

**GET
SERIOUS
ABOUT
CO₂**



July 2010

Briefing

Local Carbon Budgets

This briefing makes the case for legislation to be introduced in this session of Parliament for local carbon budgets.

Local carbon budgets will drive ambitious emissions cuts by helping local authorities to lead effective carbon reduction strategies across their local areas.

The briefing sets out how a local carbon budget system will address three priorities of Government: meeting our commitments in the Climate Change Act, spending money efficiently, and involving local people in decisions about the future of their communities.

It gives background evidence and arguments about why an area-based approach to cutting carbon is essential to meeting our climate commitments, and articulates why local authorities are critical to making this happen.

It shows how local carbon budgets would work, the best practice that the model draws from, and the breadth of support for this approach.

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I. Introduction

Following the success of our Big Ask campaign for the Climate Change Act, Friends of the Earth has launched the *Get Serious About CO₂* campaign to drive a step-change in emissions cuts locally.

Accelerated national action is crucial to drive a technology shift, for example to renewable energy and electric cars, and to drive carbon cuts sector by sector of the economy.

But local action is needed to ensure systematic, efficient and rapid implementation of carbon saving measures across the country.

There are three reasons for prioritising local action: meeting our commitments in the Climate Change Act, spending money efficiently, and involving local people in decisions about the future of their communities.

Firstly, the Committee on Climate Change's second report recently confirmed that we are not on track to decarbonise the UK in line with our commitments in the Climate Change Act. Business as usual is not an option. A step change in activity is needed.

The vast majority of emissions are as a result of everyday local activity – how we heat and power our homes and workplaces and how we get around. Government figures show this amounts to around 80 per cent of the UK's emissions. It follows that if we are going to meet UK Climate Change Act targets, the local activity that leads to these emissions must be a priority for change.

Secondly, locally coordinated action to cut carbon is a cost effective way of tackling climate change. It will cost money to tackle climate change, but as Lord Stern evidenced, the costs of not tackling climate change are far higher. Every penny spent on cutting carbon should be efficiently spent on projects that will work for the environment and work for people.

Thirdly, for society to support the scale of green transition that will ultimately be needed to avert catastrophic climate change, people will need to have a say in decisions that impact on their everyday lives, and to see real change in their communities.

Local carbon budgets will drive ambitious emissions cuts by helping local authorities to lead effective carbon reduction strategies across their local areas.

Andy Atkins,
Executive Director,
Friends of the Earth

“Many of the most forward thinking councils are leading the way – helping householders cut journey times using public transport and enjoy healthier lifestyles through walking and cycling, promoting new ways of generating energy and by transforming the energy efficiency of our homes, cutting household fuel bills.

This local action is cost-effective, coordinated and comprehensive. It is done with communities, co-ordinated by the councils that they elect and trust, and saves them money.

It is built on the day-to-day connections councils have with householders – connections that will be essential as we scale up and replicate this activity across the country.”

Local Government Association
*Kyoto to Kettering, Copenhagen
to Croydon, 2009*

Many of the policies that will be needed to deliver significant emissions cuts require local planning and coordination to be most effective.

Only an area-based approach to cutting carbon – coordinating action in a geographical area – at the local level can properly take forward policies like local transport planning, renewable heat or combined heat and power networks, or street-by-street insulation programmes.

Best practice from Birmingham to Kirklees, London to Toronto show coordinated local action can be effective and popular.

Friends of the Earth is proposing new legislation in this session of Parliament for local carbon budgets. Local carbon budgets would place a fair cap on emissions in council areas. They would ensure that emissions cuts happen across the UK in a planned, coordinated, cost effective and socially progressive way.

Local carbon budgets now have broad political support. All political parties back a form of local carbon budget. Both coalition partners publicly pledged their support during the election campaign. There is also strong support in the sector, with the Local Government Association (LGA) and the public services union Unison formally backing local carbon budgets.

The urgency of introducing legislation in this session of Parliament is driven both by the science of climate change, and by the proposed restructuring of local government. This briefing is to help facilitate the decision to legislate.

II. Background

1. Why more action is needed locally

The science is clear: rich countries need to urgently cut their greenhouse gas emissions by *at least* 40 per cent by 2020 for the world to avoid runaway climate change. The UK has committed to an interim target of 34 per cent emissions cuts by 2020, with the intention of moving to a tighter target of around 42 per cent by 2020 following a global deal.

UK progress towards meeting national carbon budgets needs to be significantly accelerated. In June 2010 the Committee on Climate Change (CCC) called again for a 'step change' in Government action to move to a low-carbon economy, warning that although in 2009 emissions fell sharply this was largely as a result of the recession. The underlying rate of progress is still far too slow even to meet the Government's current – and inadequate – 34 per cent target.

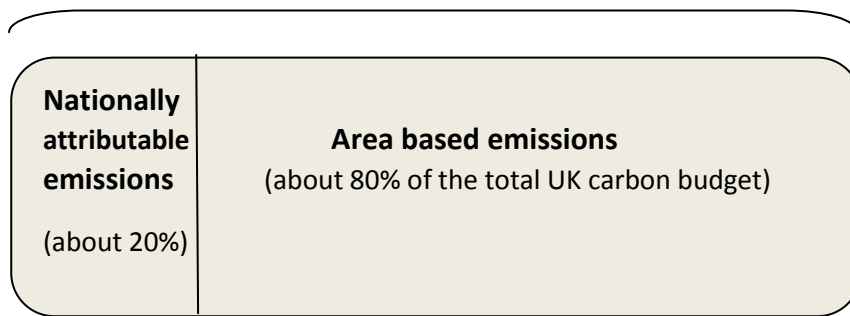
This has two immediate implications. Firstly, the growing urgency and slow progress to date requires Government to ensure *all* sectors of the economy and tiers of Government play their full role in cutting emissions – patchy, voluntary action from bodies alone is not acceptable.

Secondly, the move towards decentralisation and localism cannot come at the price of further damaging progress towards carbon targets. If Government is to give more powers and flexibilities to councils, it has to ensure that cutting carbon is a requirement of these new freedoms by introducing local carbon budgets for all councils.

