



National Audit Office

# Local government and net zero

## Presentation to ADEPT Environment Board

28 July 2021

# What this presentation will cover

- Why we did this report
- The importance of local government in achieving net zero
- Key findings and recommendations from our report
- Future NAO programme on environmental issues
- Q&A
- Appendix: full set of findings and recommendations

## Why we did this report

***Government has a statutory commitment to achieve ‘net zero’ greenhouse gas emissions by 2050.***

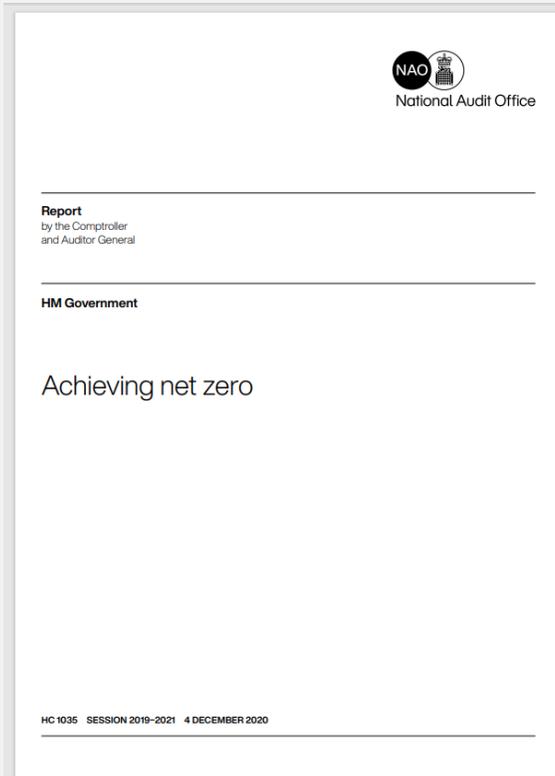
*This report examines local government and net zero in response to a request by the Environmental Audit Committee (EAC). It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:*

- clarify the role of local authorities in contributing to the UK’s statutory net zero target; and*
- ensure local authorities have the right resources and skills for net zero.*

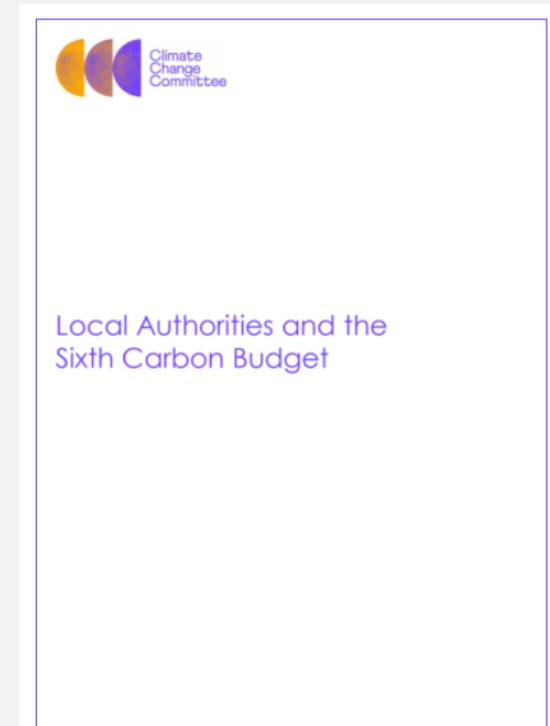
*The report does not examine how national and local government are collaborating on net zero in Scotland, Wales and Northern Ireland.*

# The importance of local government in achieving net zero

- In our Achieving Net Zero report we highlighted that local authorities will have a critical part to play in achieving net zero.



- The Climate Change Committee found that around a third of the UK's emissions are dependent on sectors that are directly shaped or influenced by local authority practice, policy or partnerships, such as transport, housing and waste.



