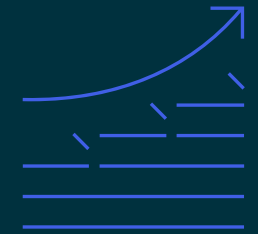


GET / SET / ZERO

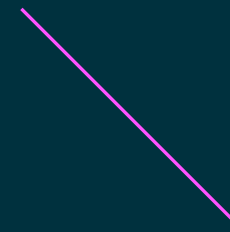


Financing Climate Action

Enablers for Local Authorities

November 2020

usefulprojects



Delivering on Your Climate Declaration

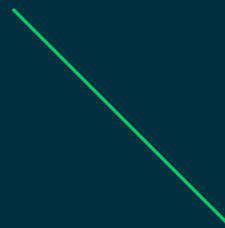


Local authorities have a unique opportunity to help communities become more resilient, addressing the climate crisis and, post covid, building back better. This report shows how innovative the public sector can be and shares outcomes that will help accelerate your ability to do so.

Through a combination of focused research, engagement with council officers and our own knowledge and expertise, Useful Projects have identified six enablers to help local authorities deliver on their climate action pledges.

Our research combines quantitative and qualitative findings to provide insights for local authorities. These insights have been enriched by a roundtable with our panel of senior leaders from local authorities across the country. The outputs of the research offer guidance and methods to maximise existing resources, capitalise on available funding and fully utilise innovative financing mechanisms to deliver climate action and its many associated co-benefits.

*Imagine if financing
climate action was about
more than money...*



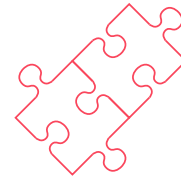
Six Key Enablers

Building a total value business case



We know there is a need to build compelling business cases and it can be challenging for councils to define a specific return on investment for spend on climate action. Using whole-life costing, shadow carbon pricing and better valuation of sustainability co-benefits enables councils to build a holistic business case that captures the total value of climate action.

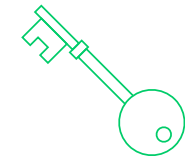
Capacity-building and upskilling



To meet your carbon neutral pledges, your local authority needs the entire workforce to support and deliver climate actions.

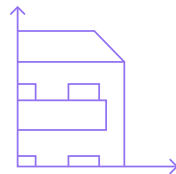
Sustainability is already at the heart of what councils do. Promoting multi-disciplinary work across and between organisations, and investing in upskilling and training can build capacity within local authorities, whilst reducing delivery costs.

Unlocking external funding



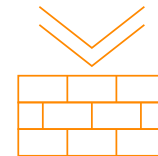
Councils need streamlined, consistent and continuous external funding. Discretionary funding is also required to better respond to specific local needs. Your council can lobby national government for these types of external funding. Embracing blended finance and participatory grant-making practices can also unlock additional funding for your area.

Scaling up retrofitting



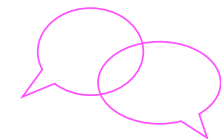
A disconnect between financial investment and social return makes it hard for councils to justify retrofitting spend, even though it can deliver large carbon reductions and social value. Focusing on area-wide retrofit programmes means your council could benefit from economies of scale and from standardised delivery models' cost-savings.

Delivering low-carbon developments



Proving the viability of low carbon projects is important. Resolving the perceived conflict between sustainability and viability allows for greater impact. Thoughtful spatial planning, good design, upskilling and early supply chain engagement allow to eliminate cost uplifts in delivering low-carbon infrastructure, whilst maximising environmental and social gain.

Maximising collaboration



Collaboration models that ensure accountability, transparency and risk-sharing, whilst avoiding duplication of work are essential to ensuring positive climate action. Pooling resources, collaborative governance models, industry forums and knowledge-exchange platforms are tools to help you respond to the climate crisis.

Enabler 1 / *Building a Total Value Business Case*



1 Building a Total Value Business Case

Local authorities need to build a compelling business case for all spend, especially while budgets are so constrained.

Declaring a climate emergency has been a politically driven decision for the majority of local authorities, who are now in the process of costing their climate action plans and identifying the most cost-efficient interventions.

It is currently challenging to demonstrate a specific return on investment (ROI) for spend on climate actions and/or for wider sustainability benefits.

How can your local authority capture and communicate wider sustainability benefits, and demonstrate return on investment for climate actions?

Building a total value, holistic business case allows local authorities to articulate the long-term and wider benefits of climate actions and sustainability.

Doing so, permits local authorities to invest beyond politically salient projects (such as tree planting), and use a commercial rationale to justify investments in climate actions. The latter deliver tangible benefits to local residents and businesses and can create virtuous circles of prosperous growth in communities (See Figure 1).

As set out on the next page, our research revealed three ways local authorities can adopt a broader perspective and build holistic business cases that capture the whole-life value of sustainability.

“Some investments are important allowing council to hit their carbon ambition and improve their residents’ quality of life, but from a financial perspective the motivation to deliver them is gone so there is a narrative challenge on how to align these wider benefits with financial interests to get wider support”

Insight panel member.