According to Government figures, the majority of UK emissions – around 80 per cent – are driven by a local demand for energy – the emissions that result from everyday decisions on how we heat and power our homes and workplaces and how we get around. It is therefore essential that this local activity and its carbon intensity are addressed if we are to tackle the majority of emissions. An area-based approach is crucial, as explained later in the briefing. The remaining emissions from 'national activity' – such as aviation, heavy industry and motorways – must also be cut.

The below diagram shows the approximate proportion of emissions in each national carbon budget that can be affected by locally-coordinated policies to cut carbon. The division is based on the existing Government National Indicator 186 system – calculated by end user emissions.

A five-year national carbon budget



For more information on how the local carbon budgets would be negotiated, see page 22.

It follows that unless emissions from ‘national’ emissions – like aviation – take a disproportionate hit, the ‘local’ emissions must fall by at least the target in the Climate Change Act.

Currently, there is no requirement for local authorities to coordinate action to cut carbon. A step-change in locally coordinated action is needed if we are to meet this level of ‘local’ emissions reduction.

2. An area based approach to cutting carbon

Many of the policies that will be needed to deliver significant emissions cuts require local planning and coordination to be most effective.

Only an area-based approach to cutting carbon – coordinating action in a geographical area – at the local level can properly take forward policies like local transport planning, renewable heat or combined heat and power networks, or street-by-street insulation programmes.

The Committee on Climate Change has called for a neighbourhood approach to improving the energy efficiency of homes, with a vital role for local authorities.ⁱ

An integrated area-based approach to cutting carbon is likely to:

- **Be cost effective:** money well spent, because it is well targeted and integrated with other projects.

New research from consultants CAGⁱⁱ shows that area-based approaches – from whole local areas to street-by-street programmes - can achieve significant economies of scale, and crucially deliver on a range of wider council and Government objectives, including local job creation, increased disposable income, benefit checks and health improvements. Area-based approaches to insulation housing, for example, are 20 to 30 per cent more cost-effective than nationally-coordinated action aloneⁱⁱⁱ.

- **Make deeper emissions cuts viable:** The CAG research shows significantly increased levels of take up of green measures than would be delivered by nationally organised programmes alone. Additionally, more expensive technology on a street, like Combined Heat and Power – is much more cost effective when installed alongside other cheaper measures like replacing water mains and broadband cabling, which could also be coordinated locally.
- **Boost partnership working:** bringing together local partners from the public and private sectors to make multiple funding sources deliver on a range of local goals
- **Involve communities:** Ensure that local people are involved in the low-carbon future of their communities – helping to get changes that work for people and which help to increase the acceptance of action on climate change.

This area-based approach is necessary in addition to the sectoral approach that has rightly been adopted at a national level – such as the NHS developing a strategy for reducing the carbon footprint of hospitals and health centres, and support for technology shifts towards, for example, high speed rail, electric cars.

3. Local government's role

Local government is best placed to lead and coordinate an area based approach to cutting carbon.

Local authorities can directly control their own estate and operations, and so reduce emissions from their buildings, vehicles and other activities.

But more importantly, through their many channels of communication, incentives, and regulation they can influence the behaviour of people, businesses and organisations.

Through planning and wider 'place-shaping' they can create and implement a vision of a low-carbon future that is also cleaner, healthier and more resilient economically.

Councils have a unique local democratic mandate to lead their communities, and opinion polls show that, despite some stereotypes, they are trusted by local people more than many institutions.

Good councils are already working closely with local business, the public sector and the third sector to develop sustainable community strategies and economic development plans, and some are using these links to develop climate change plans including both CO₂ reduction and adaptation.

Climate change partnerships with businesses and other employers have shown considerable potential to achieve carbon reductions in sectors often considered immune to local authority influence.

The Treasury says local government is 'widely recognised' as the most efficient part of the public sector^{iv}. It also has a good record of leveraging in finance to pay for local investment.

The introduction of the Clean Energy Cashback (feed-in tariffs) in April 2010, and the promised Renewable Heat Incentive (from April 2011), are already opening up huge potential for councils to stimulate local take-up of renewables on a building and community scale.

"Tackling climate change must be at the centre of local government's vision for their communities.

It is not another priority amongst the many that compete for local government leaders' attention.

It is now clear from the evidence that it is the single priority which overrides all others, now and for the foreseeable future."

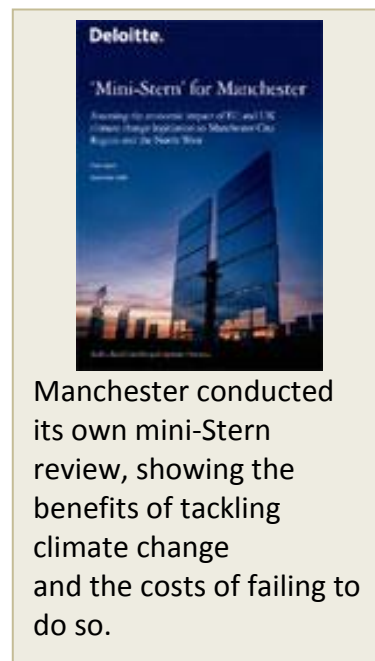
Local Government Association
Climate Change Commission
2007

4. Trailblazing local authorities

Many local authorities are now taking climate change very seriously, leading action to cut carbon across their local area. This work is creating green jobs, helping to tackle fuel poverty and reducing traffic.

These local authorities are developing their plans, using modelling to find the best combination of measures to achieve the most cost-effective reductions.