## Finding: Local authorities across England have committed to a wide range of actions to reduce emissions.



See paragraphs 1.7 to 1.10 of the report

## Finding: Local authorities' commitments to reduce emissions vary in scope.

**Figure 2**

### Local authority commitments in line with net zero

**Local authorities have made a range of commitments to reduce emissions in line with net zero, although these vary in scope<sup>1</sup>**

A commitment to work towards carbon neutral or net zero emissions in the local authority area	<b>73%</b> of single and upper tier authorities <sup>2</sup> (base 152)
Of which <sup>3</sup>	
By or before 2030	38%
Between 2031 and 2050	33%
No date set	3%
A commitment to work towards carbon neutral or net zero emissions from their own activities	<b>75%</b> of local authorities in our sample <sup>4</sup> (base 232)
At least one commitment to work towards carbon neutral or net zero emissions with any scope	<b>91%</b> of local authorities in our sample <sup>4</sup> (base 232)

# Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.

## Finding

While the exact scale and nature of local authorities' roles and responsibilities are to be decided, it is already clear that they have an important part to play in net zero.

## Recommendation

Departments should work in partnership with local authorities and their representative bodies to develop a dedicated section in the overall and sector decarbonisation strategies to set out how key actions, decisions and responsibilities will be split across national, regional and local government bodies.

## Local authorities role in transport, housing and waste



### On transport, local authorities:

- are responsible for 98% of publicly owned roads in England
- determine local transport policies and objectives
- influence local provision for bus journeys, walking and cycling, and on-street charging facilities for electric vehicles

### On housing, local authorities:

- are responsible for their own buildings, council housing (7% of all homes), and can influence providers of social housing (10% of all homes).
- can influence the energy efficiency and the installation of low-carbon heating in these buildings



### On waste, local authorities:

- have a statutory duty to collect and dispose of household waste.
- can cut methane emissions (from biodegradable waste) by encouraging householders to reduce waste and increase recycling.

# Overall, local authorities find it hard to engage with central government on net zero.

## Finding

Departments have started to coordinate their engagement with local authorities on net zero but there is no single senior point of responsibility for making more fundamental improvements.

## Recommendation

Departments should establish a clear lead in central government for developing the way departments work with local authorities on net zero.



**Effective two-way communication between local authorities and government departments** is essential if local authorities are to contribute effectively to achieving the government's net zero target.

5

**Number of departments with key responsibilities related to local authorities work on net zero:**

- BEIS
- MHCLG
- Defra
- DfT
- HMT

45

**Policy areas across departments**

that are likely to have an impact on the opportunities, decisions and barriers at a local level, posing a significant risk of inconsistent goals and messages for local authorities.

April  
2020

**MHCLG set up a new cross-department local government policy group on climate change mitigation and adaptation**, to improve wider central government coordination and engagement with local authorities on climate change and net zero.

# Government has not assessed the totality of funding that central government provides to local government that is linked with net zero.

## Finding

The standard approach to Spending Reviews is not likely to provide an adequate analysis of local authorities' resourcing for net zero.

## Recommendation

Departments should carry out an overall outline analysis of local authority funding for net zero, to inform the next Comprehensive Spending Review.

**3**

**Main sources of funding that local authorities can use on net zero activities:**

- Core settlement funding
- Dedicated grant funding, that local authorities can bid for
- Wider funding, targeted at other more general outcomes

