



The Role of Local Government and its Cross-Sectoral Partners in Financing and Delivering a Net-Zero Scotland – COSLA Submission

COSLA is grateful for the opportunity to contribute to the Committee's inquiry into the role of Local Government and its cross-sectoral partners in financing and delivering a net-zero Scotland. This is a vital area of work for Scottish Local Government. Local Government and COSLA are fully committed to a Just Transition to Net Zero by no later than 2045. At COSLA this aim is embedded in all areas of policy development, including transport, planning and waste.

We are going to respond to your letter of 8 June but for the purpose of attending the committee on 20 September we wanted to make some key points which go to the heart of the inquiry. This submission is intended to complement the information which we provided to the Committee in December 2021.

Key Points

- **Local Government is committed to delivering a Just Transition to a Net Zero Economy.**
- **We cannot be confident that we are on a pathway to delivering the 2030 target. This must now be our focus.**
- **Reductions in the core grant to Local Government has reduced the capacity of Local Authorities to deal with the climate emergency.**
- **Further investment in Local Authority capacity is therefore essential.**
- **We also need greater coordination at the national level between Local and Scottish Government on delivering the Just Transition.**
- **We also need to more clearly understand the skills gaps which exist and use data more effectively to support decision making**

Context

COSLA is clear that successive reports by the Climate Change Committee and others have evidenced a gap in the pace of emission reduction compared to legislative targets. In short, at the current pace, Scotland is not on a pathway to achieve the 2030 target set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. To make the 2030 target more achievable we will need to increase the pace of delivery considerably in order to make further, deep cuts in emissions this decade. This will require greater coordination between local and Scottish Government and further investment. The effects of climate change have also been brought home as a result of the recent extreme temperatures across the UK and other parts of the world. We are clear that more needs be done to help increase the pace of delivery to better meet the worsening challenge of the climate emergency.

COSLA Position

Leaders met on 26 August and updated COSLA's position on the climate emergency. Leaders agreed the following:

- That COSLA recognises that the pace of delivery on decarbonisation must increase significantly if we are to meet 2030 legislative target, but notes these targets are being made difficult to meet due to continued cuts to Local Authority core funding.
- That this will require enhanced coordination between Local and Scottish Government as well as the investment of new resources, similar to the work done through the pandemic, and remedial work to address many years of Local Government funding cuts, and that we pursue this further as a matter of urgency with Scottish Government.
- That we work with partners on the proposal for a Local Authority Climate Intelligence Service to better support area wide emission reduction and local decision making;
- That we need to foster deeper collaboration between local authorities to address the skills gap in this area; and
- That these and related points be made in COSLA evidence to the upcoming Net Zero, Energy and Transport Committee and that further reports be brought back in the near future on COSLA's ongoing work on climate change.

Our short term goal is to enhance coordination between local and Scottish Government at the national level. This goal is in line with the recommendation made by the Climate Emergency Response Group in their recent report to unify the local and Scottish Government response to the climate emergency. COSLA recognises that there are multiple societal and economic challenges which arise from the pressing need to rapidly reduce emissions this decade and that this requires a new posture from Government more aligned to the challenge we face. We are suggesting that there should be increased cooperation between Local and Scottish Government on all aspects of a Just Transition, and that a mechanism should be developed by which we can better manage the multiple decarbonisation challenges that we face, and their impact on the economy and society. This coordination is made more urgent as we simultaneously grapple with the rising cost of living and the worsening climate emergency. This idea is rooted in the pragmatic way in which Local and Scottish Government worked during the early stages of the pandemic, with the idea of balancing the economic, emission reduction and societal impacts of the net zero transition in a similar way to the four harms approach during the pandemic. This proposal will not eliminate the challenges - which are discussed further below - faced by Local Authorities but may offer solutions and practical ways ahead that we are currently missing.

The Challenges that Local Government faces in Scotland.

We are clear that no level of government across the UK has the correct resources in place to meet the climate challenge. There is no doubt that additional resource is required to make a difference, especially in the most challenging sectors, such as heat decarbonisation and transport, but also to reinforce the general capabilities of Local Government to handle multiple decarbonisation challenges.

The key challenges faced by local authorities in achieving net zero carbon targets, as we see them, are as follows:

- **Finance and flexibility** - Fundamentally net-zero has a price tag which is not being currently met. Cuts to Local Authorities core budget present a major problem. This is exacerbated by the lack of flexibility of funding which arises when resource are channelled to specific policies, which reduces flexibility within the general revenue grant to Local Government. COSLA recognises that national

funded policies are important and are part of the mix of interventions which are required, but Councils also need flexible resource which they can use locally to develop their own projects and programmes. The channelling of resource via challenge or bid funds is a particular issue, as the development of bids will have a resource cost for Local Authorities. We argue that Local Authorities need fewer, but larger and more flexible funding streams which they can use locally to meet different challenges. Given the urgency arising from climate change, Local Authorities must focus on high carbon sectors which are frequently the most challenging. Within the key national themes and envelopes (transport, heat, land use and agriculture etc), the mix of these looks very different at the local level. The more flexibility there is in Local Authorities' resources, the easier, and hence quicker, it is to effect change and utilise co-benefits.