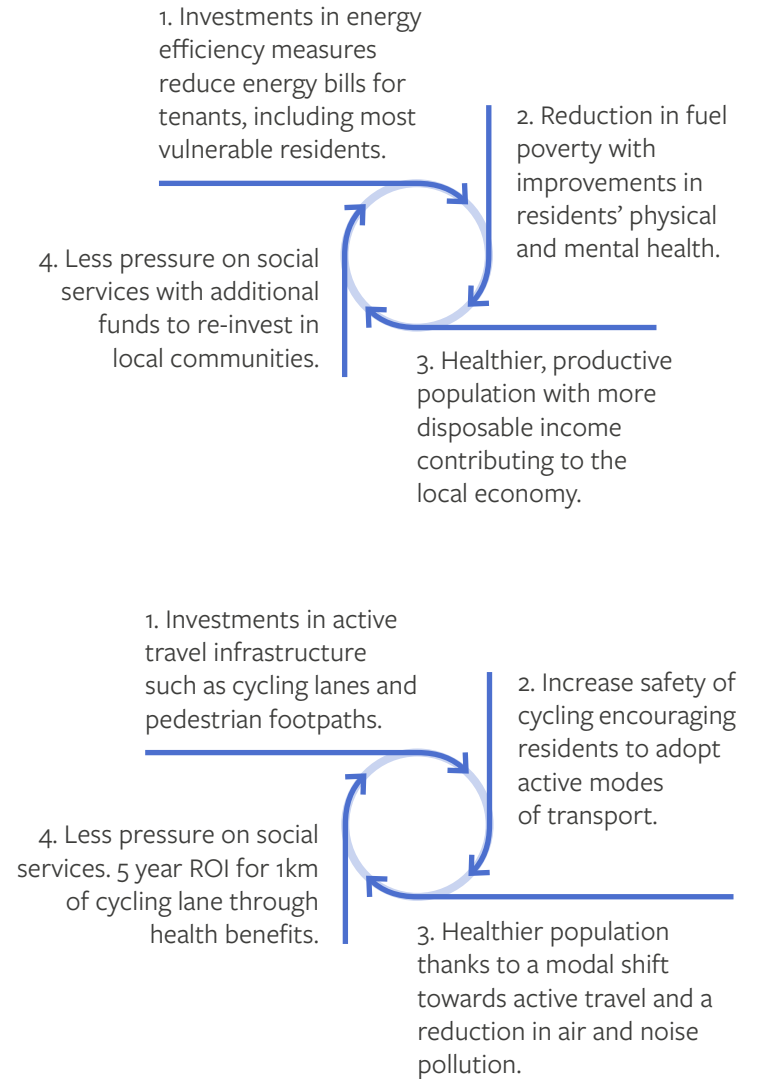


Figure 1: Investing in virtuous circles of sustainable development

1 Building a Total Value Business Case

1. Whole-Life Costing

Whole-life costing involves looking at the cost of an initiative through its entire lifecycle from inception and delivery to operation and disposal. Using whole-life costing allows an organisation to assess and balance required additional capital investments with long-term operational savings. This technique is very useful when considering refurbishment of buildings or additional investments required to build zero-carbon homes. Whole-life costing should be embedded at two levels: within the financial team and within project teams.

2. Shadow Price of Carbon

The shadow price of carbon is an internal monetary value an organisation can give to a set quantity of carbon (usually 1 tonne of CO₂). It can help local authorities evaluate the “true” cost of different options as well as gain a better understanding of the socio-economy cost of not addressing climate change, thereby informing their decision-making processes. It can also inform discussions about setting an offset fund and the monetary value assigned to each tonne of carbon.

The Report of the High-Level Commission on Carbon Prices provides a useful guidance on what a fair value

is for 1 tonne of CO₂. The shadow carbon price of carbon should increase every year to reflect the additional impact of CO₂ emissions on the planet as we approach 2030 and 2050.

Several organisations we interviewed, including Coventry City Council and Enfield Borough Council, are already using a shadow price of carbon to inform decision-making and incentivise developers to reduce CO₂ emissions. The GLA has also set a value of £95/tonne of CO₂.

3. Evaluating Sustainability Co-Benefits

Without a common framework, local authorities agree that it is challenging to quantify the full range of co-benefits generated by climate action. Therefore, the whole-life value of sustainability is rarely captured.

We recommend local authorities quantify these co-benefits by using a Sustainability Benefits Matrix which assigns a proxy value to each benefit thereby capturing their financial whole-life value. Since there is not yet a common framework, we propose using the National TOMS Guidance to find proxies for each benefit (the 2020 version can be accessed [here](#)). Ashden’s co-benefits toolkit may also be of interest to those looking to identify co-benefits (available [here](#)).

Co-Benefit Identified	Indicator/Proxy	Source of Information	Calculated Whole-Life Value (£)	Weighted Coefficient (if applicable)	Total Calculated Value (£)

Figure 2: Template for Co-Benefits Matrix

Case Study: Capturing the Whole-Life Value of Sustainability in Central Bedfordshire

When developing Central Bedfordshire’s Sustainability Plan, benefits delivered through climate action were one of the prioritisation criteria selected by members to determine which intervention the council should pursue. We worked with the council to evaluate and capture the financial value of these wider co-benefits and created a guidance document to help quantify them (See Figure 2).

Moreover, we worked with the council to develop whole-life costing guidance to inform additional investments in their planned capital programme. Using whole-life costing will allow the council to determine which investments will generate the biggest return on investment (usually through operational savings).

By looking at the value of an investment over an asset’s entire lifecycle, the council can for example capture the benefits of investing in passive fabric standards, on-site renewable energy generation and/or green infrastructure. It is a first step towards building more holistic business cases that capture long-term benefits of investing in zero-carbon projects and wider climate actions.

“Local authorities are still entrenched in looking at the financial business case of projects, unable to factor in the wider socio-economic and environmental benefits sustainability can deliver.”

Insight panel member.

Enabler 2 / *Capacity-building and Upskilling*



2 Capacity-building and Upskilling

To achieve sustainability and meet their carbon neutral pledges, local authorities need their entire workforce to engage, support and deliver climate action and associated strategies.

Local authorities also need adequate capacity as well as people with the right skills to deploy forward-thinking financing mechanisms and use innovative delivery models which can accelerate the delivery of climate actions.

How can your local authority maximise existing resources and build their skills and capacity to deliver climate actions?

Sustainability is at the heart of what local authorities do. The officers we interviewed recognised that a lot of their work already relates to sustainability but is often disjointed and sustainability endeavours remain unnoticed.

“A lot of work goes unnoticed and we do not capitalise on the benefits of joined up actions”

Insight panel member.

If all employees within a local authority signed up to the climate challenge and attempted to deliver sustainable benefits throughout their day-to-day work, the delivery of climate actions would accelerate, without requiring significant additional investments in resources.

By cultivating an organisational culture geared towards sustainability, local authorities can maximise existing resources and in-house expertise. To do so,

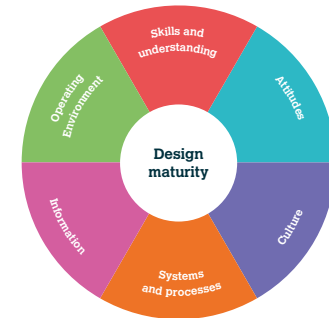
local authorities need to break down silos between different departments to encourage knowledge-sharing, skill-swapping and the pursuit of multi-disciplinary projects.

