Local areas will miss opportunities of net zero goals unless Government turbocharges local industrial strategy

Wednesday 23 October, 2019

Government must support ambitious local industrial strategies, backed by new funding and devolved powers, to help local areas play their part in moving the UK to a zero-carbon economy, says a joint study by think tanks Green Alliance and Localis.

Although more than 230 English local authorities have declared climate emergencies in the past year, most have only just begun to consider the changes that will be needed to local energy and transport systems, and to transform the buildings and industries in their areas.

Local industrial strategies, supported by national government, through which local areas can plan to both improve productivity and meet net zero goals, are the most obvious route to change, the report argues.

However, the slow rollout of local industrial strategy is putting local areas with the greatest need of economic revival at risk of missing out on clean growth development opportunities and imperilling the national net zero target.

Entitled 'The route to clean growth – using local industrial strategies to drive change', the report calls for the government to reaffirm its commitment to local industrial strategies with clean, climate-resilient growth at their core.

It suggests, for example, that local and combined authorities should have more powers to mandate greener building projects, contrary to the government's renewed threat to ban them from doing so. They should also be able to use council tax and business rates to meet clean growth objectives.

The think-tanks propose that a proportion of the forthcoming Shared Prosperity Fund is ringfenced for projects that enable clean growth by, for instance, supporting the grid infrastructure needed to expand renewable energy or improving public transport.

If local areas had more scope to take the initiative, as high levels of public concern about climate change suggest their residents want them to, they could futureproof existing areas of strength and build strengths in emerging fields like smart energy systems and offsite construction.

The report cites a number of examples of good practice, including Bristol's pioneering CityLeap project, which is creating new local opportunities by attracting private investment in local energy systems, and the West Midlands, which has put the move to electric vehicles at the heart of its recently published local industrial strategy.

Green Alliance's head of policy, Roz Bulleid, said: "The impact of the climate challenges facing us are acutely felt at the local level. Some areas could lose jobs in high carbon industries while others are benefiting from new opportunities such as offshore wind.

"Local policy makers should be building clean growth into the heart of their economic strategies to attract the industries of the future and ensure local resilience in a world increasingly affected by climate change."

Localis head of research, Joe Fyans, said: "The clean growth challenge is to make the best use of local resources and powers to drive change across the country and at a much more rapid rate than previously."

Nicola Yates OBE, CEO of Connected Places Catapult, said, "Pioneering place leaders are right to be looking at how their Local Industrial Strategies can foster both local prosperity and environmental sustainability.

"Luckily for all of us, the UK has a wealth of brilliant businesses offering innovative solutions and services that can help councils realise their plans for clean local growth. We hope to see more places taking an ambitious approach to delivering clean local growth – and working with the market to achieve those ambitions."

Leader of Cornwall Council, Julian German, said: "As the first rural authority in the country to receive

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a Devolution Deal giving us more funding powers and the opportunity to co-design policy to deliver local services, we back this call for central government to support local industrial strategies with new funding and devolved powers.

“Our New Frontiers proposal and Carbon Neutral Cornwall Action Plan set out our asks of Government outlining future funding requirements and policy changes required to develop clean growth and resilience. We are currently leading a planning shake-up to promote renewable energy, environmental growth and energy-efficient homes and working to further develop the concept of a rural energy innovation zone.”

Nicola Lovett, CEO, ENGIE UK, said: “This report highlights the key role that local and regional authorities can play to unlock new potential by promoting clean growth - which will in turn accelerate the UK’s journey towards a net-zero future.”

Matthew Rhodes, Chair of Energy Capital, part of West Midlands Combined Authority, said “Energy Capital has been advocating stronger linkage between local industrial strategy and clean growth, and particularly local control over energy infrastructure development, for a long time.

“We’re pleased to support this report and excited to be working with Transport for West Midlands and constituent local authorities across the West Midlands to support low carbon opportunities and the move to low emission vehicles.”