- **Manchester** set itself a 41% target, and has started to develop its strategy with deep and early involvement of other stakeholders.
- **Birmingham** City Council will now install solar panels on homes and business roofs across the city, using the feed-in-tariff to fund the investment, and provide energy efficiency advice and installation at the same time^v. It is working with local colleges to ensure there are enough trained people to meet the expected demand for solar panel installers, and is looking at the scope for creating a local assembly plant for photovoltaic panels.
- A number of **London boroughs** including Haringey and Islington are starting to plan CHP-based heat grids covering large areas, incorporating new developments where planning policy requires it, supplying heat not just to council buildings but potentially to housing estates and other public and private buildings. **Birmingham** has installed two major CHP schemes serving public and private buildings in the city centre. The city is also developing a city wide energy strategy and plan to roll out decentralised energy across the city.
- Planning policies like the **Merton** rule, requiring 10% of energy in new developments to be produced renewably on-site, have become standard and many are now raising this to 20%.
- Some councils like **Oxford** and **Bristol** are looking at the potential for wind turbines on municipal land, cutting carbon and helping fund council services.
- Many are promoting travel plans for their own staff, schools and other public bodies in their area, and requiring new developments to incorporate travel planning.
- **Kirklees** Council is well known for its innovative home energy efficiency scheme which has now treated thousands of homes, reducing fuel bills and having a big impact on fuel poverty.



- **Darlington** and **Peterborough** have shown how Smarter Travel Choices programmes can achieve big reductions in car use, while Brighton & Hove have achieved similar results through partnership with its local bus company.
- **Camden** reduced traffic and CO2 by 23% in just a few years through a combination of measures.

Friends of the Earth's Get Serious About CO2 campaign

Friends of the Earth local groups around the country have mobilised thousands of people to ask their council to do more to help cut emissions across their local area.

Councils led by every major party, urban and rural, large and small have now committed to leading:

- CO₂ cuts across the local authority area of at least 40 per cent by 2020
- A climate change strategy showing what green measures will be implemented locally

■ **Birmingham** ■ **Brighton & Hove** ■ **Bristol** ■ **Durham County**
 ■ **Haringey** ■ **Harrogate** ■ **Harrow** ■ **Islington** ■ **Leeds**
 ■ **Manchester** ■ **Plymouth** ■ **Suffolk** ■ **York**

This shows that action to cut carbon with the ambition needed is both politically and practically possible.

5. Most areas are not taking enough action to cut carbon

Emissions cuts in most areas however are either not being coordinated at all, or the ambition is negligible.

A full third of top-tier councils have not signed up to per-capita emissions cuts in their area as part of the local authority National Indicator system. The targets that have been adopted under this indicator (NI 186) are in general too weak with only one in five adopting targets that would mean emissions will drop in the local area more than could be expected anyway as a result of national government policies.

“Few areas have developed ambitious long-term strategies to drive CO2 reductions.

... reductions will be needed in all areas”.

Audit Commission, Oct 2009

National indicator 186 is still relatively new, so this level of take up and ambition does not necessarily reflect the potential for local authority commitment in this area.

Local leadership is not proving sufficient to address the scale and urgency of the climate crisis. Too often cutting carbon isn't seen as a priority for valuable council time or training – despite the benefits that taking action could bring.

It is possible for emissions to be cut across local authority areas with much more ambition. Independent research^{vi} by Carbon Descent for Friends of the Earth modelled action to cut emissions in a range of local authority areas. It showed that meeting a target of at least 40 per cent emissions reduction by 2020 is possible in different types of local authority areas – both urban and rural.

6. The existing system: National Indicator 186

National Indicator 186 is one of 198 voluntary performance indicators to which councils can sign up if they choose. It monitors per capita emissions reductions in the local authority area.

Friends of the Earth welcomed the introduction of NI 186 as a breakthrough in local government organising to measure and cut emissions across local authority areas.

Two-thirds of authorities signed up to targets under NI 186 to cut emissions by a certain percentage by 2011 – although only one-fifth of these signed up to targets that would deliver cuts above what national action was expected to deliver anyway.

Before the General Election, Friends of the Earth met with shadow ministers Caroline Spelman, Bob Neill and Greg Clark to discuss local action on climate change. They made clear the Conservative Party's determination to scrap the national indicator system – including NI 186.

They agreed an alternative system was necessary as a framework for local government action on climate change, and that they were interested in alternative proposals.

Friends of the Earth argues that it would be completely unacceptable for NI 186 to be abandoned without an alternative in its place. Many local authorities have told us that NI 186 has been very helpful in moving the issue of climate change up the council agenda.

If NI 186 is abolished, it is vital that the existing Department of Energy and Climate Change (DECC) local authority emissions data continues to be provided until a successor with improved carbon data is in place and functioning.

7. Local Carbon Frameworks

Friends of the Earth warmly welcomed the Department of Communities and Local Government (DCLG) Local Carbon Framework pilots. We were active members of the Task & Finish group to scope the pilots' remit, and we particularly welcome the following elements which pilot similar ways of working to our proposed local carbon budgets:

Ambition: A recognition that the level of ambition should take into consideration 'all other relevant targets and national goals for cutting carbon'. Many of the pilot areas overlap with those that have signed up to a target of at least 40 per cent emissions cuts by 2020.

Promoting innovation and creativity: like the local carbon budget system, the Frameworks allow total flexibility and freedom at a local level about how to meet an agreed goal.

Climate Change strategy and delivery plans: like the local carbon budget system, all local authorities or groups of local authorities will set out how they will make the planned carbon cuts in a strategy – identifying which body will take action, how much it will cost, and where the funding will come from.

Push boundaries of national policy: develop evidence for change at a national level to support delivery of emissions cuts locally.

Additional powers if needed: encourage the better use of existing powers like the Wellbeing power, but develop evidence for additional powers where needed –like the ability of local authorities to sell electricity.

Nationwide: the aim was for the pilots to expand nationwide to incentivise all councils to coordinate areas-based emissions cuts.

The value of the pilots are underlined by the enthusiasm with which they were welcomed by the sector, and the clamour of local authorities not included in the initial pilots to be part of a future roll out.

Friends of the Earth sees Local Carbon Frameworks as a valuable stepping stone to establish best practice and test ways of working for an area based approach to cutting carbon ahead of a nationwide rollout of local carbon budgets.

We are very concerned that they might be scrapped as part of a DCLG budget review. At only £3million they are not a high cost project and are incredibly valuable to help Government learn lessons about how best to deliver the fast response needed to climate change.

Friends of the Earth Executive Director has written to Secretary of State Eric Pickles, and the local authorities affected. Hundreds of our supporters have now also contacted their MP or Mr Pickles directly calling for the pilots to be maintained.