**22**

**Number of grant funds that local authorities could apply to for net zero-related work in 2020-21**

**£1.2 bn**

**Provided to local authorities in 2020-21 from 21 of the 22 funds**

**£4 bn**

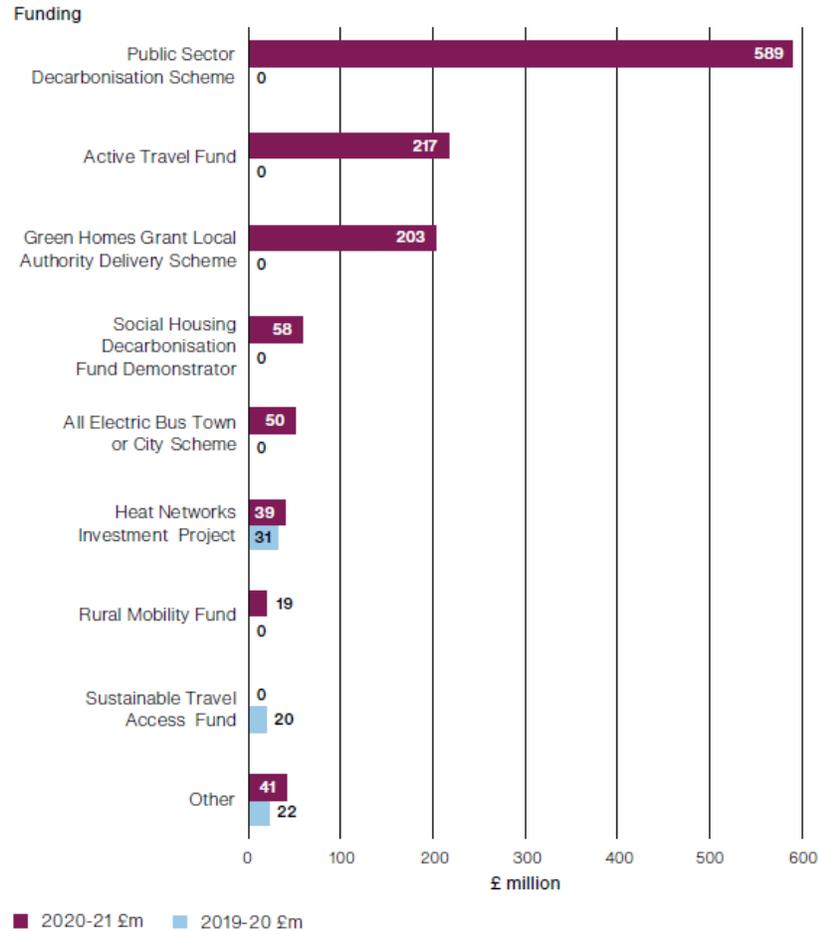
**Amount the UK Infrastructure Bank will be able to lend to local authorities** to help meet its core objectives of achieving the 2050 net zero target and supporting regional and local growth

## Finding: Dedicated grant funding for local authority work on net zero increased significantly in 2020-21 but remains fragmented.

Figure 6

Dedicated net zero funding for local authorities, 2019-20 and 2020-21

Funding provided for net zero activities was over 16 times higher in 2020-21 than in 2019-20



## Finding: Local authorities received very different amounts from the 21 dedicated funds for local authority work dedicated to net zero.