- **Alignment of policy and spend** – We need to maximise budgets and lever in external funding to achieve net zero carbon ambition. Local Authorities need support and resources to develop investable opportunities and to enable work with Scottish and UK Government, private sector and other stakeholders to identify solutions. This is where core funding to Local Government is essential. As an example, there is a good level of ambition for low/zero carbon new builds and the retrofitting of existing buildings, however value engineering due to rising costs (including inflationary pressures) tends to see the removal or reduction of low carbon measures due to their cost. We need a sustainable investment model for retrofitting at scale (domestic and non-domestic) that can leverage in private investment. This will require leadership and collaboration at a national scale to deliver.
- **Behavioural change** – Substantial behaviour change is an absolute prerequisite for achieving net zero, be it in transport (reducing travel demand management), waste (recycling/ reduction) or heat/cooling requirements for both non-domestic and domestic buildings and assets. We need a step change in sustained national communications programmes and encourage communities and businesses to adopt lower carbon behaviours. The coordination of national messaging is one aspect where greater coordination between Local and Scottish Government could be very beneficial.
- **National infrastructure** – The lead in time for grid connections and cost to connect even for relatively small scale generation projects is prohibitive. A new or significantly revised model for anticipating grid requirements and investing accordingly is required. This will require greater engagement with the UK Government and its agencies.
- **National public sector frameworks** – There needs to be more flexibility in the current systems and contractual set-ups under which Local Authorities are purchasing electricity from the national grid. There are significant opportunities for Local Authorities to generate their own energy through renewable energy schemes on their own estate, for example by running solar farms on landfill sites. Central to the delivery of municipal renewable energy generation projects is financial viability, and this is hindered by the current systems and contractual set-ups with the national energy suppliers.
- **Skills** – A sector wide skills mapping exercise is required to understand what skills exists already, what will be required in the future, and what options there

are to stimulate the skills pipeline required. The ability to fund, recruit and retain the skills is necessary. We need to significantly upskill the workforce and increase their levels of expert resource to plan, develop, lead and drive change at the scale and pace required to reach the net zero targets. Emerging technologies such as hydrogen, for example, require expert knowledge, as is the case in many other areas.

- **Data/Baselining-** There are numerous standards for sustainability reporting and there are differences between private and public organisations (purpose, motivation and responsibilities) which impact the way sustainability reporting is conducted. We need a consistent approach to collation, reporting and monitoring of emissions and welcome the high level findings of the recent climate intelligence service work undertaken by ECCL, which offer a way to support Local Authorities with area based emission reduction plans.
- **Energy efficiency/Decarbonisation-** Delivery of net-zero needs to be a cross-sector, system wide approach. Some solutions need to be more nationally led, including with the private sector (e.g. diverting gas infrastructure to hydrogen, EV charging) in order to make a significant contribution to the main sources of emissions at scale and pace. There are supply chain barriers too (cost, availability and understanding of technology) which need national solutions/incentives to overcome.
- **Community empowerment and leadership** – We must ensure that communities can actively participate in climate action planning and delivery, including energy reduction, energy efficiency and renewable energy projects, land use or consumer behaviour, to name but a few. Sustainable and scalable community empowerment support is required.
- **Communications/Engagement-** The role of communications is important to help communities and business/industry (SMEs) understand their roles, their potential and responsibilities to reduce their emissions.

We would also like to highlight that net zero policy cannot be seen in isolation to climate adaptation and Nature Based Solutions (NBS). COSLA was one of the organisations highlighting early that the threat to our biodiversity is an integral part of climate change. Technological solutions to carbon reduction are clearly vital but we understand that not every carbon reduction intervention has a positive impact on reversing the decline in biodiversity, yet interventions to address the loss of biodiversity generally tend to have positive impacts on carbon reduction. The potential for co-benefits is considerable. In policy terms we need to increasingly view climate change and biodiversity loss as two aspects of the same emergency.

Scottish councils are actively driving forward policy and practice on both climate change and biodiversity, most notably through signing the Edinburgh Declaration, reporting on the public body 'biodiversity duty' and ongoing support for Local Biodiversity Action Plans and Local Biodiversity Action Partnerships. It is critical to recognise the benefits of integrating nature into local planning, management and government and the importance of placemaking and place-based approaches to do so.

With their natural focus on place, Local Authorities are critical to developing practical Nature-based Solutions to climate change, biodiversity loss and other socio-economic outcomes and public goods. Well-designed and implemented Nature-based Solutions provide benefits for people and are central to tackling environmental challenges such as climate change, biodiversity loss, air pollution and flooding.

Conclusion

The challenges involved in addressing climate change are complex, and Local Authorities are doing so in the context of reducing finance and resources, rising costs and a cost of living crisis experienced by its citizens.

Respect for all levels of government is at the heart of mobilising and utilising the limited resources we have. However, we are clear that further, additional investment in Local Government is essential or we will continue to put at risk the 2030 and later targets. With only approximately one hundred months until the end of 2030 when the interim target must be met, Local Authorities need the freedom and flexibility to invest and make changes where we can make the biggest gains.

Local Government in Scotland can only make the level of contribution that is required to meet our national targets, if it is empowered, resourced and supported to do so. This was one of the guiding principles of the Paris Protocol and continued in following COPs, including COP 26 in Glasgow.

We look forward to appearing at an evidence session before the Committee and to expand on the points made in this submission.

September 2022