB will develop an expert advisory service to help local authorities develop and finance projects. The UKIB will build partnerships across the UK including with government departments, government sponsored bodies, local authorities and relevant representative organisations to foster collaboration and drive value for money. As it engages with the market, the UKIB will continue to learn and adapt, which will ensure that its loans to local authorities are as effective as possible.

**22.** The UKIB is currently operating in an interim form, as it expands its capability and capacity. It will continue to refine the Local Authority Lending Function over the coming months.

**23.** The Department for Business, Energy and Industrial Strategy will continue to work with partners and the finance sector to develop new finance and business models to support local delivery. These business models will look to develop aggregated projects and portfolios of projects building up scale and spreading delivery risk more effectively for investors.

### **Sectoral priorities at a local level**

**24.** We understand that for local areas to deliver net zero they will need specific support to plan and identify priorities across different sectors of the economy.

#### *Local energy*

**25.** Decarbonisation of our buildings, transport systems and energy system will require significant action at a regional and local level. Generation and storage are becoming increasingly decentralised, with solar and batteries being deployed in buildings, vehicles, and local communities. Heat and transport decarbonisation in particular needs to be delivered in a way that meets local needs and with the involvement of local decision makers. Decarbonisation will require strong co-ordination across electricity, heat, hydrogen, transport, and buildings. That means local actors can be strong drivers of change, enabling coordinated non-spatial planning and engagement with markets, and supporting cleaner, cheaper and more efficient energy whilst providing a significant contribution towards local economic strategy.

**26.** Better engagement and information sharing across organisations can enable better forward-planning and a more coordinated approach. BEIS has work underway with Ofgem to develop a better understanding of the opportunities and challenges presented by local area energy mapping and planning (LAEMP) and are considering the most appropriate policy options to take forward. This work could help to bring together key local stakeholders to explore the impact of decarbonisation choices across sectors and how different technology options may impact on local energy networks.

**27.** The Government has committed up to £102.5 million of funding through the Industrial Strategy Challenge Fund to Prospering from the Energy Revolution. This is an innovation programme which develops smart local energy systems to provide investable, scalable local business models and finance mechanisms using integrated approaches to deliver cleaner, cheaper energy services. The programme is supporting three places to demonstrate the use of this framework today and a further ten places to develop detailed plans and business cases to deliver whole place decarbonisation.

**28.** The programme is designed to work across a range of different areas including, big urban conglomerations, cities, towns, industrial regions, regeneration projects and rural communities. Each of these face different challenges and opportunities in reaching net zero and the programme seeks to identify the economic as well as the social and environmental benefits of delivering integrated Smart Local Energy Systems, not just for the place but also nationally.

**29.** The government also provides funding to deliver programmes that support decarbonisation through the Local Net Zero Programme (previously known as the Local Energy Programme), which is supporting Local Enterprise Partnerships (LEPs), local authorities, and communities in England to play a leading role in decarbonisation and clean growth. Almost £22 million has been invested in the Local Energy programme to date, including funding for the creation and continuing support of 5 Local Net Zero Hubs. The Hubs promote best practice and support local authorities to develop net zero projects that can attract commercial investment. The Hubs are currently supporting local authorities to develop projects with a potential capital value of over £2 billion and have identified further possible projects that take the potential capital value of the pipeline to over £3 billion.

### *Heat and buildings*

**30.** Local Authorities have been, and will continue to be, key delivery partners when it comes to improving the housing and building stock across the country, especially through integrating activity on energy efficiency, heating and retrofit. This has been recognised in recent years through their delivery of Green Home Grants, Home Upgrade Grant, and heat networks. As demonstrated in previous chapters (*Heat and Buildings*), local delivery of these schemes has been integral in reducing carbon emissions and supporting local economies. For example, over 200 local authorities have taken part in phase 1 of the Green Home Grants Local Authority Delivery Scheme (LAD) which is focussed on low-income households in homes that most need energy efficiency upgrades. Phases 1 and 2 of the Local Authority Delivery schemes aim to support around 50,000 households who will benefit from energy efficiency upgrades, making it easier and cheaper to heat their homes. Government has also delivered the Public Sector Decarbonisation scheme which provides grants for public sector bodies to fund heat decarbonisation and energy

efficiency measures. Under Phase 1 of the scheme, over £500 million was awarded to local authorities.

**31.** National planning policies already recognise the importance of sustainable development and make clear that reducing carbon emissions should be considered in planning and decision making. The National Model Design Code provides tools and guidance for local planning authorities to help ensure developments respond to the impacts of climate change, are energy efficient, embed circular economy principles, and reduce carbon emissions. The government is considering how the planning system can further support our commitment to reaching net zero. We will make sure that the reformed planning system supports our efforts to combat climate change and help bring greenhouse gas emissions to net zero by 2050. For example, as part of our programme of planning reform we intend to review the National Planning Policy Framework to make sure it contributes to climate change mitigation and adaptation as fully as possible.

