

NFLA Policy Briefing No.215



Date: May 17th, 2021

Subject: How should Local Authorities respond to the Climate Emergency in a Post-Pandemic Environment?

i. Overview of report

This Policy Briefing follows from the extensive suite of reports that the NFLA has developed to assist its member authorities, and potentially all Councils in the British and Irish Isles, on how to tackle one of the greatest issues facing local government and society – the climate emergency.

Our most recent reports were published in November 2020 on how a green recovery across the UK and Ireland could be a core response to the economic and environmental challenges brought on by the Covid-19 pandemic. This report also gave a list of over 65 case studies of Councils delivering positive change in this area of policy. Linked to that was a report on how to build a 100% renewable electricity system. In January 2021 we also provided our analysis of the UK Government's White Paper on Energy Policy. These reports can be found at these weblinks:

- https://www.nuclearpolicy.info/wp/wp-content/uploads/2020/11/A320_NB207_Green_recovery.pdf
- https://www.nuclearpolicy.info/wp/wp-content/uploads/2020/11/A321_NB208_100_per_cent_renewables.pdf
- https://www.nuclearpolicy.info/wp/wp-content/uploads/2021/02/A326_NB212_Energy_White_Paper.pdf

This report follows on from NFLA Policy Briefing 207 with a more detailed consideration of how Councils should respond to the climate emergency in a post-pandemic environment, as well as the real need for further devolution to allow them to achieve effective results. It has been developed for the NFLA by its Policy Advisor in association with the NFLA Secretary.

1. Introduction – Devolution of Power: an idea whose time has come

The lack of local authority powers and responsibilities in the UK and Ireland have, has been highlighted recently by several commentators as a major barrier impeding the transition to a low carbon future. Experience of the Covid-19 pandemic and the climate challenge tells us we need clear and consistent political leadership and we need to devolve powers and responsibilities, such as those for carbon budgets, to city regions, and to supply the resources necessary to manage the necessary changes. (1)

Local government is increasingly recognised as the level of government best suited to respond to climate change. The devolution of powers and responsibilities seems to be an idea whose time has come. Even the UK Government's 2020 Energy White Paper (2) says:

"Local Authorities are key to delivering [smart local] systems by combining energy into their wider statutory work on housing, transport, waste and planning, making delivery more cost-effective and preparing for a net zero future. Government provides funding for Local Authorities to deliver programmes that support decarbonisation and will continue to work with communities to enable projects to be tailored and delivered to meet local needs." (p.25)

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Polly Billington, Director of UK100 the network of locally elected leaders who have pledged to switch to 100% clean energy by 2050, says:

“The reality, however, is that the UK’s current rules do not enable local authorities to do what they need to get to Net Zero locally, and not even to effectively work together to be able to achieve it nationally. Put simply, the UK government won’t be able to achieve what they want to do unless they work with local authorities and change the rules to allow them what they want to do.” (3)

UK100 is now asking local authorities to join its Net Zero Local Leadership Club which means doing everything within their power to get their communities to Net Zero as soon as possible, and by 2045 at the latest.

Andrew Western, the Leader of Trafford Council in Greater Manchester and the lead on climate emergency in the Greater Manchester Combined Authority, said:

“There’s no doubt that we are facing a climate emergency that requires urgent, joined-up action across all areas of local and central government. However, the combined effects of the pandemic and long-running budgetary pressures mean councils are struggling for capacity and funds to take many of the practical, achievable steps needed to decarbonise our economy.” (4)

A recent report from the Green Alliance think tank says local councils are unable to bring about the transformation they want without more expertise, funding and an enabling central government framework, consequently they are missing out on the local economic and social opportunities of doing so. The Alliance worked with an advisory panel of six local authorities leading on climate action, focusing particularly on transport and housing policy. It also conducted anonymous interviews with another 12 representatives from a wider range of authorities that have declared climate emergencies, to get a broader perspective on some of the structural issues affecting local efforts to move to a low carbon economy.

The Green Alliance report recommended a new policy framework setting out expectations for all levels of government and including ways to overcome current barriers to decarbonisation. This should form an essential baseline for local action. This enabling framework should also include:

- Agreed methodology to monitor and report emissions under local authorities’ direct control.
- A single point of contact within central government focused on local authority decarbonisation.
- A strategic approach to addressing in-house skills gaps within local authorities and a new national green skills strategy.
- Sufficient and stable funding to allow councils to plan ahead and prevent environmental imperatives being deprioritised.
- Reforms to the planning system that put sustainable housing and transport at their heart. (5)

2. Remarkable progress in decarbonising electricity – but that’s the easy bit

Progress in decarbonising electricity over the past decade has been remarkable. In June 2020, there was a period of two months when no coal was burned in the UK. In the first quarter of 2020, Scotland generated the equivalent of 90% of its electricity demand from renewables.

However, from most consumers’ perspective, despite the fact that coal-fired power stations have been replaced by wind turbines, not much has changed - the lights still come on just as before. But decarbonising heating and transport is going to be very different. We are going to have to understand local geography – local transport patterns; the state of the housing stock, where the pockets of fuel poverty are; the potential for different forms of heat networks; the capacity of the local power grid and so on.

