



Net Zero Strategy

This briefing provides an overview and commentary on the main points in the government's recently published Net Zero Strategy

Overview

The government has published the Net Zero Strategy, which sets out policies and proposals for decarbonising all sectors of the UK economy to meet the government's net zero target of 2050. The strategy builds on the government's 10-point plan for a green industrial revolution that was announced last year. It aims to keep the UK on track for the carbon budgets and net zero by 2050.

The Net Zero Strategy will be submitted to the United Nations Framework Convention on Climate Change (UNFCCC) as the UK's second Long-Term Low Greenhouse Gas Emission Development Strategy under the Paris Agreement.

Chapter 1 – Why Net Zero?

The strategy sets out the case for action and the need for a green recovery from the Covid-19 pandemic. It makes clear that globally, the costs of failing to get climate change under control would far exceed the costs of bringing greenhouse gas emissions down to net zero. The Office for Budget Responsibility have concluded that there could be significant fiscal benefits from early action to transition to net zero. The strategy sets out how the government will build on their Ten Point Plan with a vision to create new jobs and net zero industries to meet climate targets whilst levelling up the country and putting the UK at the forefront of the global green markets.

Key messages:

- Updated analysis, based on the BEIS Energy Innovation Needs Assessment (EINA), suggests key net zero aligned sectors in the UK could contribute up to £60 billion of gross value added (GVA) a year by 2050.
- The policies and spending brought forward in the Net Zero Strategy mean that since the Ten Point Plan, the Government has mobilised £26 billion of capital investment for the green industrial revolution.
- The Strategy aims to support up to 190,000 jobs in 2025, and up to 440,000 jobs in 2030, and leverage up to £90 billion of private investment by 2030.

Chapter 2 – The Journey to Net Zero

The strategy argues that transforming the UK's economy over the next three decades to reach net zero will be a journey of unprecedented opportunity and change. It examines what reaching net zero carbon could mean for the UK, potential scenarios of how we will get there, and an

indicative pathway to deliver our statutory five-yearly carbon budgets. The strategy emphasises a systems approach to the net zero journey, which requires action by multiple parties across the public and private sectors.

Key messages:

The path to net zero will rely on the following key green technologies and energy carriers:

- Electricity
- Hydrogen
- Carbon capture usage and storage
- Biomass

Chapter 3 – Reducing Emissions across the Economy

The chapter highlights the government's key commitments and progress to date to reduce emissions across the economy and to deliver net zero by 2050. It includes commitments to deliver a decarbonised power system by 2035, to stretch the government's ambition for net zero across industry, to decarbonise the way buildings are heated and powered, to set the pace for greener, better transport, to harness nature for net zero, and to balance residual emissions.

Key messages:

Power

- By 2050, emissions associated with power need to drop by 95-98 per cent compared to 2019.
- By 2035 the UK will be powered entirely by clean electricity.
- Final investment decision on a large-scale nuclear plant to be secured by the end of this Parliament.

Fuel Supply and Hydrogen

- Ambition for 5 GW UK low carbon hydrogen production capacity by 2030.
- Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme set up to fund new hydrogen and industrial carbon capture business models.
- Development of a low carbon fuel strategy for transport for publication in 2022.

Industry

- Ambition to deliver 6 MtCO₂ per year of industrial carbon capture utilisation and storage (CCUS) by 2030, and 9 MtCO₂ per year by 2035.

Heat and Buildings

- Ambition that by 2035, no new gas boilers will be sold.
- £450 million three-year Boiler Upgrade Scheme to offer households grants of up to £5,000 for low-carbon heating systems.
- £60 million Heat Pump Ready programme to provide funding for pioneering heat pump technologies to support the government's target of 600,000 installations a year by 2028.
- £800m funding for the Social Housing Decarbonisation Scheme and £950m for Home Upgrade Grants.
- Additional funding of £1.423 billion for Public Sector Decarbonisation Scheme, with the new aim of reducing emissions from public sector buildings by 75 per cent by 2037.

Transport

- An additional £620 million investment to support the transition to electric vehicles, with a focus on local on-street residential charging infrastructure.
- £2 billion investment in cycle lanes and low-traffic neighbourhoods to enable half of journeys in towns and cities to be cycled or walked by 2030.
- £3 billion to create an integrated bus networks, more frequent services, and bus lanes to speed up journeys.

Natural Resources, waste and fluorinated gases

- £295 million of capital funding to enable local authorities in England to prepare to implement free separate food waste collections for all households from 2025.

The strategy emphasises a systems approach to the net zero journey, which requires action by multiple parties across the public and private sectors

Greenhouse Gas Removals

- £100 million of investment in Greenhouse Gas Removals innovation with the ambition of further enabling its deployment.
- Considering options for regulatory oversight to provide robust monitoring, reporting and verification of Greenhouse Gas Removals.

