Local Government, Housing and Planning Committee
The Scottish parliament
Edinburgh
EH99 1SP

Wednesday 21st July, 2021

Dear Ms Burgess,

Thank you for getting in touch with LGiU Scotland. We would be delighted to contribute to the Committee's planning and I have attached a briefing that outlines some of the issues we see as key priorities for local governments going forward. At the LGiU we frequently highlight examples of good practice from Scotland and across the world, some of which I have included in this briefing.

As members of the Scottish Parliament MSPs on the the Scottish Parliament Local Government, Housing and Planning Committee have full access to our content by signing up on our website: http://www.lgiu.org/memebrship

The LGiU is here to help and we look forward to working together over the next term. If it would be helpful we are happy to arrange regular meetings and would like to suggest an informal meeting in September when parliament returns. We look forward to meeting the committee on August 23rd.

Best Regards,

The LGiU Scotland team
(Kim, Alice & Hannah)

Briefing: International lessons from Melbourne's 20-Minute Neighbourhoods

Published: 3 November, 2020

Author: Merle Zierke, Kim Fellows and Alice Creasy

Location(s): Australia, England & Wales, Global, Ireland, Scotland, South Africa

Topics: Communities and society, Housing and planning, Transport and infrastructure, Welfare and equalities

Summary

"A neighbourhood is not only an association of buildings but also a network of social relationships, an environment where the feelings and the sympathy can flourish." Jane Jacobs (1961)

For many people, Covid-19 has shaped an appreciation for and connection with the place they live in ways that just twelve months ago would have seemed impossible. As lockdowns continue to ebb and flow, holidays are cancelled and many people remain working from home, levels of movement in cities are relatively low. During this challenging time, many people have taken solace in local connections and communities, green spaces and services, yet in some areas this seismic shock has exposed the gaps in local infrastructure.

Through reflecting on case studies this briefing will examine the idea of the 20-minute neighbourhood, exploring how this concept could help local governments and the communities they serve to not only recover from Covid-19 but to build a fairer

and more sustainable future. This briefing draws on case studies from the UK and Europe and provides an update from Melbourne, the city where the 20-minute city first started. It will be of interest to local government planners, officers and elected members working on transport, land use and sustainability policy and delivery.

Briefing in full

Introduction

The idea of the 20-minute neighbourhood in its current form has been represented in the current refresh of **Plan Melbourne** the State Government's Metropolitan Strategy to guide Melbourne's growth and change. As an idea, the 20-minute neighbourhood is about living locally, "**Creating accessible, safe and attractive local areas where people can access most of their everyday needs within a 20-minute walk, cycle or local public transport trip**".

Employment and economic activity in Melbourne, like most Australian capital cities, is largely concentrated in central cities while housing and population growth is predominantly in expansive new suburbs in growth areas on the fringe. Melbourne's greenfield growth areas, are anticipated to house 30 percent of Melbourne's new population yet these areas face unique challenges in relation to liveability, including their distance from major employment centres, lack of public and active transport options and limited local retail and services.

The recently released draft **Guidelines for Precinct Structure Planning in Melbourne's Greenfields** recognise that "Liveable Neighbourhoods Require Deliberate Effort". The guidelines align with the 20-minute neighbourhood, noting that with uncertainty around the longer term impacts of Covid-19 on how we live and work the 20-minute neighbourhood as a robust framework that is adaptive and enabling in the face of change. It is noted that precinct structure plans need to adapt to support increasing densities and intensity of activity, while also providing for high amenity and social inclusion.

The diagram below shows the various elements that make up 20-minute neighbourhoods. The idea itself came out of research by the Heart Foundation (Victoria) which identified the hallmarks of a 20-minute neighbourhood. While walkability is a key feature of the 20-minute neighbourhood, it is much more than that. It is about **increased neighbourhood density** and **integrating a mix of uses** within these neighbourhoods. The addition of mixed uses serves the dual function of access to retail, services and providing local employment.

The 20-minute neighbourhood

Local employment opportunities

Local shopping centres

Local health facilities and services

Local schools

Well connected to public transport, jobs and services within the region

Lifelong learning opportunities

Local public transport

20-minute neighbourhood

The ability to meet most of your everyday needs locally within a 20-minute journey from home by walking, cycling, riding or local public transport

Local playgrounds and parks

Safe cycling networks

Green streets and spaces

Walkability

Community gardens

Housing diversity

Ability to age in place

Sport and recreation facilities

Affordable housing options

Safe streets and spaces

Source: **Plan Melbourne, Department of Environment, Land, Water and Planning**

Almost overnight Covid-19 changed how we work, travel and participate in our local communities. The ability to 'live locally' is more important than ever. As people work from home their retail activity also **shifts to their local area**. This presents a challenge for central business districts, something that has been discussed in **a number of recent LGiU briefings**.

This shift to working from home and re-orientation to local centres has sparked a renewed interest in the role of local centres in local economies. It is from this that the idea of the 20-minute neighbourhood has been identified as a key area of focus for governments, organisations and communities across the world. With this in mind, the following briefing will explore what is meant by a 20-minute neighbourhood before highlighting a number of case studies and coming back to reflect on the original 20-minute city plan in Melbourne.

What is the 20-minute neighbourhood?

In recent months the idea of a 20-minute neighbourhood has swept across the world, but what does this concept mean in practice?

Linked to the notion of a smart city and inspired by the work of pioneering urban planner Jane Jacobs, the 20-minute neighbourhood is an urban planning strategy that focuses on the decentralisation of cities by bringing amenities into neighbourhoods. This strategy centres on the principle that residents would have access to the services they need, such as workplaces, schools, shops, healthcare and leisure facilities within a 20-minute radius from their home. It is important to note at this point that this strategy has been adapted across the world and as a result there exist not only 20-minute city plans but 15 and even 10-minute neighbourhoods with the difference being the radius in which essential services are located. As a **recent LGIU briefing pointed out**, this approach means investing beyond urban centres and it is an idea that could be extended to the decentralisation of workplaces, cultural amenities and other assets to the local centres of suburbs and towns in a process described as '**turning cities inside out**'.

For many, this strategy represents a new wave of **feminist urban planning initiatives** that push back against traditional male-dominated urban design to create more liveable and accessible spaces. The 'walkability' of these neighbourhoods **is a key part of this idea** alongside improving cycling and public transport links. For this reason, the idea of a 20-minute neighbourhood links directly with local strategies designed to improve active travel, reduce air pollution, address inequality and develop ecological public health, which have gained a new lease of life following the local and national lockdowns of 2020.

While developing more accessible, healthier neighbourhoods will undoubtedly benefit everybody, as the LGIU has highlighted, this is particularly important in addressing social inequalities including **issues of poverty**, **health** and **gender**. Many of these issues were brought into stark relief during the national lockdowns enforced by countries across the world earlier this year. While for some communities lockdowns led to positive outcomes -a fall in air pollution, increased levels of active travel, more time with family and better connection with neighbours-, in others it exacerbated stark structural inequality such as **digital poverty**, **caring responsibilities**, a **lack of green space** , **social isolation**, **health inequalities** which increased vulnerability to Covid, **inadequate housing**, **vulnerable working conditions** and a **lack of affordable local services**.

The convergence of a global pandemic and climate crisis means that many of the challenges presented by Covid-19 aren't going to disappear if/when a vaccine is developed. With this in mind many governments are looking for strategies that are able to address the challenges of Covid and form part of a more sustainable, fairer future and for many people the 20-minute neighbourhood could form a key part of

this future.

Case studies from across Europe and the UK

The idea of a compact, accessible neighbourhood has captured the world's attention and the pandemic has catalysed the implementation of this strategy in towns and cities across the world. The following section will highlight just a few of these case studies and explore how this concept is being adapted to the needs of different localities.

- **Paris**

In recent years Paris has seen a radical overhaul of the city's mobility culture with major arteries now closed to private cars, tree planning schemes and the **development of a new plan to create bike lanes on every street**. Now, in the wake of Covid-19, Mayor Anne Hidalgo has turned her attention to the 15-minute city. This plan directly challenges the structural separation between residential, retail, manufacturing and office districts which has become part of planning orthodoxy over the past century. By mixing as many uses as possible within the same space planners in the city are working to bring all life's essentials to each neighbourhood and create a **more integrated urban fabric**.

The accessibility and sustainability which have become key elements of Paris's vision are inspired by the work of European cities such as **Copenhagen and Utrecht** which have been pioneers of pedestrianisation and 'hyper proximity' for decades.

- **London & Leeds**

Some larger cities already possess much of the pre-industrial infrastructure to become 20-minute cities. With more than 600 high streets **90% of Londoners already live within 10 minutes of a local centre** however, after decades of changing work and consumption patterns in recent years these high streets have struggled to stay alive. While these centres are vital in catalysing community cohesion and resilience, only **10% of London's high streets and town centres** have a strategy for renewal. Now, with many people working from home and spending much more time in their local area there is an opportunity to utilise this infrastructure to create 10-minute neighbourhoods within the UK's largest city.

The City of Leeds is **another example** of the opportunities presented by pre-industrial town planning. At one time this historic city possessed a rich mix of land uses within compact and walkable neighbourhoods. As with London much of this

infrastructure remains could help to facilitate contemporary planning strategies such as the 20-minute neighbourhood.

- **North Lanarkshire & Tralee**

While much of the attention around the 20-minute neighbourhood has focused on cities, this idea is also being successfully implemented across regional towns. One example of this is in North Lanarkshire where the "**One Place, One Plan**" project will create eight major "town hubs" which **will incorporate primary and secondary schools** on a wider campus alongside a range of community facilities ranging from healthcare, employment and services for older adults to sport, retail, and transport. With an ambition to replace every school which has not been remodelled since 1996, this plan aims to create places for the whole community within walking or cycling distance from people's homes. These hubs will **vary in size** according to the local geography from Town hubs to Community and Small community hubs.