### *Local transport*

**32.** To decarbonise the transport sector, in July, the government published its *Transport Decarbonisation Plan*, which sets out the commitments and the actions needed to decarbonise the entire UK transport system. One of the six strategic priorities of the plan is developing solutions that consider the needs of different locations, highlighting the importance of tackling emissions at a local level to ensure that every place in the UK has its own net zero transport network by 2050, serving the unique needs of its communities.

**33.** To support this, we will reform the way local transport infrastructure is funded to drive decarbonisation at a local level, engaging local areas about their investment priorities in the round, and making quantifiable carbon reductions a fundamental part of local transport planning. Later this year we will also publish a Local Authority Toolkit to help local authorities reduce emissions from transport. It will provide local authorities with guidance and information to help them build business cases, develop innovative policies, secure funding, and deliver measures on the ground.

### *Local green infrastructure and the environment*

**34.** Government will launch a new National Framework of Green Infrastructure Standards in 2022. This will support local areas and regions to deliver well-designed green infrastructure where it is most needed to deliver multiple benefits. These networks of green and blue spaces and other natural features, including trees, provide an opportunity to benefit local economies and bring about long-term improvements in people's health and wellbeing. At the same time, it can help us to mitigate and adapt to climate change, through capturing and storing carbon, shading and cooling, and reducing flooding.

**35.** The Environment Bill is also creating a new system of spatial strategies called Local Nature Recovery Strategies to target action for nature and to drive the use of nature-based solutions to tackle environmental challenges like climate change. It is expected that there will be approximately 50 Local Nature Recovery Strategies covering the whole of England with no gaps and no overlaps. Preparation of each Strategy will be locally led and collaborative, with local government taking a critical role. This will provide local government with a new tool through which they can work with local partners to identify where effort to create or restore habitat would have greatest benefit for climate mitigation, whilst also having positive benefits for nature and the wider environment. Between 2021 and 2027, we will be doubling our overall investment in flooding and coastal erosion to £5.2 billion.

**36.** In addition, £200 million will be invested in the Innovative Flood and Coastal Resilience Innovation Programme. This will help over 25 local areas over six years to take forward wider innovative actions that improve their resilience to flooding and coastal erosion. The Environment Agency is also working with coastal authorities on a £1 million refresh of Shoreline Management Plans.

## A universal offer to harness opportunities across the UK

**37.** We are committed to supporting all local areas and communities, ensuring that none are left behind and creating net zero solutions which work for all of them. As we are reducing emissions across the economy, we must also ensure that the transition to net zero is a fair one.

**38.** As outlined above, BEIS has been successfully running the Local Programme (previously known as the Local Energy Programme) to support all local areas capability and capacity to meet net zero and government has committed to continuing the Programme. The programme has developed over time and now takes a place-based

approach to tackling net zero in the round, covering all net zero issues. The programme will continue to help places make faster progress towards net zero, improve cost-effectiveness, and significantly increase the economic benefits of the green industrial revolution by attracting commercial investment and supporting green jobs.

**39.** The programme will focus on all areas of England, including those lacking capacity and capability, or those facing unique challenges, such as rural and coastal communities. The programme will ensure that all local areas can engage on issues relating to net zero.

### Case study: Investing in industrial heartlands

The government has invested £95 million for two new offshore wind ports to be constructed in the Humber region and Teesside, boosting the UK's world-leading industry, and creating thousands of new jobs in the North.

Able Marine Energy Park, on the South Bank of the River Humber, will receive up to £75 million government investment, and Teesworks Offshore Manufacturing Centre, on the River Tees, will benefit from up to £20 million. Construction will begin later this year to upgrade the two ports with new infrastructure - helping to revitalise these historic industrial heartlands. Together these new ports will have the capacity to house up to 7 manufacturers to support the development of the next-generation offshore wind projects, boosting the UK's offshore wind manufacturing base while directly creating up to 3,600 new green jobs.

**40.** The Government has embedded a net zero principle in initiatives which target different types of places, such as the Levelling Up Fund, the Towns Fund, and the Community Renewal Fund. This is to ensure that all funded schemes have considered how to align with our net zero ambitions. We will continue to monitor the impacts of these schemes

and strengthen these criteria if necessary. We will take the same approach with other new schemes and priority places such as Freeports. Investment into places through the UK Shared Prosperity Fund should also align with the government's net zero objectives.

**41.** This year we are working with local businesses on the future role of Local Enterprise Partnerships (LEPs), ensuring local businesses continue to have clear representation and support in their area to drive the green recovery from the COVID-19 pandemic. LEPs have played a significant role in providing advice and incentives for businesses to reach net zero. As part of the LEP review, we are committed to ensuring a strong local business voice is retained, particularly to support businesses to transition to net zero.

**42.** In England, the government works closely with local government, and Defra hosts the Local Adaptation Advisory Panel (LAAP), a forum for dialogue on climate change adaptation between local authorities, central government, and delivery bodies. This supported the production of a guide on adaptation for local government, published in 2019 by the Association of Directors of Environment, Economy, Planning and Transport (ADEPT).