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Press enquiries:

Jonathan Werran, chief executive, Localis

(Telephone) 0870 448 1530 / (Mobile) 07967 100328 / (Email) jonathan.werran@localis.org.uk

Roz Bulleid, head of policy, Green Alliance

(Telephone) 020 7630 4526 / (Mobile) 07815 119747 / (Email) rbulleid@green-alliance.org.uk

Notes to Editors:

The report will be launched from 10.00am on Wednesday 23 October at the Urban Innovation Centre, Connected Places Catapult in Farringdon. Limited press places are available – please email: jonathan.werran@localis.org.uk

1. A full copy of the embargoed report can be downloaded here: The route to clean growth: Using local industrial strategies to drive change

2. Recommendations

Recommit to green local industrial strategies

A requirement to pursue clean growth should be written into the local industrial strategy policy prospectus so that each area begins to identify opportunities for achieving returns on low carbon investment. In approving strategies, the government must also consider whether local areas are supporting a just transition to a decarbonised economy.

Provide expert advice and targeted financial support

Support for clean growth should not end with the publication of a local industrial strategy. The government should collate data on the success of local projects and clean growth strategies and publicise the lessons learnt. It should also provide targeted expert support for local authorities at the earliest stage of developing the strategies, building on the experience it has gained from local energy hubs. It should roll-out matchmaking services for local authorities looking to attract private finance.

Offer new sources of finance

The government should ringfence part of the UK Shared Prosperity Fund for projects with local public and private investment that deliver the infrastructure and supply chains necessary to drive decarbonisation. This match funding would be for projects where local authorities and private sector work together to address issues such as electricity grid constraints or poor public transport infrastructure. At the same time, local areas should use Stronger Towns Fund money for capital investment in clean

growth-related projects rather than as a one-off boon, enhancing a projects' ability to raise debt capital and scale up.

Devolve more powers

The National Planning Policy Framework should give local authorities explicit permission to set more challenging low carbon standards for new homes, enabling faster transition towards the Future Homes Standard and integration of additional, locally sensitive, requirements. The new standard should enter force for all new buildings from 2025, regardless of when they achieve planning permission and help to expand the market for low carbon building materials, such as cross-laminated timber. Local authorities should also have more flexibility to modulate business and council tax rates to stimulate improvements in existing building stock in a locally appropriate manner and raise funding for targeted support.

Embed net zero in local planning

In approving future local industrial strategies, government should seek evidence that LEPs have worked co-operatively with their neighbouring areas to ensure co-ordination around low carbon infrastructure and natural capital reserves. Local authorities should align their plans with the net zero goal and make sure that neighbourhood planning forums also consider the transition to net zero in developing neighbourhood plans, for instance, they could consider options for local heat networks.

The key to achieving clean growth whilst reducing regional disparities and delivering on the goals of the industrial strategy is providing the right policy at the right scale. National policy will be key to realise opportunities across some sectors (especially manufacturing and housing). The ambition of local authorities to decarbonise should not be limited to national goals – on the other hand, empowering local authorities should not come at the expense of national ambition. Broad and ambitious national policy must mark the road to clean growth, with local authorities of all kinds acting to the full extent of their jurisdiction to build momentum in a locally-specific manner. The aggregated effect of this local action, supported by overarching national strategy, is a drive to more sustainable forms of business which raises prosperity and quality of employment across the country.

About Green Alliance

Green Alliance is a charity and independent think tank, focused on ambitious leadership for the environment. With a track record of 40 years, Green Alliance has worked with the most influential leaders from the NGO, business, academic and political communities. Our work generates new thinking and dialogue, and has increased political action and support for environmental solutions in the UK.

About Localis

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

Company Contact:

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Localis

T. 0870 448 1530
E. jonathan.werran@localis.org.uk
W. https://www.localis.org.uk

Additional Contact(s):
07967 100328

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