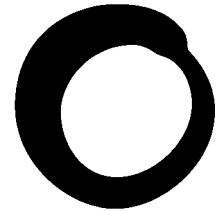


June 2009



**Friends of
the Earth**

Briefing

Delivering a local low carbon vision

Get Serious About CO2

Friends of the Earth inspires solutions to environmental problems, which make life better for people.

Friends of the Earth is:

- the UK's most influential national environmental campaigning organisation
- the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide
- a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland
- dependent on individuals for over 90 per cent of its income.

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Delivering a local low carbon vision

Introduction

The case for taking action on climate change is overwhelming. Internationally the impacts of climate change will make a billion of the poorest people in the world homeless – and people in the UK will be affected too by increased flooding and droughts, rising food prices and economic instability.

UKCIP recently published a new set of scenarios which provided detailed assessment of the kinds of impacts the UK is likely to be subject to. These included up to six degrees temperature changes for parts of the UK by 2080, and very significant sea level rise for vulnerable coastal communities, including London. Reducing carbon emissions now is vital to securing a long term future for our society.

The importance of local action

Local authorities are central to local action on climate change because they are the closest to people and their communities. Their place shaping role is a powerful way of communicating the challenge of climate change and offering real solutions. They are also well-placed to stimulate the local economy, and ensure that action is appropriate for its area.

There is a strong economic and social justice case for local authorities to invest in cutting emissions now. Increasing efficiency will save money for authorities, households and businesses. A new role for local authorities as supporters of decentralised energy schemes will increase energy security and address fuel poverty. Overall local authority action on climate change can reduce congestion and air pollution, and deliver significant benefits for households and the local economy. Local authorities are big players in their own right with 2 million employees and a total budget of near £100 billion.

What should be local government's role in delivering emissions cuts?

The Department for Communities and Local Government recognises that “local government has a pivotal role to play in helping communities take action on climate change”ⁱ. The Local Government Association’s own Climate Change Commission’s reportⁱⁱ sees a large role for local authorities in tackling climate change – “individual councils cannot opt out of tackling climate change”. It also recommends the following (p.20):

Government must take the opportunities afforded by the legislative programme to strengthen the statutory underpinning for local government action.

Furthermore the Government has stated in its response to the Environmental Audit Committee’s Eighth Report (2008)ⁱⁱⁱ that “local authorities should take into account the need to tackle climate change at all levels of decision making and in the delivery of their functions”. While some authorities are showing leadership and are taking effective action, this is far from being the general picture and this action is often limited to specific areas. The recommendations with regard to climate change and local government stress that national policy must be consistent and that incentives and encouragements should be reassessed in order to overcome barriers to action. The report also supports the introduction of targets on climate change for local authorities (recommendation 6), and for the obligation to include climate change targets in Local Area Agreements. It also recommends that (recommendation 16):

The Government should examine carefully the case for improving the statutory

underpinning for action on climate change; each new bill should be examined to see what scope there is for requirements on local, regional and devolved government to be inserted in order to focus attention and increase activity.

The recent report published by the Communities and Local Government Committee on the balance of power between central and local government^{iv} makes the case for minimum standards so that local government can show that it is not falling below acceptable minimum standards. This is very important in the case of action on climate change, where minimum emissions reduction progress is necessary, but where local innovation and appropriateness are central to delivering the cuts in emissions required.

Get Serious About CO2 campaign

Following on from the success of the Big Ask campaign, to get a climate change law passed, Get Serious About CO2 is about delivery on the ground of the measures necessary to achieve the cuts in emissions required. The campaign aims to build public support for local action on climate change. Friends of the Earth's local groups' network is well-placed to raise awareness of the level of action required. Through networking, and building a broad base of support, including councillors, these local campaigns will be instrumental in encouraging local authorities to step up to the mark on climate action.

Local campaigns will be calling for councils to:

- Cut their emissions by at least 40% by 2020
- Support national policies to help cut emissions
- Support a new duty for councils that fail to act to cut their emissions

These local campaigns will cover over 60 local councils in England and Wales, which together represent all regions, types of council and party political control, and those councils of particular national political importance. These campaigns will demonstrate the breadth of support for our campaign, and that local authorities can deliver significant change – whatever their situation.