Our survey also revealed that the biggest barrier to using green finance mechanisms and alternative delivery models was a lack of in-house expertise and capacity.

Local authorities will still need to invest in upskilling and capacity-building, and ensure they are building long-term expertise in required specialised fields.

Throughout our survey and interviews, we found that local authorities often feel they lack the following:

- **Technical skills** relating to specific topics such as passivhaus, circular design, measuring and reducing embodied carbon.
- **Financial skills** relating to innovative financing mechanisms and models. We found that local authorities, including their finance team, are often not aware of green finance mechanisms such as green bonds. Tideway is an excellent example of an organisation embracing the opportunities of green bonds with its [Green Bond Framework](#).
- **General sustainability knowledge** was also mentioned with some officers feeling that a general awareness of sustainability was required to build a communal culture.
- Capacity to stay informed about **emerging and pioneering practices, technologies and available funding**.



Case Study: Skills Assessment and Upskilling Plan

We worked with Severn Trent Water to build the capacity of their newly formed design team. We assessed their current design skills using our Design Maturity Model. The results from the assessment were then utilised to develop an upskilling plan. These types of assessments are key for determining gaps in skills and which in-house skills can be maximised to increase an organisation's capacity. It helps channel resources in an impactful and cost-efficient way. These assessment exercises can be performed at different points in time to evaluate progress in upskilling an organisation.

- **Training to use specific tools and mechanisms**, as some officers say they lack the confidence to use them efficiently.

An easy first step is for local authorities to conduct a skills survey to determine which in-house skills they have and where they will need to invest.

Guidance and a template to conduct a skills survey as well as additional guidance to build local authorities' capacity to respond to the climate crisis can be found in [Pathways to Climate Action](#).

“Too much time is spent educating sceptical colleagues.”

Insight panel member.

2 Capacity-building and Upskilling

Additional options for local authorities to upskill their workforce and/or build their capacity include:

- **Set department targets to spread the responsibility of delivering climate action across the Council.** Some authorities we interviewed are considering using carbon budgets for each department. This approach can be successful but local authorities have to ensure officers do not feel sustainability is another ‘burden’ added onto their already full plate. It must be integrated within their existing work.
- **Set up working groups to encourage collaborative working and break down siloed working practices.** Ashford Borough Council created a Sustainability Working Group by nominating a Sustainability Champion within each service. This group co-developed the council’s carbon neutral strategy, ensuring all services were involved in the process and that existing work was captured.
- **Allocating a budget for general sustainability training as well as more specific technical training where required.** Local authorities can employ innovative models to upskill their workforce. One example is the Public Practice model which matches a local authority with a built environment expert to complete a one-year placement during which the individual transfers specialist skills within the organisation building its long-term capacity. Councils can also use apprenticeship, encouraging young people to work within the public sector, to fill any skill gap they may have.

- **Encourage knowledge-sharing and embed learning feedback frameworks in everyday practices.** All organisations we interviewed confirmed that more centralised information and communal frameworks would increase their capacity to deliver climate actions. Organisations such as the LGA, GLA, London Councils as well as groups such as Future of London are already attempting to pool resources and insights as well as share skills and knowledge between different organisations.

Case Study: Building Passivhaus Expertise

Local authorities we interviewed recognised the benefits and social value associated with delivering passivhaus buildings but struggled in justifying the cost uplift associated with it.

We interviewed a passivhaus expert to determine how local authorities could reduce this cost uplift. On average, building passivhaus leads to a 8-9% cost uplift. To reduce costs, local authorities need to invest in building their passivhaus expertise, or hire a passivhaus expert at the early stage of a project (ideally RIBA Stage 1).

Some organisations, including Exeter Council, have managed to reduce the cost uplift to 1-4% or to be cost neutral in delivering passivhaus schemes. This is in part because they built their expertise, hired experts early on, and have engaged early on with contractors and their supply chain.

Find out more about building low-energy and passivhaus buildings [Making ‘Net Zero’ Happen](#).



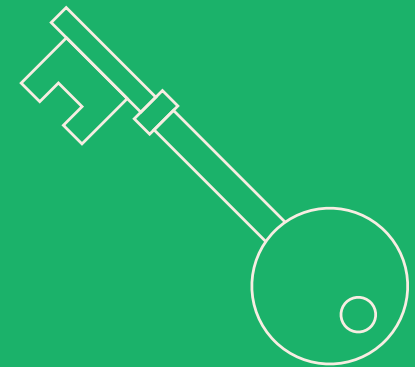
Case Study: Enhancing Sustainability Leadership

Upskilling an organisation should also include training leaders, thereby allowing them to champion sustainability within a local authority and make informed decisions.

We have found through our work that leadership training allows leaders to reflect on their role in their local area’s transformation and encourages them to think about what resources are required to instigate meaningful change.

This was one of the key outcomes from our CSC Leaders programme, a global leadership initiative to support governments, businesses and NGOs in addressing challenges that transcend national boundaries. We welcomed a group of senior leaders from across Commonwealth countries, and ran a series of training events with leaders. We introduced a sustainable development framework illustrating co-benefits and how aligned climate actions were with their own priorities. The events helped them consider the challenges in building consensus around sustainable visions.

Enabler 3 / *Unlocking External Funding*



3 Unlocking External Funding

“We need resources to chase money that is out there, to build the partnerships, to better monitor and report on performance.”

Insight panel member.

Local authorities need streamlined, consistent funding application processes to keep bidding costs to a minimum, as currently the latter can cost more than what they stand to deliver.

Throughout our research, participants agreed that:

- **They want to be empowered to self-finance climate actions.** Some authorities have called for more devolved powers and more control over the funding they receive.
- **External funding needs to be consistent and continuous.** There is a need to level up funding and make it more equitable, ensuring that all local authorities have equal access to funds.
- **Discretionary local funding with clear national guidance would be most beneficial.** Clear guidelines are required from the national government matched with increased power at the local level to deliver.
- **Bidding for external grants needs to be cost-efficient.** Local authorities need to quickly and easily understand which grant they qualify for.