In a recent Blog, Guy Newey of Energy Systems Catapult, argued that “the next phase of decarbonisation in the UK will likely have two characteristics: it will need to be much more consumer-friendly, and it will need to be much more sensitive to local contexts.” (6)

The Social Market Foundation has warned of a major public backlash against the Government's drive to phase out fossil fuel vehicles if it does not introduce targeted support for lower-income citizens. The "perception of unfairness is a grave threat to the mass adoption of electric vehicles" and without action public resentment over EV costs and access to charging could harm public support for the wider net zero transition. (7) Clearly there could be similar backlashes against compulsory changes to heating systems.

Devolving power and responsibility down to a local level could help solve some of these problems.

3. Devolving power

There are several ways of devolving power. Newey argues that markets are perhaps the most powerful form of devolution. "We need to harness them". Removing VAT from energy saving equipment would be one way to rebalance markets. And historically most of the climate policy costs are placed on electricity bills giving gas central heating a free ride compared with heat pumps. According to Ofgem Environmental and Social Obligation cost make up almost 23% of the average electricity bill, but less than 2% of the average gas bill. (8) This needs to change to a carbon-based system which incentivises fuel switching away from fossil fuels.

Another way of devolving power suggested by Richard Lowes of the Energy Policy Group at Exeter University, is to enable local authorities to deliver and support heat decarbonisation. And there should be a framework that would support individuals to invest in and have a greater share in infrastructure and the system.

Alternatively, we could devolve power even further by actually asking citizens what they want. Professor Rebecca Willis, who leads on citizen engagement in climate change at Lancaster University, says as we move towards decarbonising food, heat and transport, people are going to notice changes much more so it is vital we move to a much more inclusive way of doing climate politics and policies. Decarbonising home heating, for example, will only work if people want these things in their houses, and if they are willing to pay for them one way or another, through tax or by purchasing equipment. The best way to make sure policies work is to ask people what they want given that we have to decarbonise home heating. If we look at involving citizens in climate strategy, so that things aren't just imposed on them, it is no longer a discussion amongst experts about the optimum technological solution, but instead it becomes a discussion about how we want to live. (9)

Interestingly, the Irish Citizens' Assembly which reported in 2018 made recommendations on climate change that were significantly more radical than many observers expected, with strong support (80 percent or higher in all cases) for all proposed actions, including paying higher taxes on carbon-intensive activities, and taxing GHG emissions from agricultural products. (10)

The first UK-wide Citizens Assembly on Climate Change last year showed that people want urgent action and a joined-up approach. The assembly's recommendations called for leadership from government that is clear, proactive, accountable and consistent, including cross-party consensus and advocacy of local solutions and local engagement. Scotland's first Climate Assembly is in its latter stages, and it will report to the Scottish Parliament soon. (11)

Policy-making in the UK is very centralised. Central Government needs to devolve some of its powers and responsibilities to local areas. Yet there doesn't seem to be any appetite on the part of central government for the required devolution. Larger cities and regions have managed to cobble together a set of workable powers and resources around climate change. But smaller towns and cities, suburban and rural areas have struggled. In Willis's view giving local government a local carbon target and the means to achieve it is essential to achieve the national target. There was one absolutely chilling comment made by a local politician during discussions about the Cumbrian Coal Mine. He said, "I don't do global issues – I do Cumbrian issues". If Cumbria had a local carbon target, there is no way the coal mine would have been consented.

4. Climate Emergency Declarations

At the moment, we have lots of political aspiration at a local level (300-odd Local Authorities, about 75% of the total in the UK and Ireland, have declared 'climate emergencies') but few have created actionable, investable plans (Greater Manchester being one of the few exceptions). Local Area Energy Plans (LAEP) could be a vehicle for building local consent for the actions needed for Net Zero. Local Authorities would be at the heart of producing the plans and builds on a core LA competency – planning – as their appropriate role in the transition. Such plans could provide the basis for demonstrating a fast-track Net Zero transition in particular cities, towns and areas across the country. (12)

According to the UK's independent Climate Change Committee (CCC), 99 of the 308 local authorities that have declared climate emergencies have now published a strategy or action plan while others are developing plans or have not set a date to produce one. The plans vary; many set out actions for the local authority's own estate and operations alongside actions to cut emissions in the wider area. Some are co-designed with the wider community, businesses, public sector and universities as well as Natural England and the Environment Agency in the region, including sometimes incorporating climate adaptation and biodiversity actions. Some simply invite feedback through a consultation process. (13)

The key challenge is to turn the good intentions of a climate emergency declaration and target into a plan and then to deliver it. The CCC report shows the actions that need be taken by local authorities during the 2020s and early 2030s to be on track for Net Zero. Climate action plans and strategies can help identify areas where authorities can take immediate action, as well as areas where local powers are restricted, or additional funding may be required – potentially from central government – in order to deliver.