Opportunities of acting on climate change

Friends of the Earth have outlined six example policy measures covering housing, energy and transport. Research was conducted by Carbon Descent to assess the number of jobs created if a selection of measures were implemented. The model assessed the following: domestic insulation; domestic renewable technology including solar thermal, PV, and ground-source heat pumps; combined heat and power schemes (including biomass); other larger scale renewable energy; traffic reduction (including demand reduction, transfer to walking and cycling, transfer to bus and rail) and shifting to low-carbon vehicles. Commercial energy efficiency was not excluded but not prioritised because it is currently less amenable to local authority influence. The model assessed the carbon emissions reduction that each measure could deliver and the overall reduction delivered by all the measures.

The results of the Carbon Descent research can be summarised as follows:

- It is possible for these three types of authorities to reduce their emissions by 40% by 2020.
- Combined Heat and Power, Domestic Energy Efficiency and Local Transport

Delivering a local low carbon vision

measures contribute more than 10% of savings in all three areas.

- The relative contribution of each measure to the overall emissions reduction was varied in each area.

It must be noted that the research showed that local authorities rely on the decarbonisation of the national grid in large part for these emissions cuts. As local authorities are however key in approving renewable energy schemes (under 50MW), this presumes that targets are met locally to contribute to overall national targets on renewable energy.

From this it can be concluded that setting a target of 40% at the local level is important politically, but is based on the understanding that national supportive action is required for local authorities to deliver. It is also clear that each local authority must reduce its emissions in a tailored response particular to its area. No local authority can rely on one measure to reduce emissions sufficiently – a package of measures is required.

Around 70,000 jobs could be created across England and Wales if these example measures were implemented. The figure was calculated from a detailed study of 65 local authority areas. The population of these local authority areas is 16,805,400. This can be extrapolated to the population of England and Wales (50,748,000), resulting in the figure of 70,029 jobs.

New jobs could be available as loft ladders, architects, plumbers, builders, electricians, plasterers and insulation specialists – to support the installation of insulation and renewable energy.

How do we get to a low carbon economy and create green jobs?

DECC's analysis estimates that the benefits to the UK as a whole of measures to help avert climate change could outweigh the costs by more than 10 times^v. This is likely to hold true for local authorities, on whom many increasingly costly burdens will fall unless action is taken now to mitigate and adapt to climate change.

Local authorities should be incentivised to take action through improved finance measures, streamlined funding, and an agreement to reduce carbon emissions. Changing national policy around homes, transport and energy is also central to ensuring that local authorities are able to deliver.

Building more renewable and decentralised low carbon energy schemes will create more jobs in the UK. Retrofitting housing and changing transport patterns will also help save money and create jobs. The Local Government Association (LGA) estimated in its recent report *Creating Green Jobs* (January 2009) the potential for jobs in the renewable energy industry to rise from 16,000 to 133,000, with new jobs in home energy efficiency at 20,000. There are currently around 5.4 million households in fuel poverty and 26 million homes that need to be fully decarbonised.

The potential in the micro-renewable energy sector is estimated by the British Wind Energy Association (BWEA) to be in the region of 2020. The small wind sector could be employing 5,800 people with a market revenue size of £750+ million (UK Market Report, 2009).

In terms of transport, congestion is estimated to be very costly to the UK economy. Making journeys more efficient will save money. As the London Borough of Camden has proved, it is possible to reduce traffic. Its integrated green transport strategy has already cut traffic by and carbon emissions by 23 per cent between 1994 and 2005, and it has set a target of a

further 15 per cent cut in traffic levels by 2012. As well as reducing emissions by reducing traffic, greener cars can save authorities and citizens money: “If everyone buying a brand new car chose the most fuel efficient car in its class, carbon emissions from new cars could be reduced by up to 24 per cent and save up to three months worth of fuel per year” (Act on CO₂, Directgov).