Although local authorities are looking at a variety of mechanisms to fund climate actions, they still depend heavily on external funding.

How can your local authority better access and leverage external funding?

Local authorities do not have equal capacity when applying to external funding, resulting in funding access inequity. Some authorities we interviewed have resources to bid for these grants, meet their restrictions and comply with extensive monitoring and reporting requirements. Others do not and were not even aware of some of the funding available.

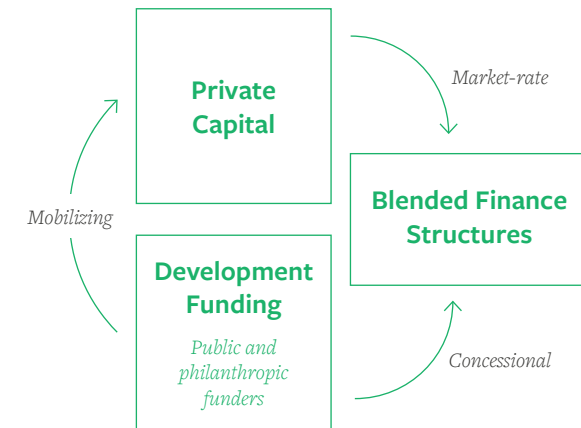
Consistent and continuous funding would help reduce this funding inequity and provide local authorities with more guarantee that the resources they invest in bidding are not wasted. Local authorities can focus on delivering tangible impact rather than bidding every six months.

Moreover, discretionary funding would allow local authorities to deliver locally-relevant, impactful projects that truly address the needs of local communities. Grants currently available are extremely specific and can not always be applied to the local context.

Removing some of the requirements to obtain grants could also incentivise the private sector to get involved, particularly SMEs. Current requirements restricts their participation in delivering climate action and hinders the use of alternative delivery models (joint-ventures, community interest companies etc.) as well as innovative financing mechanisms (blended finance, participatory grant-making etc.).

Blended finance has proven very popular with large development banks, such as the World Bank and OECD.

Blended finance is the strategic use of development finance for the mobilisation of additional finance towards sustainable development. It can help bridge the investment gap for delivering the SDGs.



For now it is mostly used in developing countries but we argue that similar innovative financing mechanisms should be used in the UK to support a green recovery and sustainability development.

3 Unlocking External Funding

Participatory grant-making practices would also benefit local authorities in unlocking funds to deliver climate action. Participatory grant-making practices transfer decision-making power about funding to the beneficiaries. The latter get a voice in how financial resources are deployed. In the case of local authorities, residents would be able to determine how external funding is deployed in their area.

Participatory grant-making practices provide an alternative to the funder-knows best model, relying on traditional and local knowledge and encouraging community stewardship and ownership. It would support delivering climate action through alternative delivery models, such as community interest companies or joint ventures.

Alternative delivery models can also be used by local authorities to access and unlock more funding by collaborating with different stakeholders and sharing financial risks.

Some of the local authorities we have interviewed have experience in using alternative delivering models such as joint ventures and others were considering creating their own energy service company (ESCO) or using concession contracting models.

Case Study: Leveraging Joint Venture Money

Alternative delivery models can help unlock additional funding for example by leveraging joint venture finances. This is what the Woodberry Down Community Resident Organisation did. We are working with them and various stakeholders to set up a Community Interest Company. The latter ensures energy services will be delivered for the benefit of the community.

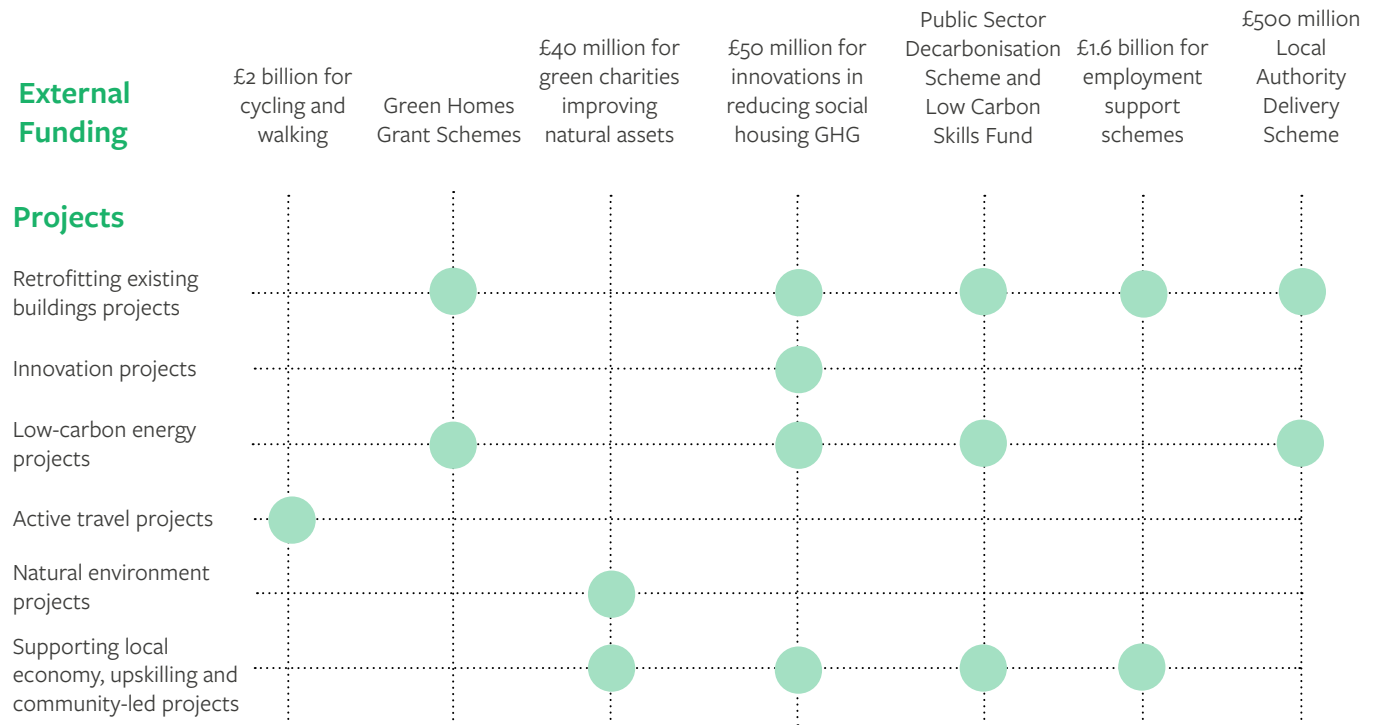
However, our survey revealed that these delivery models remain unused, despite their potential to unlock more funding.