Key actions for local authorities on buildings emissions include:

- Develop an energy efficiency and decarbonised heat strategy and action plans for delivery in the 2020s;
- Update carbon reduction plans for the council estate to bring them in line with Net Zero;
- Keep communicating with residents;
- Areas outside of industrial clusters should not assume that hydrogen will provide an answer to heat decarbonisation;
- Identify areas suitable for heat networks which are effective in providing low-carbon heat to dense areas;
- Plan for trench sharing in zones identified for heat networks and in zones identified for electrification of heat, through heat pumps;
- The 5% of homes in areas off the gas-grid currently using high carbon fossil fuels are a priority for energy planning, as high carbon fossil fuel heating will be phased out during the 2020s;
- Support the smart meter roll out;
- For new buildings, local Planning Authorities should continue to develop and implement planning policies that lay the foundations towards net zero. Zero carbon developments avoid future retrofit costs for councils, landlords and residents. Use of standards such as Passivhaus can provide certainty around the need to uplift construction skills and can address the as built performance gap.

On transport, local authorities need to reduce transport demand, especially vehicle mileage, while supporting active travel and public transport; design out vehicle dependence and support the shift to low emissions vehicles running efficiently. Measures should include:

- Ensure that policies and plans support walking, cycling and public transport;
- Local authorities should have a Local Cycling and Walking Infrastructure Plan;
- Work jointly with bus operators to provide a bus network that is rapid, reliable and affordable;
- Decarbonising transport – promoting electric vehicle uptake;
- Support logistics improvements to reduce HGV emissions using traffic powers;

The CCC also recommends that local authorities work with their Distribution Network Operators (DNOs), neighbouring authorities and across their wider climate and energy partnerships to prepare local energy plans for their area. These will assess an area's energy demands for heat and electric vehicles, identify surplus heat sources and identify the best places for district heating, heat pumps, levels of energy efficiency measures needed and EV charging. Flexibility, smart demand management and energy storage should also be included.

5. Local authority levers to deliver Net Zero.

The CCC says local authorities are directly responsible only for about 2- 5% of their local area's emissions. But local authorities have many levers at their disposal to deliver wider local action to reduce emissions and prepare local areas for a changing climate. The Committee believes local authorities have powers over about a third of the emissions in their areas. So, if they are not involved in the national net zero strategy the target will not be achieved. Similarly, the levers available to local authorities are insufficient to achieve their Net Zero ambitions, due to gaps in key powers that prevent systems-scale or holistic approaches, policy and funding barriers, and a lack of capacity and skills caused by funding cuts. (14)

Chris Stark, chief executive of the CCC, says local authorities should be seen as enablers, not as barriers on the journey to net zero. But, he says, there is no 'go to' resource for local authorities to go to for information about what to do about achieving net zero. As a consequence, far too many consultants are employed, there is a lot of duplication of effort, and there is no common system of reporting. This needs to be better co-ordinated. A framework needs to be developed so they can use their powers properly. (15)

He notes that Local Authorities "cannot deliver effectively and efficiently without longer term policy and funding certainty to underpin investment decisions. Without some level of coordination from Government, the UK risks pursuing a fragmented strategy towards Net Zero." (16)

The CCC does not recommend that local authorities are set binding carbon budgets due to the range of factors affecting local emissions that are beyond their direct control. However, it does recommend that they consider Net Zero action plans for their own emissions and that they work in partnership to reduce area wide emissions.

6. Local Area Energy Planning (LAEP)

Energy Systems Catapult (ESC) argues that the focus on heat and transport will require a 'Whole Systems' approach to help decide on the best mix of building improvements, low carbon heating technologies, power, gas and heating networks to deliver low carbon and affordable energy. This requires a deeper understanding of conditions at a local level as it is concerned with building stock, energy network capacity, spatial features and other local characteristics; assessed in parallel with the decarbonisation of other sectors such as transportation. Insights from Whole Systems analysis can then be considered alongside consumer, commercial and policy factors, in order to determine options for a future energy system. (17)

Local Area Energy Planning (LAEP) can build a map of the current energy system; model potential future transition pathways, and then work with stakeholders in a local area to deliver a plan, and identify the priority projects (e.g., a new heat network, energy efficiency programme, fuel poverty intervention, electricity network upgrade) which are likely low regrets for the particular area. LAEP provides a way to navigate the local complexities of that challenge. It also allows people to participate in working out what is a desirable transition, reflecting the local energy geographies.

When combined with transport, food and biodiversity plans the resulting local authority climate change plans can be seen as 'Locally Determined Contributions' (A local version of Nationally Determined Contributions (NDCs) offered by national governments to the UN.) to deliver the UK's Net Zero objectives. Government should support, empower and work effectively with local authorities to translate its legislated targets into actual delivery of the UK's Net Zero target by 2050.

7. Community-led Local Energy Plans

Local Energy Plans can also be developed at a community level to enable a community to look at its existing and future energy needs (in terms of power, heat and transport) and state where it sees priorities for action. It also identifies opportunities that can help the community take practical action to support its current and future energy system developments.

