

Additional evidence for the Net Zero, Energy and Transport Committee: Louise Marix Evans 19 December 2022

Liam Kerr MSP “**How well do you think local authorities are linking strategic carbon reduction plans and routemaps to their budget setting and what more could they do to align investment with net zero ambitions**”.

I said I thought that in general local authorities are not systematically linking carbon reduction plans to their budget setting. And if they were we should look at Glasgow City Council, Manchester City Council/Greater Manchester Combined Authority and Bristol City Council. This is an emerging area for UK local authorities. Here is some information I have gathered in haste to respond to the question:

In short – The Mayor of London has issued a consultation budget for 2023/24 that includes a climate budget: “The ‘Climate Budget’ sets out funded actions that the GLA Group will take and the unfunded projects and actions that are needed to meet their 2030 Net Zero target. By 2030, this will require switching Metropolitan Police, LFB and TfL fleets to run on electricity, the electrification of heating in police and fire stations and TfL’s buildings, and the installation of more electric vehicle charging infrastructure and solar panels across the GLA estate.” The budget will not mean GLA fund all investments but it allows councils to plan ahead to locate finance.

“Climate budgeting is an approach that has been pioneered in Oslo for the past seven years. Other cities now piloting climate budgeting with the C40 cities climate leadership group include Stockholm, Barcelona, Berlin, Montreal and Paris. Of the pilot cities, London is among those having made most progress in integrating a climate budget within their regular financial budget cycle.”

<https://www.london.gov.uk/Mayor%20publishes%20consultation%20Budget%20to%20build%20a%20safer%2C%20fairer%2C%20greener%20and%20more%20prosperous%20London>

In the UK we are seeing various approaches to ‘climate budgeting’ including green budget tagging, shadow carbon pricing and climate impact assessment.

A key issue is not just screening for high carbon decisions, but getting in at the start to ensure the best decisions are made and that council resources are optimised.

Cambridgeshire County Council uses a shadow carbon price alongside its budget.

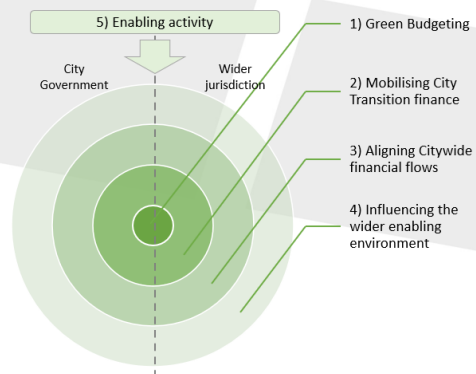
Glasgow City Council is experimenting with green budget tagging, and has a range of actions in play:

Glasgow's emerging resource mobilisation approach

Glasgow is developing an overall Climate Investment Framework to raise and spend capital. Structure around five key elements

- 1) Green budgeting framework
- 2) Mobilising the finance needed for the transition
- 3) Working with wider public sector and private sector (particularly financial sector) to understand and influence City flows.
- 4) Engaging/influencing wider networks
- 5) Enabling activity such as training and capacity building, data and evidence development.

All rooted in global best practice – not individually innovative, but attempting to draw together into a 'best in class' approach.



GLASGOW GREEN DEAL
FINANCE



And lastly climate impact assessments are carried out by quite a lot of councils, but this is almost 'after the event' and is too late in the process in general (see below).

CIPFA's Mark Williams believes that integrating financial and carbon budgets is a comparatively new area; and the organisation is working on carbon reporting in global public body financial statements. He also believes that budgets should be closely linked to business cases, to align financial and carbon budgets.

Some treasurers respond to the question about climate or carbon budgeting by talking about carbon reporting, which is obviously the flip-side of carbon budgeting but to me seems more passive. Actually tying budget to carbon is way more active in my view, although the two are linked. Additionally full materiality of what spending / budget will be paying for what emissions is key, rather than just cherry picking the spending on low carbon or emissions reductions.

Additional things to note:

- Local authorities have **strategic plans** – some interlink together and ideally weave Net Zero or low carbon economic development and climate adaptation into each other. We begin to see this appearing in more recent, generally, post-pandemic recovery strategies that may be 'braver' as in Glasgow, GMCA, Liverpool City Region, Bristol's overall place or economic development strategies. Some of these recognise that there may be trade-offs with climate change and traditionally high emissions economic development activities – expanding or running airports; building roads; permitting or developing new industrial, commercial and housing developments. But they generally aim to deliver Net Zero development, new green jobs and make places better for people through green spaces etc. some of them really recognise that clean-tech, clean energy, EVs, zero carbon ports etc are growth areas and they embed net zero into the growth areas they are aiming for. For a review of this see my report for the Inclusive Growth Network; it outlines that increasingly strategies are integrated but the delivery is still patchy and incomplete. [CPP | REPORT: Quantum Collective Research 2022 \(progressive-policy.net\)](#)

- In light of recent energy price rises and Investment Zones and focus on growth of the new/recent government, it will be interesting to see if these aims endure. I hope they will, and do think they will for these post-industrial cities and city-regions, which are still scarred by rapid industrial decline and which need to develop sustainable economies that are not built to fail in a net zero context. 'Any' job cannot be worth chasing over taking more effort to build a sustainable low carbon job. Given the skills shortages and low levels of unemployment, it is more likely development will be held back by a lack of skilled people, than by high carbon jobs beating low carbon jobs, the different skill levels needed might affect this. Quite a few local authorities or city-regions have assessed the job changes that will come as we shift to a net zero economy – the losses and the gains. West Midlands Combined Authority for example, has done this. Cumbria has, although that has not stopped the coalmine getting permission which is very short-sighted.
- More commonly, economic development strategies and inward investment strategies go for growth and high value attractive growth areas such as digital, aerospace, chemicals etc to get the high GVA and higher wages. Also, we see examples of innovation and commercial space being developed only to turn out to be yet another distribution warehouse or logistics centre. There's an unwritten report which we need to write called 'No More Sheds'. Meanwhile, the climate change strategy or housing strategy sit apart from each other. Climate Emergency UK's new focus on the delivery of climate action plans should assess how well integrated climate is into overall strategies and the 'other' activities that local authorities carry out. This will be published in Autumn 2023.
- Local Plans and Housing Policy including development policies should align with climate change plans. Local Plans of course are slow to change, and SPDs may be put in place; but we do see some local authorities assessing their Local Plans against their climate change plans, such as Cotswold District Council and Lancaster City Council.
- Then, we see how local authorities financial frameworks are set up; their policies around borrowing and investment, their business case development and decision-making processes and screening, including Overview and Scrutiny. Some authorities have put in place screening or checks that have to be included in proposals, reports to cabinet and to council. These include the Doughnut Economics approach used in Cornwall and a carbon assessment used in Greater Manchester. However more 'upstream' action is needed, as these approaches do not always enable big changes to happen. <https://www.local.gov.uk/case-studies/cornwall-council-doughnut-economics> Cornwall appear to have put training in place, and are learning continuously meaning the tool is having increased impact.