Green finance mechanisms, such as green bonds, payment for ecosystem services and polluter pays schemes, also remain underused by local authorities.

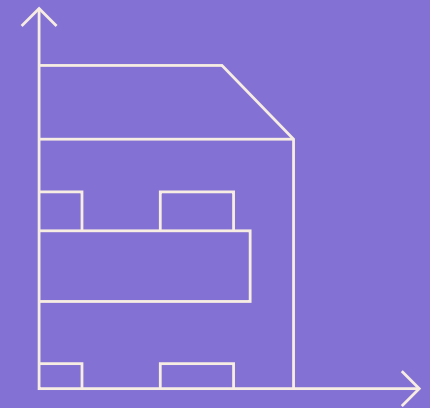
There is however an unprecedented availability of financing options for climate-related projects with public and private investors increasingly seeking out opportunities to invest in sustainability. However the routes connecting external funding and climate actions are not clear.

Local authorities can play an important role in brokering relationships between financial stakeholders and project owners as well as in convening green finance expertise to encourage the use of green finance tools within their organisation.

Over the summer, the central government has made several funding announcements to help local authorities, as well as residents and businesses, recover from the COVID-19 crisis. We have provided a funding matrix showing which fund can be used for specific projects. You can read more about the funding announcements on our [website](#).



Enabler 4 / *Scaling Up Retrofitting*



4 Scaling Up Retrofitting

Local authorities need to create a compelling business case for retrofitting existing buildings. Whilst it would deliver a large carbon reduction for a local authority and its area, the disconnect between financial investment and social return makes the financial return on investment challenging to present.

“It is hard to justify investment in pure financial terms”

Insight panel member.

All participants we interviewed recognised the social value and benefits generated by retrofitting, but it remains a commercial decision and a clear return on investment (ROI) is required.

How can your local authority quantify the benefits of retrofit to justify financial investment?

Retrofitting existing buildings will be costly, but is necessary to meet the government’s ambition net zero target by 2050. Domestic housing accounts for one fifth of the UK’s greenhouse gas emissions, mostly from heating and hot water.

Retrofitting brings tangible benefits beyond carbon savings, including:

- **Reducing energy bills** for local authorities as well as for tenants. This money saved can then be re-invested. Social housing tenants spend £4.2 billion a year on energy, often representing a large portion of their household budgets.
- Contributes to **tackling fuel poverty**, which leads to warmer homes and therefore to tenants’ improved physical and mental health.

- **Builds energy resilience** with increased energy resilience and on-site renewable energy generation. Local residents are protected against expected future energy price increases.
- Allows local authorities to **meet their climate emergency carbon pledges** since the council’s assets (buildings and housing stocks) are often the largest portion of an authority’s carbon footprint. Meeting a carbon pledge build confidence and trust with local communities and builds political capital.
- Retrofitting at scale can support **local supply chains, create new jobs and contributes to a green recovery**.
- **Reduces costs for ongoing maintenance** amounting currently to £5.2 billion a year for social housing alone.
- **Retrofit delivers social value** including health and well-being improvements, reduction in damp and mold and positive impacts on children’s productivity and school achievements.

Local authorities are often successful in building a compelling case to retrofit the buildings they occupy, such as council offices. Using whole-life costing, they can demonstrate how higher capital investments in retrofitting measures will generate long-term operational savings for the council.

However, this revenue stream, and therefore a compelling business case, no longer exists when the council invests in retrofitting its housing stock. On average it costs £17,000 to retrofit a standard house and tenants are the ones who get the benefits of

reduced operational costs. Councils are unable to recuperate their higher capital investments through operational savings.

Additionally, funding currently available for retrofitting (such as REFIT) is not sufficient for local authorities to retrofit their entire housing stock. The pot of money is simply not big enough and with additional pressures, such as fire safety regulations, councils cannot properly fund retrofitting.

“It’s really hard. The way we are expecting to run council housing stock, there is no money for that, the rent we get is so low, it just about covers maintenance and management and it does not go beyond that. And the money we do have we are told to spend it on new council homes.”

Insight panel member.

4 Scaling Up Retrofitting

The conclusion from our conversations with interviewees is that current revenue models simply do not work to justify retrofitting of local authorities' housing stock. Innovation and creativity is required within both the policy, delivery and financial realms. Therefore, we would recommend exploring the following:

- Employ alternative delivery models and financing mechanisms. One example is an [Energiesprong](#) approach, which has been successful in the Netherlands. Energiesprong reduces costs and increases efficiencies by avoiding a disjointed and piecemeal approach to retrofitting. Other approaches including community-led initiatives and shared ownership models that can help local authorities pool resources together and share financial risk.
- Explore [models to transfer benefits](#), such as Service Cost Models, which tie retrofit investments to the beneficiaries of operational savings. These measures allow the council to recuperate some of its capital costs through an energy service fee. This is an element used with the Energiesprong approach in the Netherlands, which is being used by both private tenants and social tenants to retrofit properties.
- [Commercial bulk contracting](#) can be used to deliver retrofitting at scale. For example, Solar Together is working with Redbridge Council. Compared to the council, Solar Together has the required technical skills and, given their expertise, can deliver retrofitting at scale, thereby benefiting from economies of scale.

- Use [social return on investment \(SROI\)](#), rather than a simple ROI, to justify retrofitting investment. Using a SROI can also help attract private investors. Councils could further benefit from factoring long-term risk and climate insurance when considering retrofitting.

The authorities we talked with also recognised that no individual local authority can retrofit their entire stock on their own. Some local authorities have developed a lobbying pack for the GLA, making the case for additional funding.