Greener public procurement also has a role to play in reducing emissions. A report for the European Union on the results of Green Public Procurement in the Green-7 (includes the UK) on public sector organisations demonstrates that carbon emissions savings are estimated at around 40% (PwC, Ecofys and Significant, 2008). Cost savings are also significant, particularly on heat and electricity.

Challenges to delivering on climate action

Getting the necessary funding in place to deliver on action is going to require change, as the current situation will not deliver comprehensively on the action required. Local authorities can take steps towards implementing policies, but national support is key to helping them realise their full potential. Overall, the policies covered by Friends of the Earth have identified that transport is largely about refocusing existing spending, housing requires greater national funding (but should be delivered through local authorities), and renewable energy and district CHP provide potential for income generation, if financing arrangements can provide opportunities for local authorities to play a greater role in energy supplies.

Transport

There is not necessarily a need for a big influx of *new* money for *transport* carbon reduction, but there is an urgent need to refocus investment from road building towards low-carbon travel and infrastructure. As an example, Department for Transport dispenses capital funds to local authorities through the Regional Funding Allocation process (RFA) – but in the most recent round of bidding, only the Yorkshire & Humber region chose to spend more money on public transport than roads^{vi}. Local authorities and the regions prioritising on sustainable travel should be supported by DFT introducing a tough carbon test which results in refusing funding for any infrastructure projects that would increase carbon emissions.

The picture is a bit more complicated for revenue spend, where funding can be a complicated and uncertain business – unfortunate given that revenue funding is needed to support many schemes that can make a cost-effective impact upon local transport emissions, like ‘Smarter Choices’ programmes. Friends of the Earth and other leading transport environment groups are calling for the creation of a £5bn Carbon Reduction Fund^{vii}, which could be used to fund capital *or* revenue spend. The DFT also needs to work closely with local authorities seeking sources of revenue for low-carbon projects to help them come up with creative and sustainable funding streams^{viii}. It must also ensure that the imbalance between accessibility of capital and revenue funding is addressed, as recommended by the Commission for Integrated Transport^{ix}.

Housing

On housing, with the Community Energy Saving Programme due to come forward, and the expansion of the Decent Homes and Warm Front programmes, existing funding is available to start on the retrofit of housing particularly on insulation measures. The funding for a comprehensive programme needs to come from national Government in order to be

Delivering a local low carbon vision

implemented.

Energy

On the roll-out of greater low carbon energy, existing funding such as that in Section 106 agreements on new developments could be utilised to fund schemes. The Government's Low Carbon Buildings Programme, though inadequate to retrofit the number of homes needed, is also a starting point. Local authorities have existing powers and abilities to set up Energy Services Companies (ESCOs), and these could provide much greater opportunities in terms of income generation, and in delivering benefits to households in terms of addressing fuel poverty issues.

If a local authority decides to use its own estate or use an ESCO, there are advantageous income generation possibilities which would provide a return on an investment, and could possibly fund other emissions reduction work undertaken by the local authority. The business model being promoted by Partnership for Renewables is a good example – for instance, a typical wind farm may generate annual revenues for the local authority of approximately £25-30k in rental for each 2.5MW turbine, with an additional contribution of £6k to a community benefit fund. There is also the possibility of establishing a private wire, whereby electricity is provided directly to neighbouring businesses, thereby avoiding transmission and distribution network charges and enabling the provision of electricity at prices up to 20% below the market rate.

The setting of appropriate rewards for renewable energy generation through the implementation of Feed-in-tariffs (due to be introduced in April 2010) and a Renewable Heat Incentive, should make small and medium scale renewable energy more financially attractive.

National path-clearing

There will be an expected funding gap for local authorities to further roll out on delivery. Friends of the Earth is campaigning for national path clearing measures to support local authority action on climate change.