Local Energy Scotland led a Scottish pilot to develop and implement community-led local energy plans for four local communities in the Scottish Highlands and Islands Enterprise Region and to develop a common local energy plan methodology and supporting toolkit. The four locations were Brae (Shetland Islands); Drumnadrochit (Inverness); Barra and Vatersay (Western Isles) and Oban (Argyll). The development of the energy plan for each area was led by a local steering group of community representatives and representatives from the local authority, Home Energy Scotland and Local Energy Scotland. (18)

Here are some examples of approaches to local energy planning elsewhere:

- Local Area Energy Plans have been piloted in England and Wales by the Energy Systems Catapult project in Bury (Greater Manchester), Bridgend (Wales) and Newcastle. This project established a planning framework to help local government, energy networks and other key stakeholders prepare for a low carbon future. (19)
- Fife Council wanted to understand how Burntisland could reduce its carbon footprint by 80% and led the development of the Burntisland Community Energy Masterplan. The Burntisland Community Energy Masterplan is a pilot, hopefully the first of many which will cover all of Fife. (20)
- The Bristol City LEAP used local area energy planning to identify investable schemes to decarbonise heat in areas of the city. The city is now procuring Joint Venture partners to deliver an investment of £875 million in heat networks, a smart energy system, domestic energy efficiency, renewable energy and heat pumps. (21)

Local Plans should support renewable energy and low-carbon heat. Scotland plans to introduce a requirement for local authorities to produce Local Heat and Energy Efficiency Strategies (LHEES) which will focus buildings and heat. The Scottish Government requires all Public Bodies, including local authorities, from 2022 to set a date by which their direct emissions will be Net Zero, and how they will align spending to this target. Local authorities will also be asked to set out a target date for the extent to which they aim to use their influence to reduce area-wide emissions, recognising this is a national pathway that requires action from all parts of society. Current reporting arrangements will be streamlined to simplify reporting duties on Scottish local authorities.

The Welsh Government has set a target to achieve a Net Zero carbon public sector by 2030 which includes ensuring that all local authorities have robust evidence-based Net Zero Action Plans in place as living documents by March 2021. The Welsh Government is offering technical, commercial and financial support to Public Bodies to implement action, and it has developed a Net Zero Carbon Reporting Guide to support consistent, transparent reporting. The Welsh Local Government Association is providing training, expertise and ensuring good practice is shared across the sector. In Wales four regional energy strategies have been developed for North Wales, Mid Wales, the Swansea Bay City Region and the Cardiff Capital Region and further work with local councils is planned.

The Sustainable Energy Authority of Ireland has developed a methodology to assist local authorities in the preparation of renewable energy strategies (LARES). This includes training to enable local authorities to engage and consider local needs during the transition. (22)

The Department for the Economy in Northern Ireland is developing a new Energy Strategy to replace the existing Strategic Energy Framework. In its Call for Evidence published in December 2019 the role of Local authorities in Scotland in developing Local Heat and Energy Efficiency Strategies was highlighted and the fact that the increased powers of local government in NI since 2015 could similarly enable a variety of locally driven solutions. (23)

8. Campaign for a Green Recovery

A group of 24 mayors and local leaders, representing 24 million people across the country have established a new Resilient Recovery Taskforce. They called on the Chancellor to commit to a 'New Deal for Green Skills and Growth', alongside a major push on infrastructure investment, public transport and retrofitting homes. A "retrofit army" of nearly half a million builders, electricians and plumbers will be needed to help meet the government's objective of becoming Net Zero by 2050. More than 3.1 million job posts affected by the shift to green jobs will need access to skills and training from government and industry.

The Taskforce called for:

- A Net Zero Development Bank to work with Local Energy Hubs and support local authorities to develop place-based Net Zero projects and programmes, leveraging additional private investment to kickstart local energy schemes which are at too early a stage to be attractive to private finance.
- Renewal of the electricity grid to ensure a smart decentralised energy system, enabled by a national framework for local area energy planning.
- Ensuring that the nation's homes and buildings are retrofitted to be energy efficient.
- Speeding up the transition to low and zero emission travel.
- Expanding local powers to take action on Net Zero by enabling the national Net Zero effort through an enhanced devolution settlement. (24)

Retrofitting existing buildings in the UK is arguably the most important infrastructure challenge for reaching Net Zero emissions and will require investment at scale alongside planning. We will need to roll out district heating networks, heat pumps, off-grid gas homes and hydrogen technology. But considerable long-term investment is also required if the UK is to decarbonise all vehicle fleets and associated infrastructure.

9. How do you fund climate policies at a time of economic crisis?

The CCC agrees that the transition to net zero needs the involvement of local communities. But communities and local authorities don't have the money in their bank accounts to fund projects. Although the cost of solar, wind and storage equipment has been falling with the feed-in tariff there was less risk attached so finance for community energy groups was cheaper. The core grant to local authorities has fallen by 38% over the past ten years, according to the Institute for Government, so where is the money going to come from?

There is a risk that, despite their commitment to climate goals, projects may be delayed in favour of delivering core statutory duties. Local authorities require sufficient funding, whether in their annual settlement or through ring-fenced funding, to increase their skills and capacity to deliver the project pipeline for Net Zero.

The CCC says decarbonisation of the economy will cost around £50bn per year (or 1% of GDP) by 2030, (compared to, for example, £18bn for London Crossrail). We are roughly spending around £10bn per year at the moment, so we need a five-fold increase. Where that money will come from and who will be spending it is rather aligned to what kind of energy system we expect to see. In a centralised energy system, the money would come from nationalised and multinational industries. In a more decentralised system, the money would come from elsewhere.