Collaborations at scale and across sectors are required. This is one of the reasons Energiesprong has worked so well: To work it requires cooperation between companies delivering retrofit work, policy-makers and banks that create financial arrangements to support this pathway. The financial sector needs to support retrofitting with advantageous interest rates.

Participants strongly felt that retrofitting needs a strong national drive and that if there was more commitment to funding low-carbon infrastructure, regardless of additionality, there would be more financing options, including in terms of classic grants and loan funding.

This push for a national deep retrofit is also supported by academia. [Research](#) conducted in 2018 by the Institution of Engineering and Technology and Nottingham Trent University concluded that a national programme for a one-off deep retrofit of all residential properties is needed since costs would come down as the capacity of the supply chain is enhanced.

This programme could start with social housing, which makes up about 4.5 million homes. By retrofitting an entire local authorities' housing stock at a time, costs can be reduced and retrofit schemes can be delivered more efficiently.



Case Study: Energiesprong Netherlands

[Energiesprong](#) is a whole-house model of retrofit which creates a zero energy home in one step using new technology.

Energiesprong retrofit is financed by future energy cost savings and the budget for planned maintenance and repairs over the coming 30 years. This allows residents to keep the same cost of living. For housing associations, tenants pay the housing association an energy service plan which is the equivalent of their previous energy supplier bill. This is supported by legislation that allows conversion of the monthly energy bill into a monthly energy service fee.

An Energiesprong approach could contribute to solving the UK's energy challenges by:

- Using new technology to permanently lower the cost of retrofits, removing the need for expensive subsidies.
- Provide an easy option for householders with some of the proposed retrofits installed over the course of one day only.
- Offer a large scale affordable heat solution for the UK, which would deliver social value.
- Stimulate innovation in the construction sector building the capacity of supply chain, creating local jobs and raising productivity.

Find out more about [reinventing retrofit](#) in Green Alliance's report.

Enabler 5 / *Delivering Low-Carbon Developments*



5 Delivering Low-Carbon Developments

The need to relieve the conflict between delivering low-carbon homes and affordable housing means councils need to prove the viability of delivering low-carbon infrastructure and development.

“Balancing carbon neutrality and affordability is difficult, it is the first thing that developers push back on claiming they can’t deliver zero carbon and affordable housing”

Insight panel member.

How does your local authority successfully negotiate towards low-carbon developments?

Delivering low-carbon infrastructure and development brings several benefits to local communities and businesses including:

- **Building better, healthier places** that increase the quality of life of local residents, who in turn can better contribute to the economy and society.
- **Reduce the future costs of retrofitting infrastructure**, as well as reducing costs associated with climate insurance.
- Support the **creation of local supply chains** that can deliver zero-carbon infrastructure, create new jobs, and support a green recovery.

Fit for Housing, London Energy Transformation Initiative (LETI), UK Green Building Council (UKGBC) and other professional experts have all been clear that

to meet our Paris Agreement pledge, the UK must deliver zero-carbon homes and developments now.

But there is still a lot of push back not just in terms of building zero-carbon homes but in delivering infrastructure that is conducive to sustainable lifestyles. Some of the officers we interviewed expressed concerns over their ability to enforce standards above current building regulations.

“You have to set good policies and be able to enforce them.”

Insight panel member.

We are nonetheless seeing local authorities take an increasingly active role in delivering low-carbon developments and retaining control over the quality and standards of these developments.

For example, some councils act as the client or master developer and are therefore involved in the entire development process (from the brief, design, to the delivery and construction). In some instances, this position reinforces their ability to set higher standards (for example through SPDs), to enforce these standards and to better monitor performance. UKGBC is working on a zero-carbon policy handbook which will provide additional guidance for local authorities looking to set more ambitious targets and requirements.

Some councils have also opted to develop and implement their own sustainability frameworks, which helps them in defining targets, objectives and best practices in delivering low-carbon developments.



Case Study: Using Doughnut Economics as a Sustainability Framework

Kate Raworth's [Doughnut Economics model](#) is one of the frameworks used by local authorities such as Glasgow City Council and [Cornwall Council](#) to frame their sustainable aspirations and the delivery of their climate actions.

The model consists of an environmental ceiling (based on the nine planetary boundaries) beyond which lies unacceptable environmental degradation. The social foundation is derived from standards identified in the United Nations Sustainable Development Goals. Between the social foundation and the environmental ceiling lies an environmentally safe and socially just space where humans and other species can thrive.

We have used the Doughnut Economics model to develop the Environmental Sustainability Strategy of Meridian Water in Enfield. This approach allowed us to frame sustainable development beyond delivering climate actions and to capture the true value of building resilient, low carbon communities. Developing this framework also enabled Useful Projects to build buy-in between different stakeholders and to create a shared sustainability vision.

5 Delivering Low-Carbon Developments

It is also worth noting that the potential planning reform and the introduction of the Future Home Standards could provide local authorities with new powers to enforce the delivery of low-carbon infrastructure and developments.

As the market matures and low-carbon supply chain are strengthened, the low-carbon market will become more competitive and the cost of delivering zero-carbon developments will decrease.

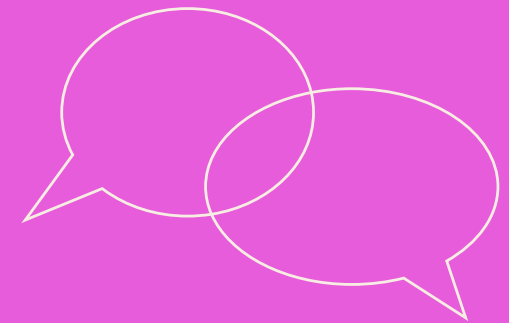
We would like to offer the following options to assist local authorities in delivering low-carbon developments:

- Local authorities should improve their ability to **negotiate in favour of zero-carbon development and address developers' viability concerns**. To do so they should produce or commission an evidence base on viability of sustainability projects on a site-by-site basis and build their resources and competences in relation to negotiating viability.
- **Spatial planning is a powerful tool to promote sustainable growth**. Local authorities should ensure calls for sites are assessed with a detailed understanding of infrastructure and investment necessary to ensure sites can deliver sustainable development, with an emphasis on car-free mobility. It requires planning to be turned on its head. It was the model adopted by [VeloCity](#) which links spatial planning and transport investment for more rural communities in the Oxford-Cambridge corridor. Additionally, they should ensure site allocations are linked to a

spatial strategy that promotes sustainable transit-oriented development, and avoids unsustainable sprawl.