III. The case for Local Carbon Budgets

1. Why local carbon budgets are needed

Local carbon budgets are needed to help drive ambitious carbon reduction strategies in order to meet the increasingly challenging targets in the Climate Change Act, to maximise the efficiency of carbon reduction spending, and to ensure local people and stakeholders have a say in the low carbon future of their areas.

Meeting our commitments in the UK Climate Change Act, cost savings, and localism are key priorities for Government and local carbon budgets address all three.

The existing NI 186 system is earmarked for abolition. A successor is needed – it would be completely unacceptable for there to be no framework for local government action on climate change across local areas.

The NI 186 system, although an important step forward, is not fit for purpose. Local carbon budgets would be an improved successor to this system based on existing best practice.

Local carbon budgets would be needed to maximise the impact and effectiveness of other Government policies such as the Green Deal and the Clean Energy Cashback scheme.

2. The benefits of local carbon budgets

Local Carbon Budgets would:

- Introduce **transparency and accountability** in action to tackle climate change locally
- Ensure **rigorous, timely data** on local emissions
- Transform understanding of the **technical feasibility of emissions cuts** locally
- **Ensure community involvement** and support for carbon cutting projects
- **Assemble resources** to tackle climate change locally
- Mean new **green jobs** and skills

2.1 Job creation and skills

Meeting local carbon budgets will lead to significant local job creation and skills development.

The Government estimates that the low carbon goods and services market is already worth £112 billion and employs 910,000 people either directly or through the supply chain. It expects this employment to rise to over one million by the end of the decade^{vii}.

The detail of where these jobs will be and what skills and training is needed to support them is unknowable without detailed area-based strategies for tackling climate change.

Local carbon budgets coordinated by local authority action can

- Set out the **pathway to green development** – identifying what green jobs and skills will be needed in the area
- Mean **coordination with colleges, universities, businesses and workplaces** to coordinate the skills and training needed
- Facilitate and **increase certainty for investment** with businesses and social enterprises resulting in green jobs
- **Manage the employment impacts of decarbonising** existing industries in a way that can plan for socially just outcomes
- **Directly generate low-carbon jobs in the local economy** – see for example Birmingham’s Energy Savers scheme (page 8).
- **Make the case for funding opportunities available nationally to be diverted to councils to allow them to shape programmes to local needs.**

Kirklees Council’s Warm Zone scheme, which offers free loft and cavity wall insulation to every household in Kirklees, has created at least 80 local jobs and brought an estimated £50m of economic benefit to the local area. It has been supported by £11m from Scottish Power - funding that was centrally mandated by the Government’s Carbon Emissions Reduction Target scheme but which Kirklees has actively shaped to be used in support of local energy saving and regeneration.

At least 70,000 new local green jobs could be created by loft and cavity wall insulation, and fitting domestic renewable energy alone.

New jobs would also be created as, architects, plumbers, builders, electricians, plasterers and insulation specialists – with new administration, transit and warehouse positions also created to support the installation of insulation and renewable energy

Independent research by Carbon Descent for Friends of the Earth.

3. The costs of local carbon budgets

It will cost money to tackle climate change. But Lord Stern and others have authoritatively made the case that the price of not tackling climate change would be far greater.

Meeting these commitments will require significant investment; some estimates suggest £750 billion or more will need to be invested domestically in the years up to 2030^{viii}; the Energy Saving Trust put a low estimate on the upfront cost of complete retrofits of the UK's inadequate housing stock at £85 billion^{ix}.

These are up-front costs. Investing in energy efficiency, energy security, stable energy sources and efficient transport networks make sound economic sense in the medium to longer-term.

Action on this scale will also yield benefits in a range of other national and local pressing concerns – such as tackling the scandal of fuel poverty, kickstarting a low-carbon economy, and improving other environmental hazards such as air quality and noise pollution from traffic. A low-carbon local economy will see local benefits of reduced energy bills, greater resilience to fluctuating energy prices, and the avoidance of high-carbon infrastructure that will be a growing financial burden.

This scale of investment will require an effort from national Government to lever private investment. This is why Friends of the Earth has been at the forefront of the campaign for a Green Investment Bank (GIB). Funding the low-carbon transition is a central issue for Government regardless of whether local carbon budgets are introduced or not.

But however the funding is sourced, it is important to see local emissions cuts as part of, not additional to, the action needed to meet UK climate commitments. In that sense, funding local carbon budgets is not 'extra' money, just as it is not 'extra' carbon.

Indeed an area based approach to cutting carbon is the only practical way to get moving on some central areas for carbon reduction. It is also more likely to be money well spent because it will deliver outcomes that work for local people and have secured community buy-in.

A small amount of upfront support will probably be needed for councils to undertake new work like technical feasibility studies to identify opportunities to cut carbon, and to draw up climate change plans. This detail of information and planning on local carbon will be needed regardless of local carbon budgets if we are serious about meeting the targets in the Climate Change Act.

Friends of the Earth commissioned independent research^x from Tony Travers, London School of Economics, to identify financial changes needed to unlock local action to cut carbon. His suggestions include more ability for councils to vary business rates to give an incentive to greener buildings, and more flexibility in the prudential borrowing system to ensure capping doesn't affect the ability of councils to invest in their local low-carbon economies.

4. Sector support for local carbon budgets

There is growing local authority support for a system of local carbon budgets, which are supported by the Local Government Association, as well as some leading councils. Benefits to local authorities include a means to:

- **improve their understanding** of local emissions and the technical feasibility of cutting them
- improve their ability to **plan and carry out** measures to cut emissions that are individually tailored to local circumstances and needs
- improve **transparency and accountability**, and
- strengthen their negotiating position for the **resources and support** needed to tackle climate change locally

The public service union Unison, as well as groups including the Women's Institute, the Chartered Institute of Environmental Health, and the Campaign for Better Transport also back local carbon budgets.

Friends of the Earth's Get Serious About CO₂ campaign works closely with trailblazing local authorities, experts and allies in carbon reduction and social justice.