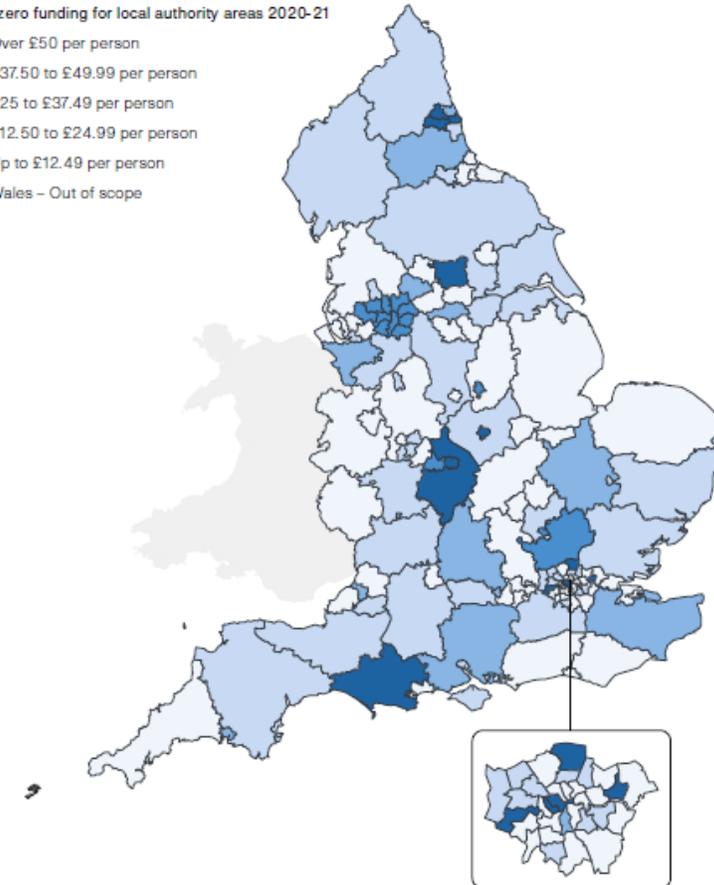
Figure 7

Estimated dedicated grant funding per person for net zero activities consolidated to upper tier local authority areas (including funding for combined authorities and district councils) 2020-21

There was a wide variation in 2020-21 in funding received by different local authority areas

Net zero funding for local authority areas 2020-21

- Over £50 per person
- £37.50 to £49.99 per person
- £25 to £37.49 per person
- £12.50 to £24.99 per person
- Up to £12.49 per person
- Wales – Out of scope



# Local authorities have varying levels of capacity to engage with net zero.

## Finding

BEIS has set up dedicated organisations to support local authorities on energy decarbonisation and DfT is setting up a similar body on active travel.

## Recommendations

**Departments** should work with local authorities to assess the skills gaps for their work towards the national net zero target and how these might be addressed, drawing on the work of the Green Jobs Taskforce.

**The local government sector** should consider how best to disseminate good practice on local authority work on net zero given the scale and urgency of the net zero challenge, and the wide range of different opportunities and challenges that local authorities will encounter in their net zero work.

**79 out of 90**

Respondents in a Local Government Association climate change survey in 2020 who thought a **lack of workforce capacity was a moderate or significant barrier to tackling climate change**; and 70 respondents identified skills and expertise as a moderate or significant barrier.

**November 2020**

BEIS and the Department for Education jointly established a ministerial-led **Green Jobs Taskforce** to support policy and strategy development for a green recovery and net zero

**12,000**

From 2021 to 2027, **annual requirement for additional retrofitting specialists**, to decarbonise the building sector, as estimated by the Construction Training Industry Board

**7,500 to 15,000**

Estimated **number of heat pump installers required to decarbonise the building sector**, as estimated by the Construction Training Industry Board

# Conclusion

- **It is clear that local authorities have an important part to play in reaching the UK's national net zero target.**
- **There are serious weaknesses in government's approach to working with local authorities on net zero, stemming from a lack of clarity over roles and responsibilities and piecemeal funding. This hampers local authorities' ability to plan effectively for the long term, build skills and capacity, and prioritise effort.**
- **Government's efforts to improve its approach to local action on net zero have been understandably slowed by the COVID-19 pandemic. However, there is now great urgency to make progress.**

# Stakeholder response and next steps

- “We welcome the NAO’s recognition of the key role of local authorities in achieving net zero, and also for putting forward how government could work with us to create a more consistent, effective and efficient approach.

***Paula Hewitt, President of ADEPT***

- “We’ve been warning for years that the approach to funding local authorities to achieve Net Zero is ‘piecemeal’, so this report from the NAO is welcome, and must be a wake-up call for ministers. Unless ministers empower local leaders before the UN COP26 Summit in November, the UK government will be going naked into the conference chamber.”

***Polly Billington, Chief Executive of UK100***

- “The NAO has produced an excellent report highlighting the urgency of climate action that is required at a local level..... The current working relationship between central government and local authorities is worrying given the lack of cohesion and sense of direction. The lack of funding over the last decade is starting to put unprecedented strain on local authority finances, impacting both the workforce and the skills available. This is not the best foundation upon which to build a coherent strategy of tackling the climate crisis.”

***Richard Spencer, Director for Sustainability at ICAEW:***

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 **Environmental Audit Committee** ✓  
@CommonsEAC

Chair [@Dunne4Ludlow](#) welcomes the [@NAOorguk](#) analysis on local government and net zero, which has been produced following an EAC recommendation.

 The NAO’s findings will be examined in greater detail at an evidence session with key stakeholders in September.

