



# Roundtable: How can local government meet its net zero ambitions in a time of great financial challenges?

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With local government facing so much adversity, amid continuing financial and political uncertainty, there is very real risk of underestimating one of the most important challenges – achieving net zero.

Nationwide, local authorities have declared their commitment to net zero, but people are only now beginning to understand just how much achieving this ambitious target entails.

However well-prepared councils may be, much of net zero is dependent on government action and without significant central support local authorities will struggle to achieve their aims.

There is also the question of resource capacity at local level, and local authorities will need to consider how to tackle this; traditional outsourcing is not necessarily the answer, as the private sector is also suffering skills shortages.

Partnership working offers a potential solution, using joint venture models pioneered by Norse and others.

To discuss this complex issue, the current approaches being used and the challenges and opportunities presented, CIPFA brought together practitioners and experts from local government, social housing, funders and the private sector to share experiences and insights.

## **A wide and diverse range of net zero activities are being undertaken but they are not always joined up or of sufficient scale**

The roundtable discussion identified a wide range of initiatives and approaches that have been developed over the past few years, even before climate emergencies were declared, which include changes to local 'business as usual' activities and innovations.

Many of these have been grant funded and involved one-off capital expenditure, but they are less well embedded in mainstream medium-term financial plans and annual revenue budgets. Successful examples that have led to reduced carbon emissions and cost saving include:

- LED street lighting and traffic control systems
- biomass boilers installed in office and operational buildings
- increased use of flexible and hybrid working reducing travel time and emissions
- energy from waste incineration
- solar energy and district heat networks
- switching to renewable energy suppliers
- use of electric vehicles and support for EV charging facilities.

Plans to scale up include retrofitting existing properties and changes to standards for new buildings but these are constrained by lack of resources and planning/policy uncertainty.

In the social housing sector, investors (who fund existing and new stock) are increasingly interested in carbon emissions impact as part of their environmental, social and governance responsibilities (ESG).

Infrastructure funders including the UK investment Bank (UKIB) have dedicated capital investment funds for water, waste, transport, digital and clean energy schemes including support to retrofit public buildings and heat networks.

## Challenges

In addition to the need for a longer-term strategy, more policy and planning certainty and significant additional investment, a range of practical challenges were discussed, including:

- establishing a baseline of carbon emissions and reliable measures to track progress
- better understanding of which initiatives might have optimum impact on cost and emissions reduction
- incentives and funding need to be better aligned
- stop-start funding mechanisms and competitive bidding processes are sub-optimal
- agreeing reasonable payback periods for expected returns on investment
- skills shortages in developing and maintaining new technologies; significant training and re-training needed in workforces
- securing public support can be difficult as 'green approaches' are often seen as (and sometimes are) more expensive (eg electric/hybrid vehicles are more expensive than petrol/diesel) in the short term
- longer-term financial planning horizons are needed
- more and better public engagement: politicians to bring electorate with them; people who vote are older and have different concerns to younger people.

However, the single biggest challenge is creating the financial, managerial and political capacity to focus on the longer-term net-zero strategy while managing (often firefighting) the day-to-day financial, operational and service pressures.

## Opportunities

Despite the many strategic and operational challenges, the roundtable delegates were optimistic that opportunities exist to make real and tangible progress towards net-zero targets. These include:

- the energy and influence of young people to advocate for change (eg the Greta Thunberg example)

- greater use of technology, including digital and artificial intelligence, to develop better and cheaper solutions
- partnership working with universities, colleges and businesses to develop and train for the green jobs of the future that meet local place-based needs
- collaboration between public agencies to aggregate demand and thereby reduce the unit costs of supply for of technologies that are currently expensive.

Place-based carbon reduction measures could produce better results at a lower cost than national one size fits all approaches. If they are based on local characteristics, needs and opportunities then less investment will be needed.

## Summary and conclusion

With resource constraints and increasing demands for services there is a risk that net-zero investments are crowded out by more pressing short-term priorities in local authorities' revenue budgets and capital investment programs. Significant additional revenue from central government is needed to put local government on a sustainable financial footing.

Local government can be well placed to lead by example. In many places local authorities have already adopted many carbon reduction approaches for their buildings, transport and workforce and in their procurement and supply chains. However much more capital investment, from national and local government and the private sector, will be needed to get anywhere near net zero by 2050.

There is potentially a powerful economic case for local climate action, but that case is not always well made or understood. Perceptions persist that 'green approaches' are more expensive and while they undoubtedly require up-front costs, the potential longer-term benefits of carbon reduction investment are significant.

A long-term strategy of public engagement, better education and collaborative approaches with partner organisations, schools, colleges, universities and the private sector – especially in the use of new technology – will be needed to increase the pace and scale of progress towards net zero.

This is a multi-generational challenge in which young people's views, skills and influence and adopting new technology will be key in changing the attitudes and priorities of national and local governments.