Our proposals for local carbon budgets have been developed with extensive consultation and input from officials in local authorities including Birmingham, Brighton & Hove, Bristol,, Haringey, Islington, Kirklees, Leeds, Manchester, Northumberland, and Suffolk.

We also work in close dialogue with the Local Government Association and the Energy Savings Trust.

IV. How local carbon budgets would work

1. Overview of how local carbon budgets would work

Local carbon budgets would place a fair cap on emissions in local authority areas. The cap would be negotiated based on both the need to meet national commitments in the Climate Change Act and local circumstances. (see page 20).

Local authorities would gather high quality data and information about emissions locally and the opportunities to cut carbon.

They would lead a local consultation and engagement process to involve residents and stakeholders – like businesses, schools and hospitals – in what green measures should be adopted locally.

Local authorities would then draw up a climate change strategy document. It would outline the plan to meet the local carbon budget, and set out what action national Government, local government and local stakeholders will take to help meet the budget. It would identify costs and savings from cutting carbon and where any investment will come from.

The strategy and progress towards meeting it would be published. There would be public accountability for action taken to implement the strategy. As with the national carbon budget system, if the strategy is not delivering sufficient progress, the strategy would be reviewed and action would be strengthened.

The Secretary of State would report annually to Parliament about the contribution that local carbon budgets across the country are making towards meeting the national carbon budget.



1.1 Measuring local emissions

Local carbon budgets will be based on good quality and timely data.

Broadly sufficient high quality and timely data exists now for a local carbon budgets system to work, but it is not all currently accessible to local authorities. In the future, the system can be improved further once smart metering has been rolled out nationwide.

Data on local area CO₂ emissions is currently provided to DECC as part of the existing National Indicator 186 system. The data is disaggregated from national emissions data by breaking down the emissions based on local energy use – in particular, electricity and gas consumption, and information on traffic levels. This data is a good starting point. However for local carbon budgets, the following improvements would need to be made:

A national roll-out of best practice data collection would mean rigorous and comparable local carbon information.

- **Timeliness:** Government would require energy companies to provide their existing data on energy consumption directly to local authorities, at least quarterly.

The current data is provided two years late which makes tracking the effectiveness of policy difficult.

- **Granularity:** Energy companies would make (anonymised) address-level data available to local authorities.

Under the current system, aggregated national emissions are mapped proportionately to energy use in each local authority area. This makes targeting action based on where energy is actually used difficult.

- **Traffic data:** More comprehensive road transit data would be collected through road use surveys and Driver and Vehicle Licensing Agency (DVLA) information. This would be low cost and would have additional benefits for other local planning processes such as local transport plans.
- **Better local carbon intensity:** National figures for the carbon intensity of electricity and transport are currently used.

The contribution of renewable energy generated within each local authority area should be reflected in the data of local consumption. This would provide an incentive for increased renewable energy generation. This renewable data is not currently reflected as a contribution towards meeting NI 186 targets.

Similarly figures on the carbon intensity of the cars actually being driven in the authority area would be much more useful than the one national figure used at present.

Government guidance associated with new local carbon budgets legislation would set out requirements for this data. This would ensure it is collected according to best practice and is

rigorous and comparable across local authority areas.

1.2 Local circumstances report

Local authorities will assemble information about the local area and produce a local circumstances report. The report would consist of:

- The results of a technical feasibility study
- Assessment of social benefits
- Assessment of environmental benefits
- Assessment of economic benefits

This report will inform the negotiation with national Government about the size of the local carbon budget (see page 20), will be the basis for planning emissions cuts locally, and will inform planning for green jobs, skills and economic development.

Technical feasibility study

A technical feasibility study will assess the potential for carbon reduction in each area. This will include considerations such as:

- The condition of public and private housing stocks, private rented accommodation, commercial and public sector buildings – and the potential to improve energy efficiency
- Transport use and the potential for a modal shift away from the car towards public transport, cycling and walking
- The potential for local wind and solar resources and ground heat storage
- Heat mapping and opportunities for renewable heat networks

The potential contribution of each area to meeting the local carbon budget would be assessed.

Social benefits: Local authorities would assemble information such as:

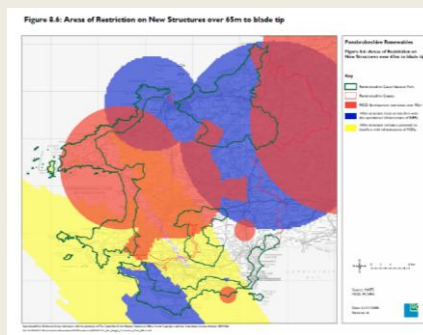
- Job creation
- Skills and training needs
- Numbers of people living in fuel poverty in the area

BEST PRACTICE:

Renewable potential

The Pembrokeshire Coast National Park Authority commissioned a report into the potential for the scale and location of a range of renewable technologies within the Park – from hydro, solar and wind to anaerobic digestion. The report and its comprehensive maps also explored sensitivities around issues such as landscape impacts.

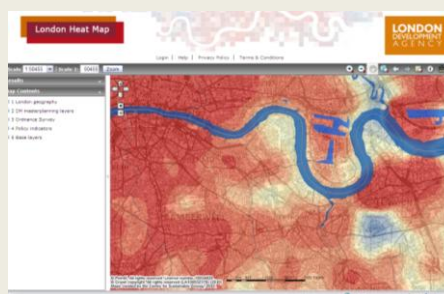
http://www.pcnpa.org.uk/webSite/applications/dev_plans/Pembrokeshire%20Coast%20renewables%20draft%20final%20report.pdf



Heat mapping

The London Decentralised Energy and Energy Masterplanning (DEMaP) project is driven by the London Development Agency (LDA), Greater London Authority (GLA) and London Councils. The organisations have been working together to offer a comprehensive support package to local authorities that promotes the delivery of Decentralised Energy (DE) in their boroughs and across London – including an interactive heat map.

www.londonheatmap.org.uk



- Demographic data

Environmental benefits: Local authorities would assemble information such as:

- Expected impact on protected natural areas or wildlife
- Impact on light pollution
- Air quality

Economic benefits: There would be an economic assessment and a high level cost estimate for each project. Potential revenue streams and commercial mechanisms – like Energy Service Companies (ESCOs) – would be identified.