Similar plans are being considered in Ireland where the regional towns of Carlow, Ennis and Tralee are part of an action plan to improve connectivity and create '10 minute towns'. As the name suggests this **concept seeks** to make all community facilities and services accessible within a 10-minute walk or cycle from homes or are accessible by public transport services connecting people to larger scaled settlements. With towns like Tralee set to experience a population increase in the coming years, plans such as this will help to attract new jobs and make these towns more sustainable places to live, work and play.

- **National government recognition in Scotland**

The importance of creating 20-minute neighbourhoods has been recognised in Scotland's Programme for Government (covered in a **recent LGiU briefing**). This recognition has been welcomed by groups **such as Sustrans** and the Improvement Service which have both done work on the concept and feasibility of 20-minute neighbourhoods. The Improvement Service for example, has **recently published a report** on the impacts of two different options for spatial planning policy: the traditional approach and a 20-minute neighbourhood approach. For each scenario the report presents potential impacts on the wellbeing of people and planet and summarises the key issues, recommendations and research questions. This research was coordinated jointly by the Improvement Service, **Scottish Health and Inequalities Impact Assessment Network**, and the Spatial Planning for Health and Wellbeing Collaborative Group.

Challenges and critiques

While the principles and vision behind the 20-minute neighbourhood are universally appealing, in practice this idea has faced a few key challenges.

Firstly, there is the challenge of measuring success. This has been highlighted by a number of 20-minute city plans which fail to **specify what 'access' means and how it is measured**. For example, the walking pace of a healthy, able-bodied adult may be different to that of a child or an older person. Additionally, stopping at intersections or taking more meandering footpaths may also impact the speed at which someone can travel from a to b.

Secondly, a key issue that has arisen in some plans is the type of essential social infrastructure or distance measure methods that are used to create the 20-minute radius. While some strategies don't specify what counts as 'essential social infrastructure' (which poses a problem when it comes to tracking progress) other, such as that in the **US city of Portland** requires four key pieces of social infrastructure located close to affordable residential housing: public primary schools, grocery stores, green parks, and public transport stops with minimum travel frequency standards.

Thirdly, the evolution of thinking around 20-minute neighbourhoods has **led some to question** whether the ability to move about and switch locations is integral to innovation and advancement? The issue of physical mobility that this question touches upon is an important point to consider within this emerging model of urban planning. While reducing emissions and investing in local services needs to be a key part of future planning strategies, as we move forward it is important to bear in mind the need to avoid segregating neighbourhoods and to maintain social and cultural mixing across the city.

Lastly, an infrastructure deficit is a key practical challenge for many towns and cities. While some councils, e.g. North Lanarkshire, have been successful in securing funding in order to build new infrastructure, for others there just isn't the money to do this meaning that essential services cannot be developed across multiple localities. This is an issue for Local Authorities across the world.

While **Plan Melbourne** sets the vision of the 20-minute city, local government has the shared responsibility for delivering the community infrastructure critical to 20-minute neighbourhoods. In Melbourne, a review of a 20-minute neighbourhood **pilot program** found councils expressed the need for long-term investment and engagement. The pilot program confirmed that the **implementation of 20-minute**

neighbourhood projects should be led by local government in partnership with communities.

Overall, it is important to acknowledge that while this idea seems simple and appealing, in practice it is one which requires a holistic and joined up long-term planning strategy that goes far beyond just providing bike lanes and footpaths.

Reflecting on the real-life experience of the original 20-minute city – Melbourne

In the three years since the 20-minute neighbourhood was introduced, the state government has run **three pilot projects** to test the practical delivery of 20-minute neighbourhoods and commission **research** to identify potential pathways for achieving 20-minute neighbourhoods in greenfield development. The **pilot projects** highlighted the need to embed 20-minute neighbourhoods in decision-making, to provide guidance on designing liveable places and the need to work in partnership with government, industry and communities. The **research** to identify potential pathways recommended '**temporary activation toolkits**' and '**temporary infrastructure and service delivery masterplans**' to deliver the access and services early and throughout the different stages of development. It also stated the need to understand and identify how residents will access jobs and services locally and regionally, with a focus on active and public transport options.

Collectively, this work is an important reminder that the problem 20-minutes neighbourhood seeks to address – that of living long distances from major employment centres, with a lack of public and active transport options, limited local retail and services – requires a long term, collaborative approach between all levels of government, the private sector and the community. To begin with, the provision of footpaths and bike lanes may be adequate in dense inner areas, but in Melbourne's middle and outer ring suburbs without access to the jobs, retail and services people need they will not provide a viable alternative to the car.

Comment

The renewed interest in 20-minute cities is a welcome response to both the challenges of responding to Covid-19 and to deliver the amenity and access needed to move away from car-centric communities. **New research on achieving the 20-minute city in Melbourne notes that**:

> "While the research underpinning this report was completed before the onset

of Covid-19, its conclusions have only become more pertinent in the face of recent changes to the workforce, travel patterns and local amenities required to maintain health and wellbeing. These circumstances have brought to light an opportunity—and imperative—for planning and development of new neighbourhoods to be reimagined so that these places, and the communities that inhabit them, are well-prepared for future shocks and stresses."

As a **recent LGIU briefing highlighted**, while this crisis has already brought countless challenges and hardships, it has also provided a clear public, scientific and political mandate for change. As health and environmental crisis begin to converge, the need to develop sustainable and resilient communities is more vital than ever. While these changes will require brave leadership and will come with financial costs the short, medium and long-term health and environmental savings would be both socially and economically vital to future health and well being of the communities served by local government.

As powerful actors within the networks of place-based development, local governments play a key role in catalysing and leading this change. With this in mind, over the coming months LGiU will be taking a more detailed look at some of the practical steps that councils can take to deliver a socially and environmentally sound future.

Related Briefings

Post-Covid cities: how might the pandemic change urban areas?

Future towns – what will our town centres and high streets look like after Covid-19?

How can we make urban planning work for women?

The role of active travel in our recovery from Covid-19

Emerging from the pandemic: the City of Sydney's recovery plan

Fairer streets

Urban density and pandemics: lessons from global Covid-19 experiences

Briefing: Towards the 20-minute neighbourhood: engaging children and young people in place-making

Published: 28 June, 2021

Author: Alice Creasy, Merle Zierke, Kat McManus, and Kim Fellows - LGiU

Location(s): Australia, England & Wales, Ireland, Scotland, South Africa

Topics: Communities and society, Housing and planning, Transport and infrastructure

Summary

- Travel restrictions triggered by the pandemic have catalysed a new found appreciation for 'the local'. From neighbourhood green spaces and cycle lanes, to local shops and vital public services, the impacts of COVID-19 have forced a global re-think of how we view, use and move around our neighbourhoods.
- In many places this re-think has led to the adoption of concepts such as the 20-minute neighbourhood and commitments to invest in local infrastructure.
- With governments across the world embarking on large-scale active neighbourhood redevelopment projects, this could be a perfect time to bring children and young people into urban planning conversations.
- This briefing will draw on a diverse range of international case studies to explore how local governments can work with children and young people to achieve healthier, sustainable and more inclusive neighbourhoods.

Briefing in full

Introduction

The pandemic has catalysed a growing awareness of the importance of low-carbon, vibrant, diverse and active neighbourhoods and has kick-started an interest in a range of innovative planning concepts. One of these concepts is the '20-minute neighbourhood' which advocates for the decentralisation of cities by bringing essential amenities into neighbourhoods. Currently being implemented by local governments across the world, this concept facilitates a holistic approach to neighbourhood planning and encourages communication between a range of different departments and stakeholders.

As discussed in our earlier **briefing**, the 20-minute neighbourhood concept provides an opportunity to address the gaps in current engagement practices and a framework for the development of more accessible local communities that could offer great benefit to children and young people as well as their families and wider communities. However, these benefits will only be fully realised when children and young people are included in the planning and design process. Not only do inclusive engagement practices ensure the designs reflect a diverse set of needs but also gives children and young people a sense of ownership and investment in their community.

Drawing on a range of international case studies, this briefing will explore how local governments can use the opportunity created by 20-minute concept to work with children and young people to develop healthier, sustainable and more inclusive neighbourhoods.

Techniques for engaging children and young people in place-making

Engaging children can range from gathering information to frame planning policy, to engaging them in policy development and the evaluation of masterplans and designs (**both pre and post development**). **Cities Alive: Designing for urban childhoods** identifies a number of considerations for engaging children and young people, starting with co-creation. This involves engaging children, their caregivers and the wider community early in the process and on their own terms. Engagement must be age-appropriate, creative and fun. Participation in the planning process can encourage a sense of ownership of public spaces and build social capital for their maintenance.

Participation need not be limited to planning and design. Engaging young people in the construction process can help develop vocational and life skills. For example, the construction of the **Whaler' at Somerford Grove Adventure Playground**, in the UK, saw 31 young people and 24 volunteers turn an existing eco classroom into a new climbing structure, shelter and performance space.

Engagement approaches can **include** the use of movement and role play, photography and information technology, art, music, dance and song, themed drawing and painting and storytelling. Conversations with children will often involve imaginative scenarios which experts then need to convert to actual planning content, a process that can benefit from assistance from play experts. Mapping and monitoring the things that matter to children as part of their everyday movements can also highlight issues and prioritise improvements. Observing children as they play in a space, where they take risks, how they play at different ages can also be informative. As with all consultation and engagement activities it's important to engage with a diverse range of participants including children with different physical abilities and social, cultural and economic backgrounds.

Case study: Co-production of Maps in Boulder

Growing Up Boulder's **child-friendly city map** was developed over a year long process of co-creation with children and families, around half of whom were from marginalised communities. Initially provided as a printable map in early 2019, followed by a digital version. It was envisioned the map would help children and families feel empowered by exploring Boulder, finding healthy ways to get about, equitable access to civic spaces and the opportunity to meet other families in family-friendly locations, along with seeing that their ideas and opinions matter in civic decision making. A teen-friendly map has since been developed.