One possible model is illustrated by Abundance Investments, which allows anybody to invest in renewable energy through a regulated platform. It has raised £100m over the past ten years. More recently Abundance has been working with some local councils who are themselves interested in issuing green municipal bonds. Councils can borrow from the Government Public Works Loan Board, but they wanted to raise money on similar terms from residents so that they would feel they were part of the solution. Councils are tending to look at projects that are quite different to community projects rather than councils crowding out community projects. Councils are generally keen to use issuing bonds with Abundance as a springboard to encourage community projects to come forward with projects. The Bristol City Leap Project, for example, has the involvement of the community written into the tender. Councils can also co-invest in

community projects. Community Groups often look at the council as a hurdle to overcome, but if they can work more collaboratively, we can really start to make progress. (25)

Bristol City Council has invested £50m in low carbon technology to date, and it will attract a further £1bn in investment through City Leap. A new strategic partnership will be formed to attract global investment to the City. This will transform the City's energy system whilst tackling the City's social, environmental and economic challenges. The City has invested £7m in the installation of 2 x 2.5MW wind turbines at Avonmouth. Bristol's heat network is already benefitting over 1,000 social housing properties.

Since September 2020, Bristol has been undertaking a procurement exercise to identify future Strategic Partner for City Leap – the organisation or consortium that will work with the council to deliver more than £1 billion of investment towards Bristol becoming a zero-carbon, smart energy city by 2030. Following a diverse range of bids, the evaluation has whittled interest down to a shortlist of three organisations and consortiums that will progress through to the final stages of the procurement exercise. The council's search for a partner is expected to conclude in 2021. (26)

In October 2020, the UK's first local government green bond reached a successful close, reaching its £1m target five days ahead of the deadline. Abundance Investment managed the issuance for West Berkshire District Council. It attracted 640 investors who each invested an average of around £1,500. Just over a fifth of investors were West Berkshire residents. The bond will help fund the installation of solar panels on five buildings across the district, including schools, leisure and care facilities and the council's own offices. In addition, money raised from the bond will go towards funding projects with the local Wildlife Trust to protect and enhance the natural environment; updating traffic signals to ultra-efficient LEDs; and developing cycleways to promote sustainable transport. (27)

10. Green Finance Strategy

In March 2020, the results of a survey by the Local Government Association (LGA) on responses to the climate emergency showed that lack of funding was the single largest barrier to delivery. Meeting commitments made in climate emergency declarations will require both significant investment into low-carbon infrastructure and the decarbonisation of heat. (28)

On 2 July 2019, HM Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) published the Green Finance Strategy. Of interest to local authorities is the financing green strand of the strategy which seeks to mobilise and accelerate private capital flows into clean growth and environmental sectors to support the delivery of the UK's carbon targets. The Government recognises that public sector funding alone will be insufficient in delivering the transition to environmentally sustainable growth, and as such is focused on mobilising private finance and removing associated market barriers. (29)

The LGA has produced practical advice on how local authorities can access and utilise green finance to meet economic recovery goals and climate emergency ambitions, drawing on examples both from the United Kingdom and international case studies. The guidance focuses on the mobilisation of green projects and wider financial measures as well as the various forms of green debt finance available. It considers both the projects a local authority might directly fund, but also those it may wish to support or stimulate within its geographic area.

Green finance can take many different forms, including green bonds, green loans, a green revolving credit facility, green hire purchase, green lease and asset loans, green grants and mechanisms to create market certainty.

Finance is fundamentally a combination of equity and debt, i.e., money belonging to the local authority and money it borrows. When grant funding is available this can supplement or replace a direct equity contribution. Post European Union (EU) Exit the Government is likely to be the source of most grant funding available to UK local authorities. For instance, there is already a growing heat network market in the UK which is supported by Government commitment. This is through the Heat Network Investment Project (HNIP) of up to £320m and the work of the Heat

Network Delivery Unit (HNDU), supporting local authorities and project developers in the early phases of scheme development. The Heat Networks Delivery Unit (HNDU) was established as part of the Government's decarbonisation strategy. The Unit provides funding and specialist guidance to local authorities who are developing heat network projects, supporting them through a number of project development stages. All local authorities in England and Wales can apply for support. Since its inception in 2013, HNDU has awarded support to over 250 schemes across over 150 local authorities in England and Wales, including £23m of grant funding.

BEIS launched the Public Sector Decarbonisation Scheme on 30 September 2020 which will be delivered by Salix Finance. The Scheme will allocate £1bn of grant funding for capital energy efficiency and heat decarbonisation projects within public sector non-domestic buildings including Government departments and arm's length bodies in England.

The Public Works Loan Board (PWLB) is one of the main lenders to local authorities and accounts for around two thirds of local authority debt. PWLB was used by Warrington Council in the acquisition of two solar farms in Yorkshire. (30)

UK local authorities have the power to issue bonds (an IOU that can be traded on the financial markets), but it is not currently a common activity due to the cost, time and fees involved relative to the cost and flexibility offered by the PWLB. A Community Municipal Bond structure is a new model of public sector crowdfunding, which offers the potential of providing low cost capital for local authorities while also delivering socially and environmentally positive outcomes. This structuring provides local authorities with the ability to raise money more locally for green projects and provides a direct connection between their communities and new green infrastructure. Increasingly the rates and terms for community lending are close to those offered by PWLB.