Government regulation associated with new local carbon budgets legislation would set out requirements for the local circumstances report. This would ensure that high quality comparable information is available.

1.3 Negotiation of local carbon budgets

The aim of the negotiation process would be to agree a fair but ambitious cap on emissions in local authority geographical areas.

It is envisaged that local authorities would work together to negotiate and meet a local carbon budget – for example, as city-regions – for their areas.

The cap for the local area would be negotiated based on two criteria:

- i) The need to meet national commitments in the Climate Change Act
- ii) Local circumstances

The starting point for each local carbon budget negotiation would be the expectation that emissions will be cut in line with the ambition of the national carbon budget.

The local circumstance report will be a consistent way in which local authorities can identify whether there is potential to cut more carbon than the national average, or can make a robust case for doing less.

At the end of the negotiations the Secretary of State will need to be satisfied that the total of all of the local carbon budgets adds up to the right amount – which means the total “locally attributable” portion of the national carbon budget.

The below diagram illustrates how this works.

WHAT A LOCAL CARBON BUDGET WOULD COVER

The national carbon budget would be fairly divided between local areas depending on where energy is actually consumed and local circumstances.

The local carbon budget for an area would be all of the emissions that result from things people in that area do every day – such as heating homes and buildings and travelling around locally.

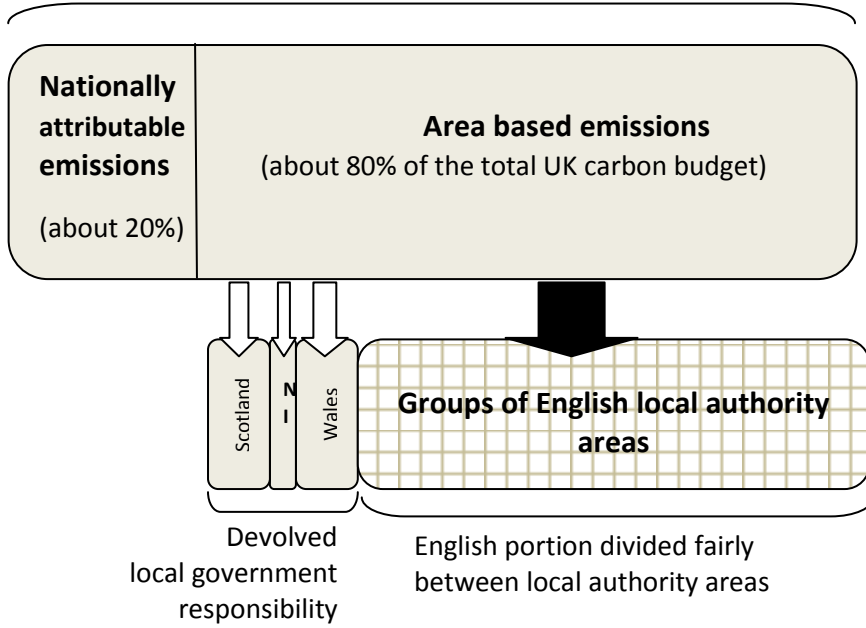
It would not include emissions from solely ‘national’ sources such as travel by plane or on motorways, or sources like very large industrial sites which are covered by the EU ETS. Emissions from power stations are included, but as ‘end user’ emissions spread across all local authorities depending on where energy is used.

This means the local carbon budgets cover all of the emissions that take place as a result of local activity, regardless of whose “responsibility” those emissions are.

That means the local authority would not be expected to make all the cuts by themselves. National and local Government, communities, businesses and the third sector all have big roles to play in changing local energy use and meeting the budgets – and an **area-based approach** will be vital.

This is not a new system. It is the way the Government already maps emissions to local areas for monitoring NI186. This data suggests about 80 per cent of the total UK carbon budget are in some way affected by local activity.

A five-year national carbon budget
(suggested division between national and area-based emissions is based on the existing NI186 system)



Because of devolved responsibility for local government in Scotland, Wales and Northern Ireland, it would be a decision for the devolved assemblies to determine how their portion of the 'locally attributable' emissions in the UK carbon budget will be cut. Three successive local carbon budgets will be set at any time to enable longer-term planning. They will be subject to amendment to reflect changing local circumstances.

Embedded emissions – those associated with production rather than consumption – are not proposed to be part of the local carbon budget system at this stage because they are not in the UK Climate Change Act. These emissions account for a significant rise in the true UK carbon footprint and a nationwide strategy is needed to address the issue.

However some trailblazing local authorities, for example Manchester, are considering embedded emissions in their strategies to cut carbon in their area. This work should be strongly supported by Government as a way of exploring best practice.

Two thirds of local authorities currently enter individual negotiation with Government about area based emissions cuts as part of the NI 186 process.

The local carbon budget system would be:

- **more ambitious** because the total contribution of local action will be in line with the ambition of the Climate Change Act
- **fairer** because it will take into account a rigorous evidence base of local circumstances
- **simpler** because groups of local authorities will negotiate collectively rather than individual settlements

1.4 Consultation on green measures

Involving and consulting locally are crucial to making sure action taken is good for people as well as the environment, and for winning support for change.

While many of the measures required to meet local carbon budgets will be – and should be seen as – win-win, other measures have the potential to be more controversial. For example, road user pricing and parking restrictions are effective demonstrated tools for traffic reduction but may invoke opposition.

Local people will have the right to their say in the low carbon future of their area.

Manchester City Council set up working groups, some chaired by external people, to write its climate change strategy. Local businesses, some of them major manufacturers, were involved in developing the strategy for businesses.

Islington Council held public meetings across the borough, with different demographic profiles, to ensure a range of community views were received.

The more that local residents (individually and in groups like residents' associations), businesses, and institutions like schools and hospitals are part of a team drawing up the climate change strategy, the greater support the measures it contains will have.

Organisations which have helped to develop a plan, and been party to difficult decisions, will be more willing to publicly advocate them and so avoid leaving the council isolated on controversial measures.

Local stakeholders bring important information to the process, which the council might not otherwise access.