Case study: gamifying data collection Oslo

Oslo's **Traffic Agent app** gamifies the collection of real time road safety data, helping to improve walking infrastructure and reassure children and families walking to school. The game has primary school age users in the role of secret agents reporting on concerns such as difficult pedestrian crossings, issues with road signs and high traffic areas.

Case study: designing safer streets for girls in Hanoi

Block by Block is a partnership between UN-Habitat and the **Block by Block Foundation**, which uses the video game Minecraft as a community participation

tool in the design of public spaces. The process includes participatory planning workshop where children and young people can have input into the design, implementation and management of public spaces. This approach has been used in Hanoi where forty-five girls worked in teams and used Minecraft to reimagine the neighbourhood around their school. They then presented their ideas to a group of non-government organisations and Vietnamese politicians. Similar workshops have been held in twenty different countries, including Haiti, Mexico, Nigeria and the Philippines. The experience to date is that young people feel confident engaging in this way and sharing their ideas.

Case study: Green is go in Logan, Australia

Logan's 2018 Village Forum identified community desire for a playground on the village green. When the time came to plan the recently opened playground, the Council hosted a '**Place to Play**' event at the village green, engaging children to provide ideas for the playground. The community wanted the playground nestled within trees and to have a significant amount of green space and shade for sitting and reading.

Case study: My City Too, Toronto

My City Too is an initiative by 880 Cities and EcoKids, focussed on free play and independent mobility for children under 12 years of age. **880 Cities** notes that "according to UNICEF, there is a high correlation between children's well-being and their freedom to travel and play without adult supervision". My City Too engaged over 200 parents, caregivers, children, and advocates in order to identify existing barriers to children's ability to engage in free play and move independently in Toronto. This was followed by a collaborative process working with local authority, not for profit and private enterprises. Guided by best practice research, My City Too identified ten major recommendations, which included that children are included in municipal planning and decision-making processes.

Case study: Make Space for Girls

Spatial equity matters. **Make Space for Girls** has found that girls are designed out of public spaces at a time when they are typically seeking greater autonomy and developing independence. The feeling of not being welcome becomes ever more critical when combined with the health impacts of girls' activity levels dropping significantly from the age of 10. A Welsh survey, which asked girls what would make them become more active, the most common answers were to make activities locally accessible and to provide them with 'fun, sociable and not competitive sport'.

Providing spaces where girls and young women feel safe is an important consideration. Design of parks should consider safety and access as a priority. Overall design elements that can make parks **more welcoming to girls include**:

- Better lighting
- Pathways around the perimeter of the area
- More seating areas, preferable with seats facing each other
- More swings
- Wider entrances in and out of areas
- Breaking down play areas into smaller spaces
- Good, safe toilet provision.

What does local government action look like?

Local governments have a role in engaging the community in how they support the wellbeing of children and young people and their ability to participate in urban spaces. This includes raising both the aspirations and demand for child-friendly cities and ensuring that planning, infrastructure and service delivery all consider the needs of children and young people.

Specific actions for city leader and policy makers, as identified in **Cities Alive**, include:

- Appoint a child friendly champion
- Simplify requirements and regulations to support existing and facilitate new community and tactical initiatives
- Implement a children's infrastructure policy, this could include neighbourhood scale projects and programs as well as seeking to improve children's ability to travel safely to key destinations through actions such as introduction of space standards, road-user hierarchies
- Map, monitor and measure everyday freedoms, with child-friendly indicators that reflect the local context

When it comes to the built environment actions include:

- Looking beyond the basic design function
- Exploring innovative and creative approaches to playable spaces
- Transforming outdoor institutional settings
- Recommending evidence-based policies, guidelines and indicators

Resources for local authorities:

- **Children's Voices A principled framework for children and young people's participation as valued citizens and learners** a collection of tools and resources are designed to support and empower children and young people's participation as active citizens and learners.
- Assessment tools for different age groups, helping to engage and guide children through different domains such as access to education, access to nature and safe streets, can be found **here**.

Comment

The COVID-19 pandemic has seen a renewed interest in the 20-minute neighbourhood and the benefits of providing residents with, safe, green neighbourhoods with access to jobs, education, retail, healthcare and leisure facilities within a 20-minute radius. As the **first briefing** in this series emphasised, these principles are well aligned with the needs of children and young people when it comes to their ability to move safely and independently through their communities.

This second briefing has focused on the benefits of and techniques for engaging young people in planning, to deliver better outcomes but also to increase a sense of connectedness and ownership with their local areas. Capitalising on the popularity of concepts like the 20-minute neighbourhood, a green recovery opens up more opportunities to work closely with young people and their families, and to design public spaces in a way that meets their needs. This includes expanding the often-limited view of planning for children and young people through the lens of safety and risk aversion to one that encourages them to confidently engage with and be a part of urban places.

With responsibility over local planning, service provision, community engagement and transport local authorities play a vital leadership role in engaging children and young people within urban design processes and ensuring a just and sustainable recovery from the pandemic.

Related briefings

- **Making space for children and young people on the road to recovery: are 20-minute neighbourhoods the answer?**
- **Towards creating a strategy for 20-minute neighbourhoods**
- **International lessons from Melbourne's 20-Minute Neighbourhoods**
- **Are we just around the corner with 20-minute neighbourhoods?**

Members only briefing from https://lgiu.org

- [**Perspectives on the 20-minute neighbourhood – progress around the world**](#)

Briefing: Swift Read: Budget 2021 – a wasted opportunity for local government?

Published: 9 March, 2021

Author: Mike Woods, LGIU Associate

Location(s): England & Wales

Topics: Economy and regeneration, Finance

Summary

This swift read looks at the March 2021 Budget from the perspective of local government in England and questions the impact the Chancellor's announcements will have on the sector.

It complements two other LGIU Budget briefings – an on-the-day briefing and one that looks in detail at the economic outlook and the macroeconomics of the Budget.

Briefing in full

The main focus of the Chancellor's **2021 Budget** was to respond to the enormous challenges of the Covid-19 pandemic. The headline announcements included:

- the continuation of the furlough scheme until the end of September
- confirmation of the fourth round of Self-Employment Income Support Scheme grants (for the period February to April) plus a new fifth round to cover May to September

- continuation of the temporary £20 a week increase in Universal Credit until the end of September
- extension of the temporary cut to Stamp Duty and the reduced rate of VAT (5 per cent) for tourism and hospitality, both to the end of September
- Restart Grants in England of up to £6,000 for non-essential retail businesses and up to £18,000 for hospitality, leisure, personal care and gym businesses
- continuation of 100 per cent business rate relief on retail, hospitality and leisure premises until 30 June, followed by 66 per cent relief until the end of March 2022
- an extra £1.65 billion to support the vaccine rollout

The Chancellor claims that the total Covid-19 support package, this year and next, will amount to a staggering £352 billion, which is equivalent to £5,270 per person in the UK.

The detail on how all this is to be funded and the long-term effects on the UK economy are outside the scope of this swift read but, having previously ruled out increases in the rates of income tax, VAT and NICs, the main burden is going to fall on business, through a big increase in Corporation Tax (from 19 per cent to 25 per cent), and individuals through the freezing of income tax thresholds for the next five years.

There were surprisingly few budget announcements of direct relevance to local government and little acknowledgement of the pressures facing councils. There was no extra support for adult and children's social care, and nothing new on long-awaited reforms: the Fair Funding Review, the review of business rates, and still no sign of the social care green paper.

Whilst the continuation of the various Covid-19 support schemes has been generally welcomed, many commentators have highlighted the "cliff edge" at the end of September and queried whether the Chancellor will be forced to extend some of the support schemes, at potentially huge cost to public finances. Others have pointed out that this is the biggest tax-raising budget since Norman Lamont's in 1993 and that it is predicated on a swift post-pandemic recovery and sustained growth coupled with substantial cuts to public finances, all of which are very uncertain.

The remainder of this swift read will examine the main Budget announcements of relevance to local authorities, and will try and assess the implications where sufficient detail is available.

Business rates relief and other support for businesses

On 3 February, the Financial Secretary, Jesse Norman, **advised billing authorities** to delay business rates bills for 2021-22 until after the Budget. There was a good reason for that advice. The Budget extended the 100 per cent relief for retail, hospitality, leisure and nursery businesses in England for three months, until the end of June 2021. From 1st July 2021 to 31st March 2022, relief of 66 per cent will be given, with a cash cap of £2 million for businesses required to close on 5 January 2021 and up to £105,000 for businesses that were permitted to stay open. Businesses may choose to refuse support if they so wish and any support foregone will be tax deductible. Some supermarket chains have already indicated that they intend to opt out of relief.

Billing authorities are expected to use their powers under S47 of the Local Government Act 1988 to provide the reliefs and no new legislation will be required. Authorities will be fully compensated for the income lost and will receive "new burdens" funding for administrative and IT costs. One complication is that the caps are per business, not per property. **Government guidance** on this "Expanded Retail Discount" scheme lays out in detail the types of property that will qualify for relief and includes an example "Cash Cap Declaration" to be completed by businesses operating in multiple locations.

In addition to the Retail Discount, the Budget also announced "Restart Grants" of up to £6,000 per property for non-essential retail businesses and up to £18,000 per property for hospitality, accommodation, leisure, personal care and gym businesses. It appears that these grants will be administered and distributed via billing authorities, but detailed guidance is still awaited.

Way back in 2016, George Osborne made a commitment that local authority business rate systems would be linked to HMRC digital tax accounts so that businesses could manage their rates bills in one place alongside other taxes. An **Act** to allow HMRC to expend resources on beginning to design and build a new digital service was passed in 2019, but little progress seems to have made. Budget 2021 provides £180 million to enable HMRC "*to carry out initial design and development…and support more effective analysis and oversight of the collection of the tax*".