We support the development of these initiatives to enable greater local government action:

- A comprehensive programme to retrofit all homes which could be sourced from existing Government spending on programmes such as Warm Front and Decent Homes, the CERT scheme and a Government green bond issue. This money would be disbursed nationally to local bodies including local authorities. If the additional cash is sourced from a bond issue, this avoids putting pressure on existing spending commitments.
- The roll-out of the Department for Transport Carbon Reduction Strategy to focus on big carbon cuts through behaviour change – including overhauling funding and appraisal systems to ensure that carbon reduction is at the centre of national, regional and local decision making.
- A new Planning Policy Statement on Renewable Energy which ensures that local authority deliver on renewable targets and secure maximum community benefit
- Changes to the regulations governing our energy networks which are acknowledged as necessary for meeting our 2020 renewable targets, that will facilitate decentralised energy generation, and create new opportunities for local authorities and their

constituent communities.

Where does the money come from to make the necessary investments?

It is important to start by recognising that these are tight times – all the forecasts show that the next decade will be tough for public expenditure and private capital too is far tighter than before.

But that is no reason to delay making these investments - economically, as well as socially and environmentally, it is essential that these cuts in emissions are made and the benefits of making those investments will help cut other expenditure and strengthen the economy.

The impact of the global financial crisis does mean that we need to both consider all the options available to provide finance for these investments and to do so to ensure that the options chosen are not only the most effective and efficient at cutting emissions but also are – whatever your favoured term is here – not regressive/socially just/etc.

Friends of the Earth is committed to opening up and driving that debate and also contributing to it. We are looking at:

- Options for changing the way in which local authorities raise money – allowing local authorities to vary NNDR to provide an incentive to businesses to make low-C investments, greater freedom to incur capital expenditure through borrowing for low-carbon investment, new charges (Lyons, Eddington, LGA are supportive), TIF schemes (borrowing against future increase in tax take due to investment), green bonds (most likely for transport investment);
- Options for changing the ways in which LA's can or are obliged to spend money – example include reform of capital grants and PFI credits to direct more money at low-carbon investment;
- National programmes of investment.

The most important of all national programmes that aim to cut emissions, the increase of energy efficiency in homes and businesses, and the increase in the generation and use of renewable power and heat, including the funding for them, are delivered through local authorities as they best placed to deliver such programmes to best meet local circumstances. Friends of the Earth is part of a growing consensus of organisations that are calling on the Government to deliver a step change in investment in energy efficiency and renewables through proposals such as establishing a national Green Development Bank that provides project finance and the expansion and crucially the speeding up of the whole-house approach to radically increasing domestic energy efficiency that is delivered through local authorities.

Conclusion

The Get Serious About CO2 aims to be transformational campaign which can harness the potential of local communities to drive real solutions to climate change. The ambition to secure national policy change to enable this transformation is vital part of our work and will create the a framework to secure the long term sustainable development of the UK.

Delivering a local low carbon vision

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ⁱ Communities and Local Government website (2009)

www.communities.gov.uk/planningandbuilding/theenvironment/

ⁱⁱ A Climate of Change: Final Report of the LGA Climate Change Commission (2007)

www.lga.gov.uk/lga/publications/publication-display.do?id=20630

ⁱⁱⁱ Government Response to Environmental Audit Commission's Eighth Report (November 2008) (para 73, pg15)

www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/225/22502.htm

^{iv} The Balance of Power: Central and Local Government

<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmcomloc/33/33i.pdf>

^v Department for Energy and Climate Change

www.decc.gov.uk/en/content/cms/what_we_do/lc_uk/carbon_budgets/carbon_budgets.aspx

^{vi} www.bettertransport.org.uk/system/files/09.03.26.regional-funding-briefing.pdf

^{vii} www.foe.co.uk/resource/briefings/carbon_reduction_fund.pdf

^{viii} A comprehensive rundown on the complex revenue funding picture is available from

[www.distillate.ac.uk/outputs/Product%20E1%20-%20Guidance%20\(01-04-08\).pdf](http://www.distillate.ac.uk/outputs/Product%20E1%20-%20Guidance%20(01-04-08).pdf)

^{ix} <http://www.cfit.gov.uk/docs/2005/la/crft/>