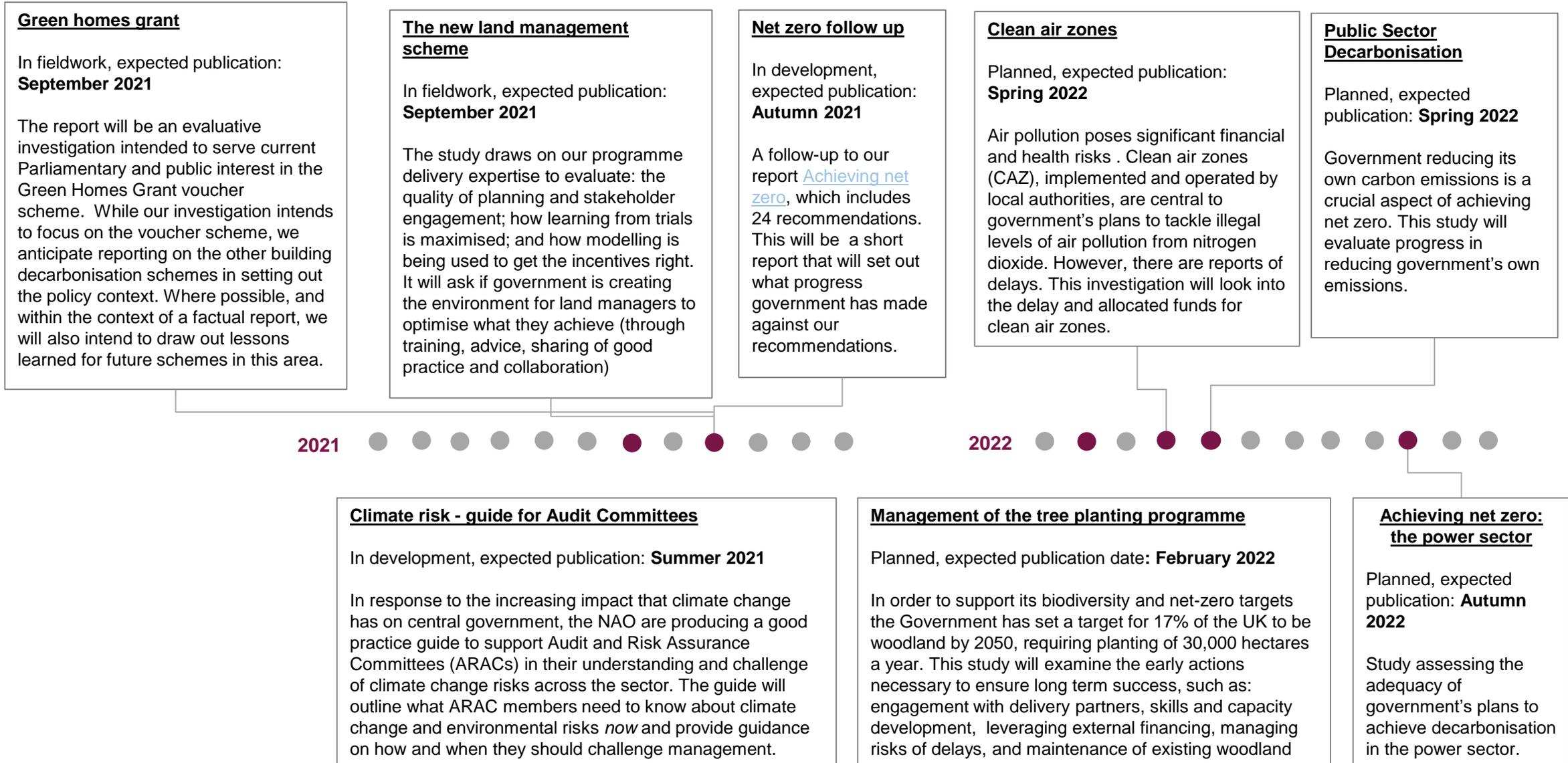
“With COP26 round the corner, now is the time to join up the ambition of central & local government for net zero: clarity in communication & in funding is vital, & the shortfalls the NAO has identified are unacceptable.”