The Budget also provides an additional £425 million of discretionary business grant funding to local authorities in 2021-22, following on from the £1.6 billion provided in 2020-21. It is anticipated that this will be available to support closed businesses as

an extension of the 2020-21 "Additional Restrictions Support Grant" scheme, and that local authorities will have wide discretion over its use.

Council Tax

The Budget makes no reference at all to council taxes, and there is still nothing to suggest that ministers are ready to consider any reforms to the system. However, the Budget's forecasts of council tax income are of interest. In 2021-22, council tax receipts are forecast to rise by 4.7 per cent, and then rise by an average of 3.4 per cent each year thereafter, until by 2025-26 they will total £45.6 billion. These above-inflation increases will accelerate the shift in the burden of local taxation from businesses to home-owners and tenants. Back in 2014-15, the amounts raised from business rates and council taxes were broadly similar, but by 2025-26 council taxes are forecast to raise £10.6 billion more.

Economy and Infrastructure

The Chancellor used his speech to announce a new economic campus to be established in Darlington. Details are scarce, but the Financial Times is reporting that the Darlington campus, dubbed "Treasury North", will eventually house 750 officials from ministries including the departments for business, transport and local government. No timescales have been given. Slightly more detail is available on the UK Infrastructure Bank that was announced in last autumn's Spending Review. The Budget announced that the new bank, which will provide financing support to private sector and local authority infrastructure projects, is to start work this year and is to be based in Leeds.

As part of the government's **Levelling Up** agenda, first announced in the autumn Spending Review, the Budget confirmed £1 billion for a further 45 New Town Deals across England adding to the seven deals announced last autumn. The deals are designed to give areas the opportunity to invest in their local economies, create jobs and drive growth across the country, but the fairness of the process has been questioned as it emerged that 39 of the 45 deals are in areas represented by Conservative MPs. Other funding through the Levelling Up fund is to be distributed through a competitive bidding process and places have been placed in one of three categories, with preference for funding being given to places that are in the highest category according to a new government assessment of need. Although the category list has been published, the methodology is still awaited. When published, councils and their representative bodies may wish to look very carefully at the basis of categorisation to make sure the criteria are reasonable and have been applied

fairly.

The Budget also launched a prospectus for a competitive Community Renewal Fund (worth £220 million) which will support communities across the UK in 2021-22 to pilot programmes and new approaches as we move away from EU structural funding and towards a UK Shared Prosperity Fund. The government has identified 100 priority places that will receive capacity funding to help them co-ordinate their applications.

One announcement that received quite a lot of attention was that eight areas (East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames) have been successful in the Freeport bidding process. The Freeports will contain areas where businesses will benefit from tax breaks including no stamp duty, full rebates for construction and machinery investment, five years of zero business rates, and lower tariffs and customs obligations. Freeports have been tried before, but they did not have much impact. How successful this new iteration will be in meeting the Chancellor's expectations of *"unlocking billions of pounds of private sector investment, generating trade and jobs up and down the country"* is open to question.

Alongside the Budget, the Treasury published a glossy, 112-page document **Build Back Better: our plan for growth** which sets out the government's plans to support economic growth through investment in infrastructure, skills and innovation. The paper promises a renewed export strategy, a devolution and local recovery white paper, a transport decarbonisation plan, a net zero strategy, a national bus strategy and the conclusion of the post-18 review of education and funding. How far and how quickly any of these commitments will translate into action remains to be seen.

Comment

So, as far as English councils are concerned, that is about it. Lots of promises, but no mention of adult or children's social care, no mention of schools, no announcements on public health, very little on housing and nothing definite on further regional devolution. Whilst it is understandable that Mr Sunak's focus should be on post-pandemic recovery, it appears that our councils have been largely ignored, except as conduits for the provision of support to businesses.

The assumptions about council tax growth, buried in the detail of the Budget, are worrying because they represent a fundamental shift in the balance of local taxation from businesses to householders. We are also no further forward with the Fair

Funding Review, the long-awaited review of business rates or with integrating social care and NHS services. As Andrew Dilnot has **recently noted**, if decisions on the future of social care are not made this year, *"it's very hard to see how they can be implemented before the next election"*.

There is also an unwelcome suggestion from critics of the Budget of "Pork Barrel" politics in the way that the New Town Deals seem to favour Conservative constituencies, which gives a warning that councils need to look very carefully at their categorisation for other Levelling Up funding.

Looking at the Budget overall, it is hard to avoid the conclusion that, yet again, an opportunity has been wasted. After more than a decade of austerity, local government finances are in a parlous state, ever more reliant on above-inflation increases in council taxes to keep themselves afloat. Councils are at the centre of their communities and provide services that matter most to people in their daily lives. It is vital that ministers acknowledge their importance to the nation's wellbeing and that the next few months are used to bring forward the urgent reforms that are so desperately needed.

Related Briefings

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For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Head of Briefings, on *janet.sillett@lgiu.org.uk*

Briefing: Climate commons: putting communities at the heart of the transition to net zero

Published: 4 May, 2021

Author: Alice Creasy, LGIU

Location(s): England & Wales, Global, Scotland

Topics: Climate action and sustainable development, Communities and society

Summary

The climate crisis, and the response to it, presents opportunities for communities in the UK as well as threats. Given that the next phase of decarbonisation is likely to have a much more direct impact on people's lives, the democratic and place-based nature of local authority governance puts councils in a key position to facilitate and support a just transition. With the impacts of climate change worsening with every passing year, this briefing draws on two recent reports which explore the challenges facing communities, as well as opportunities of building a local climate commons in the transition to net zero.

Briefing in full

Introduction

From flooding and heatwaves to economic insecurity and health, the climate crisis

currently poses numerous threats to communities in the UK. Yet alongside the clear challenges, the transition to a greener economy also offers the opportunity to reshape local areas in a way that improves health and wellbeing, and quality of life, and tackles inequalities.

Communities are collectively addressing the climate crisis, with local people coming together to create shared low carbon assets and, in doing so, improve their health, wellbeing and local neighbourhood. These activities often also help to reduce poverty and empower stakeholders. This form of action has been described by the Institute for Public Policy Research as building a **'local climate commons'** – local stewardship of resources, created and owned locally, for example community-owned wind or solar, community land trusts, creating affordable low carbon homes and local food cooperatives. While emissions tend to dominate mainstream narratives on climate action, for many of those working in community-led initiatives, emissions reduction is often a **co-benefit** with social cohesion and economic resilience sitting at the heart of environmental action.

Despite the opportunities presented by the transition to a greener economy and the work of communities across the country, at present the **UK is not only failing to make the most of these opportunities**, but failing to manage the unequal, negative impacts of the climate crisis and transition. With this in mind, this briefing draws on reports by the **Institute for Public Policy Research (IPPR),** and **Community Land Scotland (CLS**) to outline some of the climate challenges facing the UK and highlight the important role of local authorities in supporting a just transition to net zero.

Impact of climate change

The direct and indirect impacts of climate change on the UK and Ireland are becoming increasingly evident with every passing month and year. Issues of migration, conflict, biodiversity loss, pandemics, supply chains and food insecurity are challenges that have **already impacted the UK** and will continue to worsen as the climate crisis escalates. As well as these worrying trends we will feel the worsening **direct impacts of climate change** such as extreme heat, flooding, sea level rise and vector-borne diseases.

While the UK has made an effort to reduce its emissions, up until now much of the progress on addressing climate change has been made in the background, largely through national policy changes which impact the energy sector. However, if the UK is to meet its goal of reducing greenhouse gas emissions to net zero by 2050, the next step on the transition towards et zero will **require policy changes to take**

place in the foreground. From food and land use, to housing, transport and planning, these changes will have a direct impact on people's everyday lives and have the ability not only to reduce emissions but support adaptation and resilience at a local level.

Going forward it's important to recognise that **communities are faced with having to transition on three fronts**:

- *to the direct environmental impacts as well as the indirect political, economic and social impacts of the climate crisis*
- *to the impacts that will arise from the economic transition in response to the climate crisis*
- *to the changes required in neighbourhoods and lifestyles to meet these challenges.*

With this in mind, for communities to adapt and thrive in a climate-changing world, the next phase of decarbonisation needs to put questions of resilience, justice and agency at its heart. While mainstream climate narratives have largely focused on reducing emissions as fast as possible, as centres of local democracy and service provision local authorities play a key role in embedding resilience and agency into the next phase of the just transition to net zero.

Importance of community action

60% of the emissions reductions needed to achieve net zero **will need to come from societal change**. With this in mind CLS emphasise the importance for working with communities to ensure a just transition to net zero stating that local communities are often the **most effective focus for action** when seeking to establish new norms, change behaviours and promote awareness and understanding of climate issues.

Much of the effectiveness of community action when trying to change behaviours and raise awareness comes from the power of local messengers. This is highlighted most plainly by a quote in the CLS research from Alastair Seaman (Climate Change Manager at Keep Scotland Beautiful) who said:

> *"Not only do we need to get the right words and the right vocabulary, but we need to have the right messengers for climate change. The messages are quite stark, they're a little bit scary, and they're going to demand a change from everybody. In order for that message to land well, it needs to be communicated by people like the audience …. So the changes that we need*

> *to make need to be shared, yes by politicians and scientists, but actually – looking out my window here at my community – the people they're going to listen to and give credibility to are their peers. People who speak like them, people who look like them, people who talk like them …. there is a really important role for communities to play here."*

Importantly, community actors are also able to act quickly to engage people and bring about change because they are close to the work on ground, embedded in the social dynamics of place and have a good knowledge of local needs and capacity. This dynamic, grounded approach to action means that actors are aware of local needs and are **well placed to identify opportunities for climate cation**. Community stakeholders are also more likely to think holistically. **The research by CLS observed that:**

> *Community owners tend to be involved in more than one climate action sector. For many of them, climate action is not a separate domain but something that is essential to the ethos of their organisation and embedded across their governance, operations and activities. This reflects an over-riding concern to care for the community and the local environment.*

This means that community actors are more likely to make connections across a range of activities thus stimulating multiple 'soft' benefits such as environmental education, skills development, enhanced health and wellbeing. The importance of thinking holistically about climate action has been highlighted in **Scotland's Third Land Use Strategy 2021-2026** which emphasises the need to take a holistic systems approach to land management.