- **Support the creation of a local supply chain** that can deliver zero-carbon infrastructure and promote the use of innovative construction techniques (such as Modern Methods of Construction and Advanced Manufacture in Construction) which can help reduce costs. Economies of scale can also significantly reduce cost in delivering zero-carbon infrastructure.
- **Early engagement with all stakeholders, including the co-creation of common standards and shared visions**, can also help drive the delivery of zero-carbon development. This is the route the West Midlands Combined Authority (WMCA) is taking to develop a regional routemap to accelerate the delivery of zero-carbon homes in the region by 2025. They are using a communal Zero Carbon Homes Charter, to build consensus amongst its stakeholders, to facilitate the development and implementation of its zero carbon homes routemap as well as to maximise collaboration across the supply chain.
- **Through procurement and single-stage tender the council can also ensure the delivery of zero-carbon infrastructure**. People need to be engaged and convinced from the beginning. As the market matures the anxiety over delivering zero-carbon infrastructure will be reduced. It is important that barriers to access zero-carbon tenders are removed to allow smaller companies to participate in delivering zero-carbon infrastructure.
- **Local authorities also need to embed feedback loop model to learn from the projects they deliver and improve future delivery**. Proper monitoring, evaluation and post-occupancy evaluation systems allow local authorities to collect valuable data which can inform future projects and help dispel myths about cost uplifts.
- **Using alternative delivery models can also allow a local authority to ensure the delivery of zero-carbon infrastructure**. Enfield Borough Council also used an alternative delivery model when it set up its own private energy company Energetik. They financed the company thanks to a HNET grant and by borrowing against future income streams. This is a good investment for the council and as the energy company grows the council receives a guaranteed income stream.
- **Investing in low-carbon infrastructure is now a smart investment providing a guaranteed return on investment as well as revenues to councils**. With the cost of solar power, wind power, solar batteries and EVs decreasing these infrastructure-led projects are increasingly attractive for local authorities who can borrow at a low interest rate through the Public Works Loan Board.

Enabler 6 / *Maximising Collaboration*



6 Maximising Collaboration

Councils need collaboration models that work and ensure accountability with no duplication of work between different local authorities. Working at scale collaboratively is necessary to address climate crisis, but currently intentions to do so do not translate to on-the-ground actions.

“Collaboration is not always easy yet some aspects of climate action will always require partners.”

Insight panel member.

How can your local authority work collaboratively and at scale?

Working collaboratively would generate tremendous benefits:

- **Pooling resources** would allow local authorities to deliver larger projects that generate more benefits for local residents and businesses, whilst contributing to larger CO₂ savings.
- **Working collaboratively** would encourage more knowledge-sharing, collective problem-solving and skills-swapping. Local authorities could learn from the successes and failures of others and save resources by avoiding repeating the same mistakes or duplicating work.
- **Increase local authorities’ lobbying power.**

During the roundtable with our insight panel, it was clear that it is not currently beneficial for one local authority to set up its own offset fund. The

governance and administration required is too burdensome and not enough money is pooled to have a significant impact.

Participants argued that organisations like London Councils or the Local Government Association should pool resources and information to assist local authorities in delivering climate actions. Regional offset funds, similar to the Greater London Authority (GLA) offset fund, would also be extremely useful and could catalyse collaborative work, allowing local authorities to address cross-border issues (such as active travel).

We would also recommend the following:

- **Creating communal frameworks to measure and report on projects and for carbon accounting, allowing local authorities to easily share data and replicate successful practices.** Every single organisation developing its own carbon accounting methodology is not efficient or practical. Example of common methodology, reporting framework and tools include [Carbon Disclosure Project](#), [Tyndall Carbon Budget Tool](#) and [SCATTER Cities](#), resources which are free to public sector organisations.
- **Knowledge-sharing and knowledge-building.** Organisations like the GLA and WMCA demonstrate how regional organisations can pool financial and human capital to encourage knowledge-sharing and upskilling. Kent County Council has set up the Climate Change Network as a group to encourage knowledge-sharing and collaborative working on climate change issues. London Councils are also driving collaborative working, promoting the green new deals and collective grant-making.
- Capitalising on the **benefits of joint procurement** which would allow local authorities to benefit from economies of scale, reduce cost and

support the creation of innovative low-carbon supply chain. For example, Enfield is working with Haringey and Hackney to deliver a low-carbon energy network.

- **Setting up industry forum to exchange ideas, innovations, and quantitative data on cost and carbon savings.** It is key that local authorities share their successes as well as their failures. Industry forums can also help create incentives to boost R&D and the pace of technological innovation. It can also allow local authorities to share valuable quantitative data on carbon savings and costs of delivering zero-carbon infrastructure. Ensuring strong feedback loops is also necessary to ensure lessons from projects are embedded in future delivery.
- **Energy Innovation Zones, Low-Carbon Hubs and Local Development Orders** can be used to promote certain type of development and attract low-carbon businesses to an area. The Oxford Low Carbon Hub is one example of best practice.

Case Study: Industry-Led Knowledge-Building Schemes

A great example of setting up an industry-led group to drive upskilling and innovation in the construction sector is the Skills Academy launched by Berkeley and West London College. Berkeley Skills Academy is one of the first purpose built construction academies and aims to tackle the skills shortage in the construction sector. The new training facility is located in the heart of a regeneration site, allowing students to directly progress from the classroom to the site. You can learn more about the project [here](#).

6 Maximising Collaboration

We have realised through the conversations that we have had that there is a lot of intent to work together but few models that have successfully delivered on the ground action.

Local authorities need effective governance structures that foster collaboration and accountability and ensure long-term transparency and cooperation. Setting up charters and communal code of conducts can be useful to inform cooperative working.