As well as West Berkshire Council Community Municipal Investment (CMI) bond, which allowed individuals to invest as little as £5, Warrington Borough Council launched a CMI bond (via Abundance Investment) to raise £1m to help finance the construction of a solar farm near Cirencester and its co-located battery storage facility (a 24MW hybrid project). The council's Community Municipal Investment (CMI) bond attracted 523 investors from across the UK, with an average investment of almost £2,000 each. (31)

Salix Finance Ltd provides Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills. The funding is provided via an interest-free loan which is paid back through the predicted savings on energy usage. Calderdale Council delivers its services from over 300 buildings. In 2017 the Council took steps to cut carbon emissions from its buildings through implementing a Re:fit programme, delivered across two phases using Salix Finance. The scheme upgrading LED lighting, replacing inefficient boilers, improving control of heating systems and installed solar PV panels on roofs. (32)

11. Solar Co-ops

One form of finance which the LGA doesn't mention is the establishment of community energy co-operatives. Several local authorities have allowed community energy co-operatives to solarise council-owned by properties funded by a public share offer. Edinburgh Community Solar Co-operative, for instance has installed PV panels on 30 council-owned buildings including Waverley Court, the City of Edinburgh Council headquarters. Delivered in partnership with The City of Edinburgh Council, the first public share offer in 2015 enabled the project to install solar PV panels on 24 council and Edinburgh Leisure buildings across the city. A second successful share offer in 2020, has allowed a further six installations to be added to the portfolio. Surplus profits made by the project are reinvested locally through our Community Benefit Fund. (33)

Similar schemes operate across the UK including in Brighton, and Bristol. Brighton Energy Co-op (BEC) has raised over £3m since 2010 from the local community to build some of the largest solar PV systems in South East England. BEC now owns 60+ community-owned solar arrays. Their partners range from schools to businesses, and from blocks of flats to a football stadium! (34) Bristol Energy Co-operative has raised over £12million, installed over 9MWp of solar and battery assets, and facilitated over £250,000 of community benefit payments. (35) Bristol Energy Cooperative has just finished a £2m community share offer for renewable energy projects with

the money being used to support projects including a 300KW microhydro scheme at Netham Weir, which will generate enough electricity for 250 homes. Also in Bristol, Ambition Lawrence Weston is a resident-driven organisation striving to make Lawrence Weston - a post-war housing estate on the north west outskirts of Bristol - an even better place to live and work. The group is proposing to install a 4-Megawatt (MW) wind turbine at Avonmouth capable of powering 3,500 homes. Income from the turbine will go straight back to fund community development work in Lawrence Weston, as well as a learning zone to increase knowledge about renewable energy. (36)

12. The Role of Local Government in Ireland in Responding to Climate Change

A new book published in 2020 on “Ireland and the Climate Crisis” (37) explains that:

“Ireland has moved from its self-declared status as a “laggard” to a point where it is on the cusp of a new era of climate ambition. The turning point may have been in its innovative Citizens’ Assembly, which in 2017 considered the question “How the State can make Ireland a leader in tackling climate change” and in the process revealed a stunning consensus in favour of measures that politicians had long thought would be unpalatable to the electorate.”

The 2018 Climate Assembly report was followed by an influential and, in many respects, radical report published in March 2019 by a parliamentary committee established to consider the Assembly’s recommendations, and a landmark Climate Action Plan published in June 2019. The Action Plan committed Ireland to a target of 70% renewable electricity by 2030. But the state has hardly begun to tackle the agriculture and transport sectors, and the residential and industrial sectors pose significant challenges as well.

However, the 2019 Climate Action Plan has seen a change in the “mood music” around climate change which is potentially transformative. There is an increased public interest. New groups have re-energised and re-imagined climate activism. In other areas, around education, the Just Transition, and the visual media, awareness has grown and debates are ongoing. Just as Ireland was a late moderniser, and a late eco-moderniser, it is becoming a late adopter of climate action measures.

Institutionally, Ireland is heavily centralised, with limited powers devolved to local authorities. This can inhibit experimentation and the development of bespoke policy responses for regional and local circumstances, which can be important in developing responses to climate change. Attempts at community and societal engagement remain sporadic.

Irish national policy documents highlight the important role of local authorities in responding to climate change emphasising the role of Irish local authorities as being facilitators and supporters of community-led initiatives. As public sector bodies, they are expected to contribute to national targets for carbon emissions and lead by example with the uptake of energy efficiency measures across their buildings and more broadly in their service delivery. Furthermore, local authorities are mandated to develop climate adaptation plans that have to incorporate sectoral adaptation plans. However, they do have limited remits and financial and legal capacity, but the potential to demonstrate how, despite the challenges, climate action is possible with limited resources, finance and legal capacity.

The Climate Action and Low Carbon Development Act 2015 was passed by the Oireachtas in December 2015, but the role of local authorities in the Act is not as robust or significant as it could be. The 2019 Climate Action Plan gives local authorities responsibility for a few future-based actions, but for the most part continue to be expected to respond to the everyday needs of National Government departments.