Fostering community action, key recommendations for local government

Across the UK communities are driving place-based climate action. By learning from and building on this work governments and organisations will be better able to centre communities in the transition to net zero. From urban food projects and adaption initiatives, to active travel programmes and renewable energy initiatives, **CLS** and **the IPPR** highlight some of the brilliant work being driven by communities across the UK and explore the conditions needed to drive successful community action. Key recommendations to local governments include:

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Build effective partnerships

Community action is vital but it can't be done without the support of local organisations. Research **by the IPPR** found that strong networks which facilitate relationships between people and different organisations within a community are a key factor in the success of a project. This is echoed by **CLS** who emphasise the importance of support from and collaboration with local partners including other community and civil society organisations, local and national government, public bodies and private organisations.

One method for collaboration recommended by the IPPR is through establishing joint ventures with community enterprises as a way of developing community-owned green assets. Through this pathway, the local authority could provide the asset transfer and intellectual and technical support, along with bonds, while the community enterprise could raise the finance from share offers and loans.

Improve community engagement

Another thing that was a common feature across both pieces of research was the need for local authorities to improve their engagement with community-led groups. Research by CLS found significant levels of frustration from community members who were trying to engage and collaborate with local authorities. In particular stakeholders were frustrated by an inability *to **"find a way in"*** such discussions, and by embedded cultures and mindsets which do not support collaboration with community partners.

This is echoed by the IPPR's research which recommends that local authorities should more actively involve community groups in devising climate action plans. The research suggests that this could **involve activities such as**:

- *undertaking climate deliberation processes on an ongoing basis, rather than as a one off, such as citizens juries or panels bringing together a representative group of local citizens and community groups*
- *local authorities shifting from implementing climate plans on behalf of communities, to creating the infrastructure that enables them to shape and steward the resources and the transition – this could involve greater planning support for community-run developments and priority bidding for community groups for land or buildings, which can help harness the enthusiasm, local knowledge and support of the community, while ensuring local government retains its legal oversight; in each climate action plan a clear role for the community and local citizens and a vision for low carbon transformation that*

creates thriving places should be clearly outlined.
- *providing accessible guides for community development towards net zero – such guides could include information on how to access funding, support networks and resources, and community rights.*

Support community ownership

Community ownership and agency is stressed by both reports as a key pathway to successful action. This involves giving communities greater ownership and agency over both the process of transition as well as the assets and benefits that arise from it. CLS suggests that to do this local authorities could include all public assets – land and buildings – in their definition of community value, giving communities a chance to bid on any of these assets put up for sale by local authorities.

This recommendation is mirrored by the IPPR who highlight the fact that, with increasingly constrained budgets, local authorities have been selling off public assets at an accelerated rate. While this is an important opportunity to increase community ownership, at the moment communities are **rarely given the chance to bring these resources and infrastructure under common ownership, with poor transparency over the bidding process and little information communicated to the community.**

Fund community initiatives

Funding was one of the main barriers to action identified by both pieces of research. The IPPR highlight that funding must be invested in people as well as the projects at a community level and must be available over the long term. To achieve this they suggest that funding partnerships between local authorities and community groups can be mutually beneficial. For example, joint ventures between a community energy organisation or a community land trust and a local authority can take the pressure away from a council while also ensuring greater local support for a project the authority might otherwise struggle to gain support for. They also emphasise that **ensuring that all types of communities, including more deprived areas, are given the support to access such funding will be crucial to ensuring that they are also able to make the most of these opportunities.**

Comment

Climate narratives have focused on reducing emissions at pace, largely through national policy frameworks. However, the next phase of decarbonisation will have a much more visible impact on people's everyday lives. This challenge, combined with

the real-life impacts of climate change on people means that issues of justice, inclusion and resilience need to underpin the next phase of the transition to net zero. The reports featured in this briefing highlight the holistic benefits of the climate commons which not only addresses emissions but tackles increasingly pressing questions of agency, justice and resilience.

Given the local, democratic role and place-based nature of local authorities, councils will play a key leadership role in facilitating and supporting a just transition. As a **recent LGiU blog states**; despite multiple pre-existing challenges, it is local authorities that have been at the forefront of the response to Covid; engaging, orchestrating, delivering and leading. Moreover, despite the challenges of the pandemic and the constraints resulting from cuts to funding, councils across the UK have continued to engage, orchestrate, deliver and lead on climate action. And it is **local authorities that are leading the way in developing policies for a post-Covid green recovery**.

This isn't a challenge that draws only on those already explicitly engaging in sustainability, but something that must take centre stage for all council departments. From sharing and developing skills and supporting community buyouts to strengthening engagement and building strong partnerships local authorities and partners possess the tools, experience and skills to empower and support local communities on the next step of the transition to net zero.

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Weathering the storm: the importance of adaptation and resilience in place-based climate action with local government in the lead

Briefing: Councils and the climate crisis: making social housing energy efficient

Published: 13 May, 2021

Author: Neil Merrick, LGIU Associate

Location(s): England & Wales, Scotland

Topics: Climate action and sustainable development, Housing and planning

Summary

Making homes energy efficient is critical to tackling the climate crisis and meeting climate goals over the next 15 years.

While the least energy efficient housing is generally found in the owner occupied and private rented sectors, councils and other social landlords have a major role to play in cutting carbon emissions.

This not only means building zero carbon or greener homes but retrofitting existing properties with technology that reduces emissions, and hopefully cuts fuel bills.

Government funding is available throughout the UK, but is it enough? Also local authorities lead the way and help ensure housing of all tenures is upgraded so that homeowners and private renters do not miss out.

The UK government is keen to demonstrate its green credentials ahead of this autumn's COP 26 climate conference. However, the failure of the green homes grant scheme has raised questions over how it intends to tackle energy use in housing,

which accounts for about 20 per cent of all greenhouse or carbon emissions.

This briefing looks at the scale of the challenge and the support available to pay for energy upgrades. Also, what are governments pledging for the years ahead, and are the targets achievable?

It draws on a **report by the House of Commons environmental audit committee** on energy efficiency and net zero housing, published in March, as well as the Scottish government's recent 'Housing to 2040' strategy.

The briefing will be of interest throughout local government, especially to officers and members with responsibility for housing and energy.

Briefing in full

Introduction

Local authorities own about seven per cent of all UK housing. In terms of energy efficiency, much of it is in better condition than property in other sectors. There is less likelihood of finding homes with an energy performance certificate (EPC) rating of F or below than in the private rented or owner-occupied sectors.

According to the House of Commons environmental audit committee, the social rented sector performs better than the private sector on energy efficiency due to wider use of cavity wall insulation, and because it contains a higher proportion of flats. Compared with detached or semi-detached houses, flats have less exposed surface area (external walls and roofs) through which heat is generally lost.

But this does not mean homes let by councils and housing associations (which make up a further 10 per cent of total UK housing) cannot be improved.

The **Climate Change Committee**, an independent body set up under the Climate Change Act 2008, is recommending that all homes achieve an EPC rating of C or above within the next 10 to 15 years.

This will involve councils and other social landlords 'decarbonising' properties they already own and those that are built during the next decade.

Tenants who rent from social landlords are not able, or expected, to pay for greater energy efficiency in their homes. But money is available for landlords from schemes run by different UK governments [see later].

Councils should also consider the wider impact of decarbonising their housing stock,

including the potential for lower fuel bills and the effect on local neighbourhoods, which will include a range of housing tenures.

The condition of council homes

According to the Climate Change Committee (CCC), at least 19 million of the 29 million existing homes in the UK require retrofitting to be made low carbon, low-energy and "resilient to a changing climate".

In evidence to the enquiry for the Commons environmental audit committee, the CCC said about 56 per cent of the four million homes let at social rent (including homes let by housing associations) currently have an EPC rating of C or above.

About 43 per cent of social housing has a rating of D or E, while less than one per cent (or about 34,000 homes) has a rating of F or below.