A variety of consultation mechanisms are required to reach out beyond the usual audience (but the 'usual suspects' should be encouraged as well – they are often people with knowledge and passion about their communities and areas). Local authorities are increasingly expert in carrying out local involvement and consultation exercises.

Friends of the Earth is proposing that good quality public consultation and a standing panel should be part of the process throughout – drawing on existing best practice from leading local authorities around the country. This would be included in guidance associated with local carbon budget legislation.

BEST PRACTICE

Manchester City Council

The task for Manchester is to bring local, grass-roots, community-based collective action together with the influence, capacity and resources of organisations in government and business to seize the opportunity for the city and to create a broader coalition for action drawn from all aspects of Manchester life.

www.manchester.gov.uk

1.5 Climate change strategies

A climate change strategy will be developed to identify and communicate how each local carbon budget will be met.

The strategy will draw on local consultation and will include the following elements:

- The size of the local carbon budget
- The carbon cutting measures identified and what contribution each is expected to make towards meeting the budget
- Renewable energy generation identified to help meet the budget
- Which bodies and individuals will be responsible for actions to meet the budget including:
 - National Government
 - Local authorities
 - Local businesses
 - Local public sector institutions like schools and hospitals
 - Third sector organisations
- The financial costs and savings and where any investment will come from
- An assessment of wider costs or benefits – for example, on the natural environment, local economy, social justice
- A review structure to evaluate progress towards meeting the local carbon budgets
- A reporting process for making the strategy public and progress towards enacting it

Climate change strategies are a central tool for planning and delivering the emissions cuts needed locally.

They provide a focus to organisations about the task ahead, enable resources to be allocated appropriately, and provide a benchmark against which council tax payers can measure delivery.

Local authorities should be encouraged to make wider issues part of the strategy document including:

- sustainable development
- water and waste management
- embedded carbon
- air pollution
- climate adaptation

There would be a requirement to cooperate for all relevant local institutions in drawing up the strategy and committing to emissions cuts.

The Secretary of State will produce a plan showing how national measures (for example, emissions performance standards for energy production and vehicles) will affect the emissions produced as a result of local activity in local authority areas.

The Secretary of State would agree a climate change strategy once satisfied that the combination of national and local measures and processes in the climate change strategies are sufficient to deliver the emissions cuts needed to meet the local carbon budget. A body

such as the Energy Saving Trust or the Committee on Climate Change would assist this judgement.

Strategies to deliver on local carbon budgets will set out the policies needed to make the emissions cuts in the local area (see examples in table on the following page). These policies will flow from an understanding of the scale of action needed locally across homes, industry, transport, and the council's own operations. They will reflect the fact that in most policy areas a combination of local and national Government action will be needed to bring local carbon emissions down.

For example, reducing the number and carbon-intensity of cars on local roads will be affected by both Government setting the right prices signals in areas such as Vehicle Excise Duty (VED) and fuel duty – as well as local decisions on public transport, local approaches to road pricing, and the priority given to cars on the roads.

This is an approach that deliberately does not focus on attributing responsibility for individual pieces of carbon to the local or national level. Instead, the responsibility of the local authority is to build on national plans by setting out the *policies* that they will lead and coordinate locally.

Example:	Policies to meet local budgets (by 2022)	Local authority contribution	Government contribution	Funding reforms	Measuring progress	Stakeholders
TRANSPORT	<p>Cut traffic by X%</p> <p>Increase average efficiency of cars locally by XgCO2</p> <p>Increase the proportion of electric cars locally by X%</p> <p>Eco-driving training for X% of local drivers</p>	<p>Integrated transport plans -focused on congestion, promoting public transport, and other green travel (eg Darlington)</p> <p>Smarter Travel Choices programme</p> <p>Local eco-driving training</p> <p>Local road pricing (eg London)</p> <p>Parking rewards for lower-carbon cars (eg <i>Richmond</i>)</p>	<p>Raise fuel duty and keep train and bus fares down. Tough minimum efficiency for new cars, and support for electric cars</p> <p>Eco-driving central to driving test</p>	<p>Re-direct Department or Transport (DfT) money: scrap new road schemes - spend instead on green travel planning and infrastructure.</p> <p>Allow flexibility over local capital and revenue spending to allow more flexibility for local subsidy of green travel</p>	<p>Emissions from local roads can be calculated from:</p> <ul style="list-style-type: none"> ▪ DVLA data on local vehicle fleet ▪ local traffic count data (currently collected for local transport planning) 	<p>Passengers</p> <p>Trade unions</p> <p>Local authority</p> <p>Businesses</p>
DOMESTIC & COMMUNITY	<p>Insulate Xm lofts and Xm cavity walls</p> <p>Solid wall insulation in Xm homes</p> <p>Xm new efficient boilers installed; X% A+ rated appliances</p>	<p>Joined-up area-based approach, advice on whole-house measures, funding for energy efficiency, and free renewables (eg <i>Birmingham</i>)</p> <p>Free insulation for all residents in partnership with energy suppliers (eg <i>Kirklees</i>)</p>	<p>National rollout of Smart Meters</p> <p>Ambitious boiler-scrappage scheme</p> <p>Energy inefficiency standards for new homes by year X</p>	<p>Establish Green Investment Bank to lever private investment for carbon reduction</p> <p>Reform rules on prudential borrowing to enable councils to access more funding to support local residents</p>	<p>Address-level energy data is already available from energy suppliers</p> <p>Smart Meters would provide speedier data</p>	<p>Householders</p> <p>Trade Unions</p> <p>Housing Associations</p> <p>Local Authorities</p> <p>Businesses</p>
BUSINESS & PUBLIC SECTOR	<p>Similar to above - increase the proportion of businesses with energy efficient premises by X amount</p> <p>Increase average efficiency of vehicles by XgCO2</p>	<p>Rates rebates for greener business. Partnerships: industry, business, public sector</p> <p>Slash emissions from the local authority's own operations</p>	<p>Minimum energy performance standards for new and existing buildings</p> <p>Zero-carbon standards for new business premises. Departmental programmes (ie Health)</p>	<p>Increase scale and awareness of energy-efficiency loans schemes for SMEs (Carbon Trust)</p> <p>Give councils more powers to offer financial reward to local green businesses</p>	<p>See above</p>	<p>Trade unions</p> <p>Businesses</p> <p>Local Authorities</p> <p>Customers</p>

1.6 Implementing the climate change strategy

Implementation of the measures in the climate change strategy, by all the partners involved, will be necessary for the local carbon budget to be met.