Sabrina Dekker, Climate Action Co-ordinator at Dublin City Council, argues that despite their limited remits and financial and legal capacity, Irish Local Authorities nonetheless have the potential to demonstrate how, despite the challenges, climate action is possible. However, she does acknowledge that if local authorities had the capacity to raise funds of their own accord, this would enable policymakers to kick-start policies and projects that address climate change in shorter time frames, but this is not the current operational framework. Policymakers view lack of

access to funding and financing as a challenge to implementing programmes and actions that would respond to climate change

Dekker was responsible for the development of the climate action plans for the Dublin Local Authorities as part of a team of three from Codema, Dublin's Energy Agency. A clear goal of the Dublin Local Authorities' (DLAs) climate action plans has been to effectively communicate the remit of the local authorities in Ireland, and to secure a lead in addressing climate action.

Under their Climate Change Action Plans, by 2030, the DLAs will have implemented actions to adapt the region to climate change, such that the risks of flooding, sea-level rise, extreme weather, and rising temperatures are reduced. Furthermore, their Climate Change Action Plans set out a goal that by 2030, CO₂ emissions from the DLAs' operations will go further than the 40% reduction target set by the voluntary European Union Covenant of Mayors, which would result in them exceeding their emissions reduction targets.

In October 2019 all 31 local authorities signed a climate charter which, given their potential for leadership, commits local government to taking action and working together to address the impacts of climate. This includes using their planning and regulatory roles in climate action and reducing climate risks and building resilience through their adaptation strategies.

Dekker and O'Leary point out that:

"Irish cities must continually look to cities around the world for novel and innovative ideas to address climate change, paying attention to how other cities address constraints. The resource and finance constraints are not unique to Irish local authorities, and it is critical to understand how other jurisdictions respond to these challenges, whether it is partnerships with academia to philanthropy and crowd funding."

Collaboration between local authorities and central government is seen as essential, Public participation and engagement in the development of climate action plans is also necessary to the successful implementation and monitoring of these plans, as has been evident in cities around the globe. (38)

In January 2018, Ireland established the four Climate Action Regional Offices (CAROs) which are intended to support local authorities in the development and implementation of their climate action obligations.

The Local Government Management Agency carried out a survey of local government actions between 2011 and 2018. This provides a snapshot in time of local authority achievements with respect to climate action, the research finds that the local government sector has been proactive in many areas, providing a range of services to the public, including critical infrastructure, flood risk management and water resources, as well as nature-based solutions and public engagement, each of which have delivered positive climate actions. (39)

Less than half of councils use electric or hybrid vehicles as part of their fleet for day-to-day operations, despite transport accounting for 20% of Ireland's greenhouse gas emissions. Councils have invested more than €120m in energy efficiency projects, preventing more than 60,000 tonnes of CO₂ from being produced, the equivalent emissions produced by 11,000 homes annually. Some 280,000 lights are to be upgraded to energy-efficient LED, reducing carbon emissions by 31,000 tonnes annually, but just 15 of the 31 local authorities reported they are on course to exceed their 2020 target of 33% energy efficiency. Some 20 local authorities are piloting Nearly Zero Energy Buildings in their social housing. (40)

Finally, it is impossible to discuss climate action in Ireland without mentioning the pioneering work of the Tipperary Energy Agency - an independent social enterprise that focusses on driving the energy transition through the provision of expertise, innovation and strong customer service. The Agency has 30 employees working to implement viable sustainable energy solutions that will reduce costs and energy use. Its focus is on innovation and best practice in delivering projects that chart a path for communities, business and citizens to net carbon neutrality. The Joint Oireachtas Committee on Climate Action examined the potential of recreating the ecosystem for

the Energy transition in Tipperary for the rest of Ireland. Paul Kenny, Chief Executive of Tipperary Energy Agency said “A network of local energy agencies ... could be replicated, steered by the local civic organisations with funding programs tailored to specific sectors. Homeowners, businessowners and communities need to be able to access expertise in a streamlined way that supports those who wish to take action. We will still need some grants and carbon taxes, but the independent experts are necessary if we are to succeed in the energy transition in Ireland.” (41)

The Minister for the Environment, Climate and Communications, Eamon Ryan TD, has now appointed Marie Donnelly - a director of Tipperary Energy Agency’s board for the past number of years - as Chair of the Climate Change Advisory Council. (42)

13. Climate Change Bills tabled in the Oireachtas and the Stormont Assembly

NFLA has consistently been noting at its All Ireland Sustainable Energy Forum that both Ireland and Northern Ireland need to ramp up their low carbon action plans to catch-up on parts of the UK and the European Union norm.

In the past couple of months, climate change bills have been tabled by the Irish Government at the Oireachtas and by a cross-party initiative at the Northern Ireland Assembly.

For Irish local authorities, the core points of the Irish Government’s Climate Change Bill tabled in March include:

- A Net Zero carbon emission target by 2050, with a 51% reduction in carbon emissions by 2030.
- A strengthened role for the Climate Change Advisory Council.
- The central government will determine a carbon budget across all sectors of the economy and all government departments, as well as local government.
- Local Authorities should prepare individual Climate Action Plans with detailed mitigation and adaptation measures to respond to the increased targets for carbon reduction.
- The Local Authority Development Plan must be aligned to Climate Action Plans. (43)

The preparation of the 2021 Climate Action Plan assisting this process will involve a major public consultation. The Irish Government is inviting respondents to join the Climate Conversation and assist in chart Ireland’s journey to Net Zero. This consultation is open till 18th May and the NFLA will submit an adapted version of this report, as well as call for considerable more powers, responsibilities and funds for local authorities using our existing knowledge of decentralised energy in England, Scotland and Wales as examples for positive change.