By comparison, about five per cent of owner-occupied or privately rented homes have EPC ratings of F or G – equivalent to more than one million homes [see chart below].
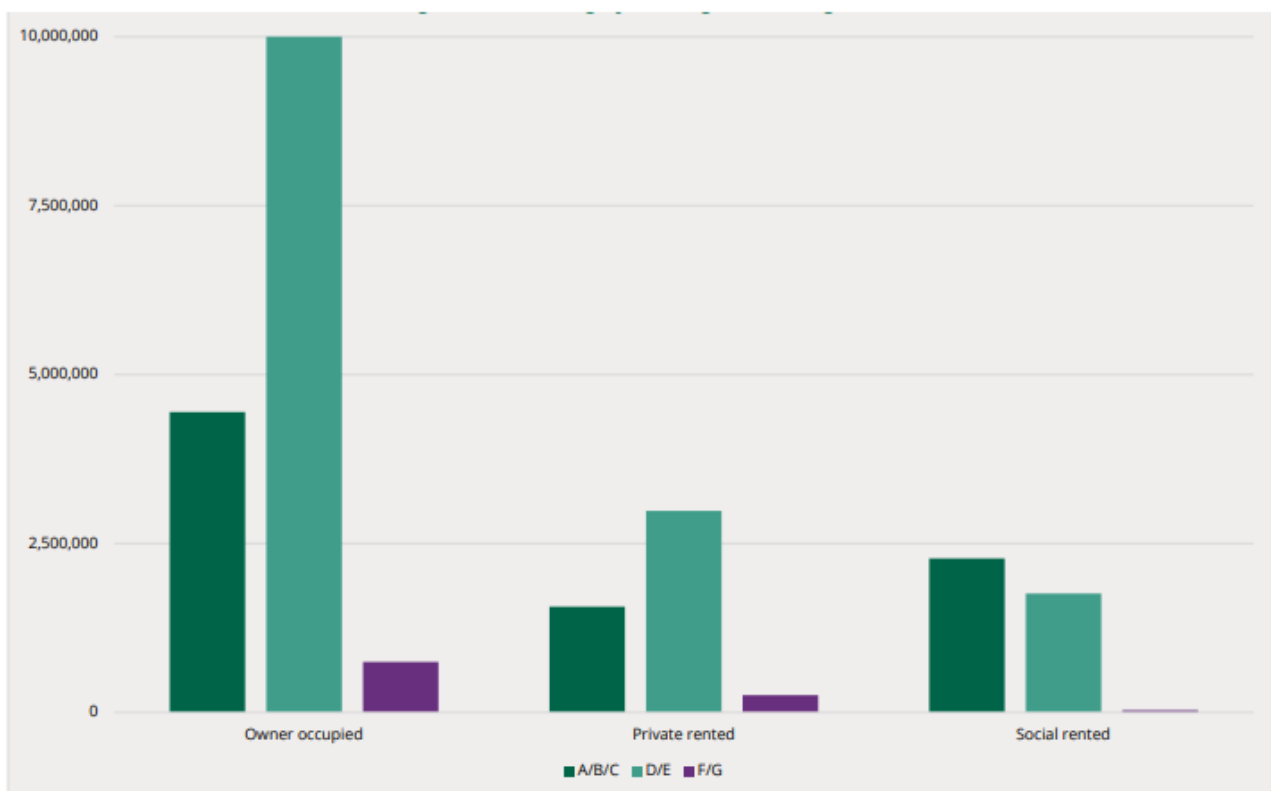
Source: House of Commons environmental audit committee

The UK government uses a standard assessment procedure (SAP) rating system to

measures the energy efficiency of housing in England, based on a property's heating system and insulation.

According to the English Housing Survey for 2019/20, 61 per cent of social housing was in bands A to C, compared with 38 per cent of private rented homes and 36 per cent of owner-occupied dwellings.

The most recent **Scottish House Condition Survey** reveals similar results, with 56 per cent of homes let by local authorities or registered social landlords in 2019 in EPC band C or above in 2019, and just one per cent in bands F or G.

In addition, 87 per cent of social housing meets **the energy efficiency standard in social housing** set by Scottish Government. The standard was revised last year and now requires all social housing to meet EPC band B by 2032 or to be as energy efficient as possible, subject to cost and technology.

In Wales, 98 per cent of homes owned by social landlords had a SAP energy rating of C or above in 2019, up from 78 per cent in 2013.

While social housing may be better placed than other sectors, these surveys also reveal that many homes let at social rent currently fall outside one of the top bands for energy efficiency. This means considerable investment is required to bring all social housing up to EPC band C or better.

How much will it cost to achieve zero carbon homes? **According to a study last year by Inside Housing (£)**, the total bill for decarbonising the UK's social housing stock could be as much as £104bn.

This is really only a guesstimate, based on costings provided to the magazine by a range of landlords, including 152 local authorities. Estimates for making homes zero carbon ranged from roughly £2,500 to £50,000 per property.

What funding is available to make homes more energy efficient?

The UK government and devolved governments in Scotland and Wales all operate funds to allow councils and other social landlords to retrofit existing social housing.

Social housing decarbonisation fund

At the 2019 general election, the Conservative Party pledged £3.8bn over ten years for a social housing decarbonisation fund. This was to support the goal for all social housing in England achieving an EPC rating of C by 2030.

In 2021/22, £60m is due to be allocated, followed by £240m in 2022/23 and £410m in 2023/24. MPs believe the money should be available sooner and spent much faster. "Funding should be frontloaded to reap the benefits of cumulative emissions savings towards net zero," says the report by the Commons environmental audit committee (EAC).

In March, 17 councils (including three in Scotland) were awarded a total of £62m through **the social housing decarbonisation fund demonstrator**, The money covers 19 different projects that are due to retrofit more than 2,300 homes and bring them up to EPC band C or higher.

In London, Kensington and Chelsea Council received £19.4m to retrofit about 535 homes, while Barking and Dagenham was given £9.6m for retrofitting 230 homes. Fenland Council received £4.5m while Leeds was awarded £4.2m. All are promising to create 'decarbonised neighbourhoods'.

Bids for the demonstrator projects were led by local authorities, a point of contention among housing associations. The projects should be completed by the end of 2021. Full details of the social housing decarbonisation fund, which will be for England only, are due to be announced in the next few months.

Social housing net zero heat fund (Scotland)

Launched by Scottish Government in 2020 as part of its low carbon infrastructure transition programme.

The £20m social housing net zero fund is available to local authorities, registered social landlords and energy service companies. No money has been awarded to date, though the first grants should be announced in the coming months.

The fund is designed to support projects that speed up the use of low carbon heat in social housing, particularly through the installation of heat pumps.

Applicants are required to provide details of energy efficiency work undertaken or planned, as well as demonstrate a reduction in energy bills for tenants. The fund has three priority themes:

- low carbon heat for urban social housing
- low carbon heat for rural and island social housing
- integrated low carbon heat systems for social housing

Funding covers air-source, ground-source, and water-source heat pumps. These

may be used in conjunction with other technology, including solar panels. The maximum grant will be worth between 45 and 50 per cent of a project's total cost.

Optimised retrofit programme (Wales)

Part of the Welsh government's innovative housing programme, that has been running since 2017. Last year, the programme was extended to existing homes owned by social landlords, **through the optimised retrofit programme** (ORP).

A total of £19.5m was allocated to councils and housing associations in November. Four local authorities received money – Denbighshire, Ynys Mon, Carmarthenshire, and Vale of Glamorgan – along with a consortium of 27 social housing providers led by Pobl Housing Group.

The plan, says the Welsh government, is not to upgrade all homes to zero carbon immediately but to learn how to upgrade homes effectively, at optimised cost.

In the first instance, at least one thousand homes should be improved through a mix of new energy efficient materials and technology. Some of the trials will include the installation of heat pumps, intelligent energy systems and solar panels. Off gas-grid properties that can be difficult and expensive to heat are also included.

The ORP is also designed to encourage development of a long-term Welsh retrofit industry and help create a low-carbon economy.

It's not just about council housing

Council housing does not exist in isolation. Due partly to the right to buy, estates generally include a mix of tenures, meaning area-based schemes are needed to bring all homes up to net zero standard.

Privately-owned homes

In England, according to the EAC, more than ten million owner occupiers and three million private rented sector landlords need to upgrade the energy efficiency of their homes to achieve an EPC rating of C or above.

A consultation carried out by the Department for Business, Energy and Industrial Strategy (BEIS) **on improving the energy efficiency of privately rented properties** concluded in January. The results have yet to be announced.

Since 2018, it has been illegal for landlords in the **private rented sector** in England to enter into a new tenancy agreement without the property having an EPC rating of

at least E, though exemptions apply. MPs concluded that homes in the social rented sector should also be subject to these rules.

The value of **area-based schemes**, encompassing housing from a mix of tenures, was highlighted to the committee. Leeds Council told MPs it uses a range of funding sources, including the energy company obligation (ECO), the European Regional Development Fund, the feed-in tariff, and the renewable heat incentive.

Estimates by Leeds and the BEIS suggest it will require about £7bn to upgrade all 340,000 homes in the city to EPC level high C or low B by 2035. Just 56,000 of these are owned by the local authority.

The council strongly supported the £2bn **green homes grant scheme**, launched last September, but which is being scaled back. George Munson, senior project manager at Leeds, said the scheme potentially provided a solution for all households.

"The benefit of taking an area-based approach is that local authorities and social housing providers can use their homes as a catalyst to get contractors into an area, create economies of scale and get the community excited about the benefits of energy efficiency," Munson told MPs.

"Involving owner-occupiers and the private rented sector is more efficient and means a whole neighbourhood can be improved in one go," he added.

The main green homes grant scheme closed to new applicants at the end of March, with **councils given £300m to spend on low-income households in 2021/22**. The Treasury refused to carry over other funding to the new financial year.

The EAC says the scheme was rushed in conception and poorly implemented. It accuses the government of being 'widely optimistic' to envisage retrofitting 600,000 homes by this April.

"In its haste to create a scheme to deliver economic stimulus, the government failed to consult industry adequately on its delivery, set a timescale which was overly short term and has presided over scheme administration which appears nothing short of disastrous," says the committee. "The impact of its botched implementation has had devastating consequences on many of the builders and installers that can do the work, who have been left in limbo."

Explaining options to households

Home Energy Scotland (HES), managed by the Energy Saving Trust, **provides homeowners and renters with information about energy saving schemes** through a 'one-stop shop' and advice line.

Callers are referred to the most appropriate finance scheme for their household. To reduce the risk of mis-selling, they cannot generally access financial support without first speaking to HES. Extra support is offered to vulnerable households, with further advice available about more complex energy saving technology.

In February, Scottish Government published **a draft heat in buildings strategy**, proposing faster introduction of zero emissions heating in homes and the workplace.

The strategy estimates that the cost of undertaking energy efficiency upgrades and installing low carbon heating in all buildings in Scotland by 2045 could be as high as £33bn, with the bulk of work needing to be carried out in people's homes.

Energy efficiency and fuel poverty

Upgrades making homes more energy efficient are especially popular with residents if they cut fuel bills.

According to the House of Commons environmental audit committee: "Energy efficiency is a vital first step towards decarbonising homes, making them warmer and cheaper to run, improving health inequalities and tackling fuel poverty."