**Philip Dunne MP, Chairman**



ENVIRONMENTAL AUDIT COMMITTEE 

# Forward programme of NAO work on climate change & environment



Appendix

# FULL LIST OF FINDINGS AND RECOMMENDATIONS

# Key findings and recommendations (1)

## Findings: on role and responsibilities

- While the exact scale and nature of local authorities' roles and responsibilities are to be decided, it is already clear that they have an important part to play.
- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- Government has not yet set out to local authorities how it will work with them to clarify responsibilities for net zero.
- Current reforms are a critical opportunity to ensure that the national planning framework supports local authorities to align decisions with net zero.

## Recommendations

The main departments that engage with local authorities on net zero should:

- work in partnership with local authorities and their representative bodies to develop a dedicated section in the overall and sector decarbonisation strategies to set out how key actions, decisions and responsibilities will be split across national, regional and local government bodies.
- set out a clear pathway for how government expects to further align the planning system with net zero in the forthcoming planning reforms;

## Key findings and recommendations (2)

Findings: on reporting and engagement	Recommendations
<ul style="list-style-type: none"><li>• There is little consistency in local authorities' <b>reporting on net zero</b>, which makes it difficult to get an overall picture of what local authorities have achieved.</li></ul>	<p><b>The main departments that engage with local authorities on net zero should:</b></p> <ul style="list-style-type: none"><li>• convene a local and central government working group to establish a few simple standards for local authority reporting on net zero.</li></ul>
<ul style="list-style-type: none"><li>• Overall, local authorities find it hard to <b>engage</b> with central government on net zero.</li></ul>	<ul style="list-style-type: none"><li>• establish a clear lead in central government for developing the way departments work with local authorities on net zero.</li></ul>
<ul style="list-style-type: none"><li>• Departments have started to coordinate their <b>engagement</b> with local authorities on net zero but there is no single senior point of responsibility for making more fundamental improvements.</li></ul>	

## Key findings and recommendations (3)

<b>Findings: on funding</b>	<b>Recommendations</b>
<ul style="list-style-type: none"><li>Funding is a critical issue for local authority work on net zero.</li></ul>	<p>The main departments that engage with local authorities on net zero should:</p> <ul style="list-style-type: none"><li>carry out an overall outline analysis of local authority funding for net zero, to inform the next Comprehensive Spending Review.</li></ul>
<ul style="list-style-type: none"><li>Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.</li></ul>	
<ul style="list-style-type: none"><li>Our analysis shows that dedicated grant funding for local authority work on net zero increased significantly in 2020-21 but remains fragmented.</li></ul>	
<ul style="list-style-type: none"><li>The nature of grant funding can hinder value for money.</li></ul>	
<ul style="list-style-type: none"><li>The standard approach to Spending Reviews is not likely to provide an adequate analysis of local authorities' resourcing for net zero .</li></ul>	
<ul style="list-style-type: none"><li>Government has taken steps to encourage local authorities to use wider funding for economic growth and "levelling up" in a way that aligns with net zero.</li></ul>	

## Key findings and recommendations (4)

Findings: on skills	Recommendations
<ul style="list-style-type: none"><li>Local authorities have varying levels of capacity to engage with net zero.</li></ul>	<p>The main departments that engage with local authorities on net zero should:</p> <ul style="list-style-type: none"><li><b>work with local authorities to assess the skills gaps for their work towards the national net zero target and how these might be addressed, drawing on the work of the Green Jobs Taskforce.</b></li></ul>
<ul style="list-style-type: none"><li>BEIS has set up dedicated organisations to support local authorities on energy decarbonisation and DfT is setting up a similar body on active travel.</li></ul>	
	<p>We also recommend that <b>the local government sector considers how best to disseminate good practice on local authority work on net zero</b> given the scale and urgency of the net zero challenge, and the wide range of different opportunities and challenges that local authorities will encounter in their net zero work.</p>



National Audit Office

# Thank you

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