### Case study: the Green Recovery Challenge Fund

The government's £80 million Green Recovery Challenge Fund is kickstarting over 150 nature projects across England. For example, the Wildfowl and Wetlands Trust was awarded £1.58 million to create and restore 130 hectares of nature-rich wetland habitat along the Somerset coast. This habitat will help increase flood resilience, improve soil, water quality, and help absorb carbon, increasing the robustness of the county's coastline overall. The GRCF is also support green jobs and is currently on track to support up to 2,000 jobs by the end of 2021, rising to up to 2,500 by the time all projects are completed in March 2023.

### Working with local communities

**43.** To ensure that all parts of the UK benefit from the transition to net zero we also want local communities to take bold action that supports the transition. Local communities benefit from strong relationships and ties to their areas and their local authorities; these can be key to reducing emissions across the economy and making sure people stay engaged in the process. Where local authorities and communities work together effectively, we have already seen significant improvements in both delivery and in wider public engagement.

**44.** Some very ambitious campaigns on food, recycling, water, and other areas critical to climate action, have been launched and run by pioneering local communities and activists. Community projects can also act as a catalyst for raising public awareness and promoting green choices.

**45.** Community groups can bring together people, finance, and ideas to have a real impact on the behaviours, infrastructure, and attitudes locally. Community cohesion and grassroots initiatives are also central to locally based resilience to climate change risks, such as flooding and heatwaves.

**46.** Government understands the important role that communities have in the transition to net zero. Through the introduction of UK-wide growth funding schemes, such as the Community Renewal Fund, the Levelling Up Fund, and the Towns Fund, Government is enabling local areas to tackle net zero goals in ways that best suit their needs. For example, under the Towns Fund, Clay Cross

in Northeast Derbyshire developed a Town Investment Plan setting out their low carbon energy ambitions. Government also works with community groups, both geographic and communities of interest, such as sports clubs, faith groups, and youth groups, on key behaviour change strategies and communications.

### Case study: Clay Cross

Clay Cross, in Northeast Derbyshire, was one of the 101 Towns invited to develop a Town Investment Plan. The plan, submitted to Government in October 2020, set out their ambition to establish the town as an exemplar at the forefront of the low carbon revolution. This involved working with established local businesses, including the key local employer Worcester Bosch, to deliver innovation in clean energy and showing the potential to deliver a net zero economy. By 2030 they hope to be able to show significant reductions in the overall levels of emissions by ensuring clean growth principles underpin investment. These ambitions will be realised through a cohort of projects which include the development of a low carbon energy strategy for the town, a low carbon energy demonstrator project linked to the rebuilding of the local leisure centre, low carbon workspace and housing proposals, and a skills and enterprise training centre, which will have an emphasis on providing energy industry related skills.

### Community Energy

**47.** Community Energy is an example of how communities can come together to reach local and national net zero targets. Community Energy England's 2021 *State of the Sector Report* outlined that there are 424 community energy organisations working across the UK to deliver a net zero future and with the appropriate support, they estimate that the community energy sector could contribute up to 5,270 MW, power 2.2 million homes, support 8,700 jobs and add £1.8 billion to the economy each year.<sup>45</sup>

**48.** Government has provided support to community energy projects through the Rural Community Energy Fund (RCEF), a £10 million fund to supporting community-run projects in England that benefit the energy transition to net zero. The fund has provided development stage grants to projects focusing on a variety of technologies including solar, wind, low carbon heating and electric vehicle charging. Communities have predominantly financed their schemes commercially through share offers and borrowing.

**49.** The Government has also supported Community Energy England to develop and maintain their knowledge sharing role which includes peer mentoring. This resource can help communities develop their own schemes across heat and power generation, transport, energy efficiency, and also wider approaches to net zero.

### **Case Study: Cuckmere Community Solar – a world first**

Cuckmere Community Solar has an ambition to power the rail network in East Sussex with solar energy – a world first. Working in collaboration with Riding Sunbeams, an innovator focused on decarbonising rail networks, the organisation aims to establish a template for similar projects.

Cuckmere Community Solar plans to build a new 4 MW solar farm at Berwick, East Sussex. This will enable the local community to benefit from a higher income from renewable energy generation, and for the rail network to benefit from cheaper, low carbon power. The Rural Community Energy Fund has provided grant funding for the development stage of the project which includes the cost of studies, land agreements, investigation of the connection point, and legal work.

The project has also recently received capital funding support from the South East Local Enterprise Partnership's £85 million share of the government's Getting Building Fund, which aims to help economic recovery.

**50.** Ofgem also supports community energy projects and following a consultation process has announced that from February 2022 it plans to welcome applications from community interest groups, co-operative societies, and community benefit societies to the Industry Voluntary Redress Scheme. This will allow groups to apply for funds to deliver energy related projects that support energy consumers in vulnerable situations, support decarbonisation, and will benefit people in England, Scotland, and Wales.

**51.** To build on our existing actions, we intend to continue to work closely with Community Energy England and will reintroduce the Community Energy Contact Group. Since 2017, this group has been merged in a wider Local Energy Contact Group, but given the scale and pace of work being taken forward, and with the development of the Local Net Zero Forum, we believe that it makes sense to strengthen our engagement with the community sector further by reintroducing a dedicated forum for community groups to engage across Government.