The Committee on Fuel Poverty, an advisory body sponsored by BEIS, told the EAC there are about 2.4 million households in fuel poverty in England (10.3 per cent of all households). Just over half (51 per cent) of the fuel poor are owner-occupiers, 34 per cent are in the private rented sector, and 15 per cent are in social housing.

A household is counted as being in fuel poverty if it cannot afford to keep adequately warm at a reasonable cost, based on the household's income. Since 2015, the number of households in England in fuel poverty has increased by 60,000, meaning the government may miss its target of taking more fuel poor homes into EPC band D by 2025 and band C by 2030.

While other UK countries run local fuel poverty schemes, in England it is funded through the energy company obligation, a levy paid by energy suppliers. MPs are calling on the government to test whether the ECO represents value for money.

"The inability to use ECO with other sources of funding is hampering the deeper retrofits that are needed in social housing," says the environmental audit committee.

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"Since ECO is funded by all energy bill payers, the poorest pay proportionally the most for the benefits from the scheme. This makes it a regressive policy."

Scottish Government has a target of no more than five per cent of households being in fuel poverty by 2040, with no more than one per cent being in extreme fuel poverty. The 2018 Scottish House Condition Survey showed 613,000 households (25 per cent) in fuel poverty and 311,000 (12 per cent) in extreme fuel poverty.

Scottish Government 'Housing to 2040' strategy (see next section) identifies poor energy efficiency as a driver for fuel poverty. It promises to only move forward with policies to reduce carbon emissions in housing where they have no detrimental impact on fuel poverty, unless mitigating measures can be put in place.

In March, **the Welsh government published a four-year plan** for tackling fuel poverty and helping households to pay for domestic energy. "Our efforts to tackle fuel poverty must be firmly rooted in supporting a clean, green and sustainable economic recovery, fulfilling our obligations to decarbonise housing in Wales," said Lesley Griffiths, minister for the environment and energy.

The next ten years: What more needs to be done?

Key questions remain to be answered as councils and other owners of residential property embark on making it more energy efficient.

Is decarbonisation taking too long?

The Scottish government is promising to 'ramp up' the decarbonisation of existing homes from 2025, while also making all new homes built by councils and registered social landlords zero carbon.

An independent zero emissions task force is due to start work later this year. It will initially advise on how to meet net zero targets in social housing before making recommendations for the private rented and owner-occupied sectors.

But in its 'Housing to 2040' strategy, the Scottish government admits there is uncertainty over the long-term pathway to reducing emissions from existing homes, particularly in relation to fuel costs. "We need to work collaboratively to establish the right mix of solutions for different types of homes in different areas to ensure heat remains affordable," it says.

In a 2019 report, the Existing Homes Alliance warned that the pace of upgrading housing in Scotland was likely to slow as the number of easy-to-treat properties

diminishes. Members of the alliance include the Association of Local Authority Chief Housing Officers and the Scottish Federation of Housing Associations.

"Unless energy efficiency is put at the heart of the programme for government and the Scottish Budget for the coming decade, the most beneficial path to a zero-carbon Scotland will be lost and households and the Scottish economy will be the poorer for it," said the report.

The UK government has a 'goal' of all social housing in England achieving an EPC rating of C by 2030. **Its ten-point plan for a green industrial revolution**, published in November, promises 600,000 heat pump installations per year by 2028.

The enquiry by the Commons environmental audit committee was warned of the danger of relying on piecemeal upgrading of homes. Where possible, MPs heard, deep or whole-house retrofits lead to better results by integrating fabric improvement measures, low carbon heating, on-site renewable generation, and smart energy.

There is also the problem of supply chains. **In its evidence to the enquiry**, the UK Green Building Council said supply chains had been 'bruised' due to 'stop-start' government policies and funding streams. Greater confidence was needed in the longevity of government ambitions, it added.

Can local authorities lead the way?

In addition to retrofitting their own homes, councils can play a major part in area-based schemes that attract the support of private households and landlords in the private rented sector.

This does not necessitate councils dipping into reserves, or using rental income, to improve the energy efficiency of privately-owned properties. In England, local authorities control what remains of the green homes grant scheme and have £300m to offer low-income households in 2021/22, on top of £200m from the first phase of the scheme.

Councils can also influence public opinion by setting an example and flagging up the value of decarbonisation. In Scotland, **Renfrewshire Council has established a £1m climate change fund**. Projects include developing its own standard for zero carbon social housing with academics and experts from industry.

Renfrewshire is already committed to all its homes meeting the Scottish housing quality standard and the energy efficiency standard for social housing by 2024. The zero-carbon standard is designed to create a sustainable social housing model that

can be delivered during the next ten years, using best practice and design principles that may ultimately be adopted nationally.

How should we measure green energy?

Doubts have been raised over whether the energy performance certificate (EPC) system is the best way of measuring decarbonisation.

An EPC rating is based on the cost of fuel used for heating. Therefore, a property not connected to the gas grid is likely to score a lower rating, owing to the higher cost of finding alternative energy.

The House of Commons EAC heard how EPC methodology will not advocate a heat pump instead of gas, while the standard assessment procedure (SAP) does not take account of the improved operational performance of heat pumps, nor progress in the decarbonisation of the electricity grid.

MPs concluded that an overhaul of the EPC methodology is needed "to support energy efficiency and low carbon heating measures by indicating in its headline rating its energy and carbon metrics".

Comment

The long road to decarbonisation of housing has begun, but councils and other owners of residential buildings can be forgiven for questioning if there is an accurate route map, or whether the end of the road will ever be reached.

There is no shortage of targets, goals, standards, and procedures but, even with the greatest will in the world, it can take an age to get to grips with much of terminology, let alone the methodology.

Yet that is what councils and other organisations must do speedily and effectively if they are to determine whether a home is energy efficient and its current method of heating is in the interests of today's residents, let alone the future of the planet.

Most of the money for retrofitting existing homes has only become available during the past year. In Wales, the government is testing out the most cost-effective way of upgrading social housing, rather than promising rapid results.

In England, the collapse of the green homes grant scheme heaped embarrassment onto ministers who are desperately trying to impress both a domestic and international audience over their green credentials.

Just £300m out of £1.5bn set aside for improvements to private housing is thought to have been handed out before the scheme was wound up in March, save for a much smaller local authority element.

There are also huge inconsistencies over regulation, with social rented housing required to meet a higher standard in Scotland, but tighter enforcement of energy efficiency measures in the private rented sector in England.

On the positive side, there seems no end of enthusiasm for greener housebuilding and improvements to existing homes to make them more energy efficient. Such efforts should generate jobs and improve sustainability in house building and other parts of the construction industry.

Councils including Renfrewshire are setting challenges for themselves, and other social landlords, in promising new zero-carbon standards.

We must ask is there the money, let alone the leadership and clarity and skills, to channel this desire to be greener and achieve zero carbon emissions into delivery? That is one of the key questions that may not be answered for some time but needs properly addressed soon.

Related briefing

Homes fit for our future: getting on with climate-friendly housing

For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Head of Briefings, on janet.sillett@lgiu.org.uk

Briefing: Decarbonising transport

Published: 13 May, 2020

Author: Ruth Bradshaw, LGIU Associate

Location(s): England & Wales, Scotland

Topics: Climate action and sustainable development, Transport and infrastructure

Summary

- 'Decarbonising transport: setting the challenge' was published by the UK Department for Transport (DfT) on 26 March 2020. This is the first step in the development of a Transport Decarbonisation Plan (TDP) which will set out, in detail, the actions that are needed across all modes of transport in order to meet the Government's commitment to net zero emissions by 2050.
- This briefing provides an overview of the document which includes details of relevant existing policies for each mode of transport and the challenges involved in achieving carbon budgets and net zero. It also sets out DfT's plans for working with stakeholders to develop the final plan, including details of a series of workshops of particular relevance to local government.
- The final version of the TDP was due to be published in Autumn 2020 in advance of the COP26 climate change conference in Glasgow. It is not yet clear whether DfT intends to extend the timetable for preparing the TDP now that COP26 has been postponed until 2021.

Briefing in full

Greenhouse gas emissions and passenger transport

The document starts in chapter one by emphasising that achieving net zero will require all sectors of the UK economy to deliver substantial emissions reductions and that addressing climate change will deliver a range of co-benefits including improved public health, reduced air pollution and reduced noise.

Large reductions in other sectors, particularly energy and waste, mean that transport is now the largest contributor to UK domestic greenhouse gas (GHG) emissions, contributing 28 per cent of UK domestic emissions in 2018. The biggest contribution was from road transport which was responsible for 55 percent of emissions in 2018 with the improved efficiency of new passenger cars being largely offset by increased use.

Chapter two of the document examines each mode of passenger transport in turn, summarising their contribution to emissions, relevant current targets and the policies in place to deliver them. Key points include:

- Cars – the average car in 2018 emitted just over 20 per cent less CO_2e for the same mileage than the average car in 1990 but total emissions have fallen by just 11% since 2001. Ultra-low emission vehicles (ULEVs) accounted for over 3 per cent of all new cars sold in 2019 but increased uptake will need to be supported by more infrastructure for charging electric vehicles (EVs). The Government is already consulting on bringing forward the ban on the sale of new petrol and diesel vehicles to 2035 (from 2040). There are grants available for low emission vehicles and charge point infrastructure and the Government has committed to introducing new car emissions reductions regulations in future which are at least as ambitious as the current EU ones. As a result of these measures, car GHG emissions are projected to fall by 52 per cent from 2018 to 2050, despite a projected increase in car km of more than 35 per cent over the same period. However, DfT acknowledges that the TDP will need to include policies which deliver additional actions in order to achieve net zero by 2050. The Government is shortly due to publish a vision for a core network of rapid/high-powered charging points along England's core network of roads.
- Bus and coaches – in 2018, these accounted for 3 per cent of domestic transport GHG emissions and 5 per cent of journeys. In their recently published strategy, **the Confederation for Passenger Transport** set a target for all buses to be ultra-low or zero-emission by 2025. There are currently no

government targets for buses but the aim is that conventional buses will be replaced with zero-emissions vehicles over a period of time and that measures will be introduced to address declining bus patronage. Funding provided to operators and local authorities through various grants since 2015 has supported the purchase of a total of 742 low emission buses. Local authorities have also received funding to retrofit buses to help local air quality targets. As a result of all of this, bus and coach emissions are projected to fall by 25 per cent from 2018 to 2050. The Government is expected to launch a national Bus Strategy in 2020 and has recently announced funding to create Britain's first all-electric bus town, with the winning town due to be announced later this year. It also plans to review arrangements for the Bus Services Operators Grant (BSOG) to ensure it supports the environment.