Chapter 4 – Supporting the Transition across the Economy

This chapter highlights the government's key commitments and progress to date to support the transition to net zero. It includes commitments around harnessing UK strengths in research and development (R&D), becoming a leader in green finance, creating a skilled workforce to deliver net zero, ensuring that climate considerations underpin policy across the government, and supporting decarbonisation and regeneration in local areas and communities. The chapter comments on the need for clearer expectations on how central and local government interact in the delivery of net zero and recognises that local authorities have a key role in supporting emissions reduction at a local level. The strategy sets out plans to establish a Local Net Zero Forum to engage with local actors and to improve communications between national and local government officials to deliver net zero by 2050; London Councils has been invited to join the Forum.

“
The chapter
comments
on the need
for clearer
expectations
on how central
and local
government
interact in the
delivery of net
zero
”

Key messages:

Innovation for net zero

- The strategy argues that innovation is central to delivering net zero.
- Government investment of £22 billion in R&D, increasing total R&D investment to 2.4 per cent of GDP by 2027.
- Net Zero Research and Innovation Framework to be published, setting out key challenges for the next 5-10 years and how the government is addressing these.

Green investment

- The strategy sees both public and private investment as crucial for any path to net zero.
- The UK Infrastructure Bank (UKIB) to support more than £40 billion of investment, as announced when UKIB was established earlier in 2021.

Green Jobs, Skills, and Industries

- Shifting to net zero provides an opportunity to level up the country and create new, green jobs.
- Approximately 6.3 million existing jobs in the UK (about one in five) are likely to be affected by the transition to a green economy.
- The strategy proposes to reform the skills system so that training providers, employers and learners are incentivised and equipped to play their part in delivering the transition to net zero.
- Lifetime Skills Guarantee to be developed to support workers to gain the skills they need to transition to the green economy.

Embedding Net Zero in Government

- New measures to reduce emissions from Government's £292 billion procurement spending.
- The government will publish an annual progress update against a set of key indicators for achieving its climate goals.

Local Climate Action

- The Strategy recognises the 'essential' role local government plays in meeting national net zero ambitions.
- - Of all UK emissions, 82 per cent are within the scope of influence of local authorities.
 - Over 30 per cent of the emissions reductions needed across all sectors to deliver the government's Carbon Budget 6 target, rely on local authority involvement to some degree.
 - Local leaders are well placed to engage with all parts of their communities and to understand local policy, political, social, and economic nuances relevant to climate action.
- The strategy sees a place-based approach to net zero as vital to ensuring that the opportunities from the transition support the government's levelling up agenda.
- The strategy notes the need to set clearer expectations on how central and local government interact in the delivery of net zero.

- Building on existing engagement with local actors, government wants to set up a Local Net Zero Forum to bring together national and local government senior officials on a regular basis to discuss policy and delivery options on net zero.
- Continuation of the Local Net Zero Programme (previously known as the local energy hubs) to support all local areas with their capability and capacity to meet net zero.

Empowering the Public and Business to Make Green Choices

- The strategy sets out the government's ambition to improve and enhance their public facing climate content and advice.
- The government will explore the possibility of creating a government-led advice service to support UK businesses to meet their net zero commitments.

International Leadership and Collaboration

- The strategy sets out the government's aim to strengthen international collaboration in key sectors to increase global climate action.
- The strategy aims to deliver against net zero on a trajectory in line with the Paris Agreement, decreasing UK emissions by at least 68 per cent by 2030 and 78 per cent by 2035 compared to 1990 levels.

“We are pleased that the Net Zero Strategy recognises the ‘essential’ role of local government with its unique understanding of local context and strong local relationships”

Commentary

London Councils has consistently argued for local government to be a key player in delivering the transition to net zero. We are pleased that the Net Zero Strategy recognises the ‘essential’ role of local government with its unique understanding of local context and strong local relationships.

Similarly, we welcome the emphasis on the need for clear, consistent, and supportive policies to be put in place for local government, and the establishment of the Local Net Zero Forum. This will provide further clarity over the roles and responsibilities of local government and will enable local authorities to drive local progress towards net zero, as well as delivering on the broader commitment to support local authorities' capacity and capability to achieve national net zero targets.

The £295 million of capital funding announced for mandatory separate food waste collections (increased to £300m in the Spending Review) will be important in developing these new services. The strategy's focus on the importance of energy efficiency for all decarbonisation pathways is welcome and forms a key component of London Councils' climate change programmes, including Retrofit London and Renewable Power for London. We note that the government has not yet reached a conclusion on the role of hydrogen, but that the Retrofit London Housing Action Plan sees hydrogen as unlikely to be the answer to low carbon home heating in London.

London Councils will continue to push national government to support any framework for regional and local climate delivery with the right powers, resources, and incentives.

Author: Natalie Turner, Policy Officer

[Click here to send a comment or query to the author](#)

Links:

[Net Zero Strategy: Build Back Greener](#)

This member briefing has been circulated to:

Portfolio holders and those members who requested policy briefings in the following categories: Transport and Environment