In Northern Ireland, the Green Party MLA Claire Bailey has tabled a Climate Change Bill, which also has the support of Sinn Fein, the SDLP, the Ulster Unionist Party and the Alliance Party.

This Bill, which has been devised with the support of academics and environmental groups within the Climate Coalition NI. It calls for net zero by 2045. It has three key parts to it:

- Declare a climate emergency as a mandate in which to provide a framework for mitigating the effects of climate change in NI
- Provide for a duty upon the Executive to prepare a Climate Action Plan at 5-year intervals (the initial interval being 3 years) with annual targets, carbon budgets, nitrogen budgets and sectoral plans.
- Establish new institutions (the Northern Ireland Climate Commissioner and the Northern Ireland Climate Office) as independent auditor/expert bodies to monitor the implementation of the Climate Action Plans, prepare audits of the same for the Assembly and review the working of the Bill, suggesting reforms and amendments as needed. (44)

However, the Bill has not been supported by the Democratic Unionist Party and the Environment Minister Edwin Poots has told the Assembly that he plans to shortly table a Government Bill that aims to achieve an 82% cut in emissions by 2050 in Northern Ireland, based on the advice provided by the Committee on Climate Change (CCC). This reduced number relates to the CCC acknowledging the major challenge that lay in reducing carbon emissions in the agriculture sector.

It remains to be seen if, over time, the likely two bills could be merged to create a dynamic, consensual approach. NFLA welcomes some new momentum in the development of climate change action in Northern Ireland. IN our view, Northern Ireland Councils lack capacity in this area and need increased support, funds and new responsibilities from central government. Ideas like the Tipperary Energy Agency or some of the excellent examples in England, Scotland and Wales need to be actively considered for the Northern Ireland context.

14. Conclusions

This NFLA report has provided in real detail the importance and value local government can provide, and needs to provide, for all parts of the UK and Ireland in tackling the climate emergency. This though comes at a time when the Covid-19 pandemic over the past 14 months has impacted further on already stressed Council budgets, trimmed considerably in the previous decade by austerity policies.

What has been welcome in recent times is a growing recognition that the positive moves by Local Authorities, of all political complexions, to tackle the climate emergency have shown how essential the sector has become for developing net zero carbon emissions in the next decade. Bodies as influential as the Committee on Climate Change arguing for local government to be included in the latest Carbon Budget. It is clear local government is willing to take up this challenge, but it often lacks the resources and crucially the expertise to move so quickly forward, and it needs urgent assistance in this area from central government, energy agencies and organisations like APSE Energy.

Despite all these positive moves, local government now needs new responsibilities and powers, and above all resource if it is going to be ambitious as it wishes to be. Clearly, the devolution to local authorities of powers and responsibilities on climate action is now urgent. Authorities obviously will also need adequate funding to meet their climate objectives. Central government in the UK and the Republic of Ireland, and the devolved governments in Scotland, Wales and Northern Ireland need to take this on board and facilitate change to bring new powers and access to new funds. Without local government's assistance, it will be very hard for national climate targets to be met. This is particularly the case across the island of Ireland, where there is an urgent and pressing need to give new powers to councils in this area of policy.

Despite the obvious funding crisis in local government, this report shows there are still ways to fund the local transformation required including via grants, borrowing and investing, as well as new vehicles such as Community Municipal Investment bonds, and working with the community to establish energy co-operatives which can issue shares. The work of the Tipperary Energy Agency is the sort of model that could also transform the role of decentralised energy across the island of Ireland.

As NFLA have highlighted in this and our growing suite of reports, the first step for any authority is to produce a robust and well considered climate change carbon reduction plan. Any plan should be developed in co-operation with the local community preferably by using modern forms of deliberative democracy to ascertain how citizens would like to see their local authority respond to the climate emergency.

NFLA welcome that climate change carbon reduction and mitigation policy work have become a central plank for most councils, and it urges that it should become the norm for all councils. This report acknowledges the big differences between local authorities in terms of their scale (district, unitary, county) and how they are structured. It is somewhat easier for the larger-sized councils to respond to the climate emergency and to commit resources to it. This also plays out in competitive bidding processes. There needs to be a consideration of providing a tailored approach to local government and NFLA calls on central government to work in partnership with it rather than pushing councils in competition with each other, as so often happens.

It is worth remembering for the future the positives of addressing the climate emergency in relation to place making and liveability and ultimately attracting investment. This will be critical for the future for all councils. This, and previous NFLA reports have shown that there are also different models Councils are developing in influencing and driving change to tackle the climate emergency and see

the benefits of green jobs, green infrastructure and an inclusive future. The pandemic has challenged all sectors of the economy like never before, but the climate emergency is an even bigger crisis that will remain and need to be tackled over the next two – three decades. NFLA encourages senior councillors and officers to take account of this report and previous reports in tackling the climate emergency, and to make such work one of the central planks of council policy.

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