The climate change strategy would be a contract (or prospectus as it is called in the Local Carbon Framework pilot schemes) clearly setting out the actions each partner has committed to take.

Local authorities will have primary responsibility for coordinating action to ensure the strategy is being implemented.

Drivers of action

There are a range of drivers that currently make such a partnership approach successful in areas such as Manchester. Achieving the right combination of these drivers – not one alone – will be key to making the implementation of the strategy work.

- Moral commitment
- Legal requirements
- Transparency and accountability to the public and other strategy partners
- Financial benefits, incentives and disincentives
- Organisational reputation and career advancement

Process is also a driver of change. As with the national Climate Change Act, a process of measuring emissions, and making them public, devising a detailed strategy then tracking its implementation, all makes progress much more possible and likely.

Process and doing the right thing

Now doorstep recycling makes doing the right thing easy – lots of people recycle!

Reviewing progress

Progress towards implementing the climate change strategy will be reviewed. If emissions cuts are not on track to meet the local carbon budget, it would be clear if any partner was not fulfilling their commitments, or if extra green policies are required.

1.7 National Government

National government will remain responsible for ensuring the national commitments in the Climate Change Act are met.

Responsibility for meeting the local carbon budgets is not devolved to local areas, only responsibility for implementing the climate change strategy.

It will be in the interests of national government to support local government in delivering the biggest emissions cuts possible locally to help meet the national carbon budgets.

V. Legislation

1. Political support

Both Government coalition partners publicly committed to supporting local carbon budgets during the election campaign. This followed detailed discussion with both parties.

Friends of the Earth discussed with Liberal Democrat shadow ministers Julia Goldsworthy and Simon Hughes, resulting in them signing an EDM calling for local carbon budgets and Chris Huhne pledged his support during the General Election Campaign.

We met with Oliver Letwin, who set up a working group led by Greg Barker, comprised of shadow DECC and DCLG advisors, the Local Government Association and Friends of the Earth. The group reported back to Oliver Letwin, who was convinced of the arguments and made a public statement of his and his colleagues support for local carbon budgets.

I pledge to support a local carbon budget for every local authority: that caps CO₂ in the local area in line with the scientific demands for emissions cuts and local circumstances.

Chris Huhne,
Secretary of State for Energy
and Climate Change, 27 April 2010

On behalf of Greg Clark, Caroline Spelman and myself, I can confirm that we recognise the need for local carbon budgets as part of the implementation of the Climate Change Act.

Oliver Letwin
Minister of State at the Cabinet Office,
28 April 2010

This interest has continued since the election. Friends of the Earth has been in correspondence with Oliver Letwin. Greg Barker initiated a joint DECC DCLG meeting with Friends of the Earth and the LGA to discuss proposals.

2. Timing

Friends of the Earth is calling for new legislation in this session of Parliament. This is both necessary and practical.

The urgency of tackling climate change is clear. We don't have the option of waiting for a more convenient time to cut emissions, and in any case, the net impact of local carbon budgets will be to save costs, increase efficiency, and strengthen local economies.

A strong model for local carbon budgets has been developed in consultation with leading local authorities and experts in the local government and climate fields – and could be adopted into legislation being drafted now.

As Government re-writes the context within which local government operates – through the Decentralisation and Localism Bill – carbon must be central to this agenda, not missing or an add-on. A successor to National Indicator 186 is essential in this context.

Our proposal is for local carbon budgeting to start at the beginning of 2013, alongside the second national carbon budget period. A lead-in time is needed for local authorities to prepare.

3. Government Bill

Friends of the Earth is proposing that local carbon budgets are introduced as an integral part of local government reorganisation in the Government Decentralisation and Localism Bill.

It could be introduced as standalone legislation in the same session, but would need to be carefully integrated with the Decentralisation and Localism Bill to ensure both new systems work seamlessly together.

We would strongly oppose any move to scrap the existing National Indicator 186 without having in place a replacement framework for local government action to cut carbon with an area based approach.

VI. Further Information

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Our website is packed with information about the campaign and how to cut carbon locally

www.getseriousaboutco2.org

ⁱ Committee on Climate Change, **1st Progress report – ‘the need for a step change’ (2009)**
<http://downloads.theccc.org.uk/21667%20CCC%20Report%20AW%20WEB.pdf>

ⁱⁱ CAG / Ashden Awards: **‘Power to our neighbourhoods’ (2010):**
http://www.ashdenawards.org/files/pdfs/reports/Full_Report_Power_to_our_neighbourhoods.pdf

ⁱⁱⁱ Sustainable Development Commission: **‘The Future is Local’ (2010):** <http://www.sd-commission.org.uk/presslist.php/112/empowering-communities-to-lead-local-improvement-works-is-the-best-way-to-tackle-climate-change-and->

^{iv} LGA: <http://www.lga.gov.uk/lga/publications/publication-display.do?id=22153>

^{vi} Friends of the Earth / Carbon Descent: **Pathways to 40 per cent (2009):**
http://www.foe.co.uk/resource/reports/pathways_to_40_percent_report.pdf

^{vii} DECC / BIS: **Meeting the low-carbon skills challenge, consultation (2010):**
http://www.decc.gov.uk/en/content/cms/consultations/low_carb_skill/low_carb_skill.aspx

^{viii} E3G: **Green bonds: The missing piece of the jigsaw (2010):**
http://www.e3g.org/images/uploads/E3G_Green_bonds_The_missing_piece_of_the_jigsaw.pdf

^{ix} Energy Saving Trust: **Finance and ownership models for low carbon homes (2010):**
<http://www.energysavingtrust.org.uk/business/content/download/1460842/3934929/version/1/file/FIT>

^x Ibid.