Beyond other local authorities, councils need to engage with local businesses and communities and enable them to contribute to a transition to zero-carbon living. The push towards digitalising the planning system and community participation could offer local authorities with new opportunities to creatively engage with local stakeholders.

Engagement with the financial sector is also required including with mortgage lenders and banks to ensure appropriate rewards and incentives are provided to those who invest in sustainability.

A key aspect of engaging with the financial sector is to share data on climate projects and low-carbon technologies that perform well and have a proven ROI, thereby representing an attractive investment opportunities for interested investors.

Sharing this data will increase the visibility of financially viable climate projects and will better align climate actions with financial capital available, thereby enabling better partnerships between local authorities and the financial sector.

“There is a lot of potential in terms of joint working and for procurement at scale which would reduce costs. We need to remove the red tape and make procurement easier and the funding streams more accessible.”

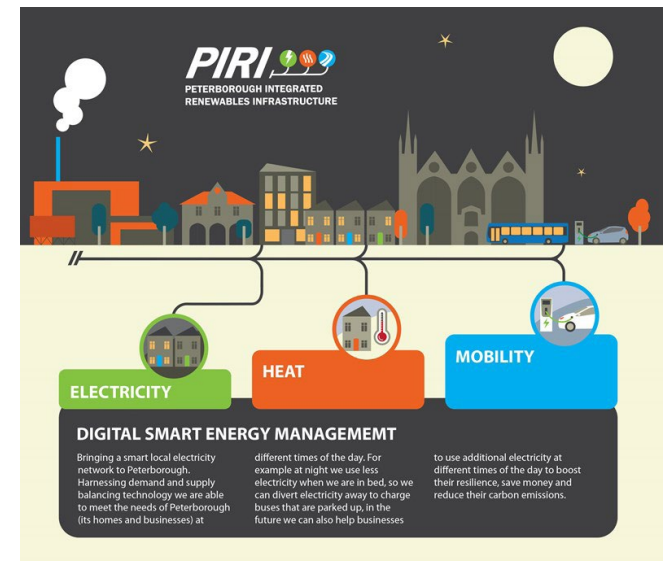
Insight panel member.

Case Study: PIRI Project, Peterborough

The Peterborough Integrated Renewables Infrastructure Project (PIRI) is a council-led partnership to design the largest smart city regeneration project in the UK.

The £2 million scheme will cut energy bills and provide green heat, electricity and transport for residents. Led by Peterborough City Council, the two year project is a partnership between SSE Enterprise, Element Energy, Cranfield University, Smarter Grid Solutions and Sweco UK.

The project advocated a ‘whole-system’ approach to energy by integrating all socio-technical elements into one solution. Taking a holistic perspective means that greater synergies can be achieved, including finding a balance between environmental gains and commercial viability. By combining technical expertise from various sectors and industries, this project has successfully unlocked efficiencies not deliverable without a collaborative delivery model. You can learn more about PIRI [here](#).

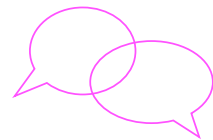
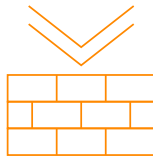
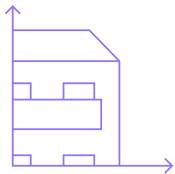
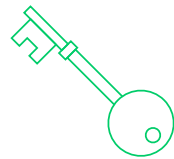
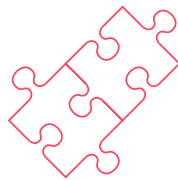


6 Concluding Remarks

What if financing climate action was about more than money?

It is actually about:

- **Capacity-building:** Sustainability upskilling should be a priority for all local authorities.
- **Collaboration:** Local authorities need to work together, as well as with their local communities, financial institutions and their supply chains.
- **Creativity:** Innovation, multi-disciplinary approaches and new delivery models will unlock more opportunities to deliver sustainability.

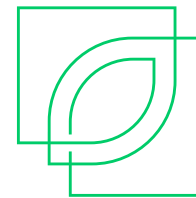


Financing climate action and helping local authorities achieve their climate ambitions is at the heart of what we do at Useful Projects. Through our work we have helped local authorities in delivering climate actions by:



Accelerating their journey to net zero

By creating clear strategy and delivery programmes local authorities can build confidence, clarity and commitment for accelerated delivery of climate actions.



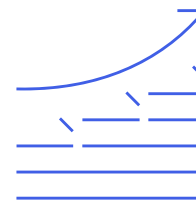
Embedding sustainability

Sustainability must be embedded in everything that local authorities do in order to maximise existing resources. If sustainability is embedded, costs to deliver climate actions are reduced.



Supporting collective behavioural change

Behavioural change and support from local residents and businesses is necessary to address our climate crisis. Participatory funding approaches, alternative delivery models and meaningful engagement with local communities is necessary.



Recovering through green growth

Addressing the climate crisis provides an opportunity for local authorities to support a green recovery. Climate actions can help local authority attract low-carbon businesses, future-proof the local economy and ensure social value.

GET / SET / ZERO



Social Enterprise UK
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About Us

Useful Projects put people and business at the heart of practical plans to tackle climate change. We build the value case, bringing your internal and external stakeholders on board to accelerate the delivery of high-impact outcomes.

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Our 'GET SET ZERO' services for local authorities include:

- Assessing and analysing a local authority's processes, initiatives and carbon footprint
- Opportunity identification
- Strategy development
- Strategy implementation, planning and support
- Stakeholder engagement and communications
- Costing and funding advisory and support
- Sustainability planning policy development and Supplementary Planning Documents
- Training and capacity building
- Organisational change and innovation programmes

Acknowledgments

We would like to thank all those who participated in this research project including our insight panel members:

- Sarah Cary, Executive Director of Place, London Borough of Enfield
- Alison Knight, Executive Director of Neighbourhoods, Sandwell Metropolitan Borough Council
- Mary Aladegbola, Energy Manager, London Borough of Hackney
- Matthew Essex, Corporate Director of Regeneration and Culture, London Borough of Redbridge
- Elliot Smith, Commercial Manager Energy Infrastructure and Regeneration, Peterborough Council
- Chris Murray, Group Director, Core Cities