- Rail – this accounted for 10 per cent of passenger miles travelled in Great Britain in 2018 but only 1.4 per cent of the UK's domestic transport emissions. Over 70 per cent of passenger rail vehicles are electric-powered and emissions have been declining over the last decade as new trains come into service and the railway uses greener electricity. In 2018, the Government challenged the rail industry to produce a vision for the removal of all diesel-only trains from the network by 2040. An industry taskforce has developed a series of recommendations in response to this and Network Rail is now developing these into a Traction Decarbonisation Network Strategy (TDNS) which is due to be completed in 2020. Rail GHG emissions are expected to rise by 19 per cent between 2018 and 2050, against an increase in passenger demand of 60 per cent. The Government will build on the TDNS to develop a decarbonisation programme for the rail network that will inform the deployment of electrification and new technologies over the next 30 years. They will also be considering how to encourage more people to choose rail for their journeys.

- Aviation – UK domestic aviation contributed less than 1 per cent of GHG emissions in 2018 – a decrease of 6 per cent since 2017 – but its proportional contribution is expected to increase significantly in future as other sectors decarbonise more quickly. The Government is currently developing an Aviation Strategy which will include efficiency improvements in technology, operations and air traffic management, use of sustainable aviation fuels and market-based measures. Only domestic aviation emissions are included in the UK's carbon budgets but the UK is one of 82 states which have joined a voluntary scheme for operators to offset the growth in international aviation emissions from 2021. Between 2018 and 2050 demand for aviation is projected to increase by 73 per cent but the total emissions from aviation are expected to remain broadly the same due to more efficient planes and limited take-up of low carbon sustainable

aviation fuels. The Government will publish a consultation on net zero aviation later this year and has made it clear that they would include international aviation and shipping emissions in UK carbon budgets if there is insufficient progress at an international level.

- Cycling and walking – these are described as 'the ultimate form of zero GHG emission transport'. The Government published its first Cycling and Walking Investment Strategy (CWIS) in 2017 and has set targets for increasing the amount of cycling and walking by 2025. These include a doubling of cycling activity per person per year and increasing the percentage of children aged 5 to 10 who walk to school to 55 per cent. The document provides a summary of the funding associated with the CWIS, including the support available to local authorities to develop Local Cycling and Walking Infrastructure Plans. In addition, the Government plans to establish a £350 million Cycling Infrastructure Fund and create a long-term programme and budget for cycling and walking. Final decisions on future funding for this Parliament (to 2025) were due to be made as part of the Spending Review later this year. The Government also plans to undertake further research on the impact of delivering the CWIS on carbon emissions and a shift from private vehicles to cycling and walking.

Greenhouse gas emissions and freight transport

Chapter three provides a similar analysis for goods and service vehicles. Key points include:

- Heavy goods vehicles (HGVs) – GHG emissions from HGV traffic increased by 14 per cent between 2012 and 2018, with the volume of traffic increasing by 10 per cent over the same period. Emission increases are reported to be driven partly by decreasing fuel efficiency. In 2018, the Government agreed a voluntary, industry-supported commitment to reduce HGV GHG emissions by 15 per cent by 2025, from 2015 levels. The Government now plans to work with industry to help achieve this. There are also new Heavy Duty Vehicle (HDV) emissions standards which came into force in 2019 requiring manufacturers to reduce emissions by 15 per cent by 2025 and 30 per cent by 2030. The Government's aspirations for HGVs are set out in the **Road to Zero** strategy, including research into suitable zero emission technologies. HGV GHG emissions are projected to fall by 26 per cent between 2018 and 2050, despite a projected increase of 7 per cent in HGV km over the same period.
- Vans – emissions from vans have increased by 19 per cent since 2021 and now account for 16% of UK domestic transport emissions. The measures

available for vans are largely the same as those for cars covered above. New EU van emission reduction regulations came into effect on 1 January 2020 and apply in the UK. Van emissions are projected to fall by 17 per cent from 2018 to 2050, despite a projected increase in van km of nearly 70 per cent over the same period.

- Rail freight – the level of emissions per tonne km in 2018-19 was 4.1 per cent lower than the equivalent figure for 2017-18. Rail freight is estimated to remove over 7 million lorry journeys each year and rail freight is becoming more efficient with the amount of freight moved on each train increasing by 74 per cent since 2003. Measures to reduce emissions on the rail network more generally will also benefit rail freight. The Government is also providing freight grant schemes to incentivise the use of rail and water over road haulage. The challenge for rail freight is that current alternatives to overhead electrification, such as hydrogen and battery, do not have sufficient power to pull heavy freight trains.

- Maritime – shipping is considered one of the most carbon-efficient modes of transport. GHG emissions from UK domestic shipping (passenger, cargo and fishing) decreased by 30 per cent between 1990 and 2018 and now account for just 1.3 per cent of all UK domestic emissions but emissions from UK international shipping only decreased by 3% over the same period. The Government published **the Maritime 2050 Strategy** in January 2019 which sets out an ambition for zero emission ships to be commonplace by 2050. The actions to achieve this are set out in the **Clean Maritime Plan** published later in 2019.

The document also sets out a number of cross-modal decarbonisation actions including:

- Low carbon fuels – these typically involve blending bioethanol and biodiesel with petrol or diesel and are estimated to have achieved GHG emission savings equivalent to taking over 1.7 million cars off the road in 2018. Since 2008 suppliers of road and non-road mobile machinery (NRMM) fuel have been required to ensure that a percentage of their fuels are renewable under the Renewable Transport Fuel Obligation (RTFO). This has subsequently been amended to include a statutory target for increasing the use of renewable fuels in road transport and NRMM of 12.4 per cent by 2032. There is also now a sub-target to incentivise the use of waste-based fuels made using new technologies and for use in difficult to decarbonise sectors, such as aviation and HGVs.

- Government support for regional solutions – an overview of various funding streams is provided. The **Transforming Cities Fund** supports packages of

measures which deliver wider government objectives such as housing and improved air quality as well as carbon reduction. It was introduced in 2018 and includes £1.08 billion which has been devolved to six Mayoral Combined Authorities. At Budget 2020, the Government announced funding packages for a further 12 cities to introduce a range of low carbon measures. Other measures highlighted our **Clean Air Zones** and **Future Transport Zones**.

Developing the Transport Decarbonisation Plan (TDP)

DfT forecasts a steady reduction in transport emissions as a result of policies that have already been agreed and funded, but the speed of reduction is expected to be much slower than will be needed to meet legal obligations on net zero and carbon budgets. The TDP will set out additional measures to be implemented.

DfT highlight that there will need to be a fundamental change in the way people and goods are transported, requiring behaviour change as well as increased uptake of low emission vehicles and new technologies. They refer to working with local authorities and regional bodies to identify and support solutions which facilitate lower carbon communities, using behavioural science to encourage modal shift and introducing new regulatory mechanisms.

The document highlights the important role of research and innovation and particularly the need for the chosen policies and interventions to be evidence-based. It sets out plans to work with the private, public and voluntary sectors as well as academics and the wider public over 2020 to design a package of decarbonisation policies. The following strategic priorities have been identified in order to provide structure for this work:

- Accelerating modal shift to public and active transport – including encouraging more cycling and walking for short journeys and exploring how vehicles can be used differently, such as through shared mobility and new business models including **Mobility as a Service**.
- Decarbonising road vehicles – including encouraging a supportive regulatory environment, the right market condition, adequate vehicle supply and appropriate refuelling and charging infrastructure.
- Decarbonising goods delivery – including reducing emissions for 'last mile' deliveries and opportunities for making logistics more efficient.
- Place-based solutions – developing a better understanding of where, how and why emissions occur in specific locations and working with relevant stakeholders to consider the contribution of local management of transport

systems to national emissions reductions.
- The UK as a hub for green transport technology and innovation – this will build on the **Future of Transport Grand Challenge** with the aim of positioning the UK as the internationally recognised leader in environmentally sustainable technology and innovation in transport.
- Reducing carbon in a global economy – using the UK's expertise to encourage low carbon innovation and travel behaviour that helps enable a global transition to low carbon transport.

Plans for engagement include a Minister-led advisory council, stakeholder events and a series of workshops, market research and an opportunity for the public to provide feedback online which is supposed to be available from the Spring.

Businesses and organisations are invited to submit views by email or post and are also asked to register their interest in attending workshops. There is no deadline given for submitting views but a timeline of stakeholder engagement in the document suggests that it would be best to respond within the next two or three months if DfT is still intending to stick to the original timetable for developing the plan.

The first set of workshops will focus on each of the specific strategic priorities set out above. The second set will be held around the UK and will explore emerging ideas in more detail with representatives of local and devolved government and sub-national transport bodies specifically invited to attend. Discussions will focus on local barriers and opportunities. The final set of workshops will present a range of potential policies to a smaller group of stakeholders.

Responses to a range of related consultations will also contribute to the development of the plan.

DfT acknowledges that although the net zero commitment and Climate Change Act 2008 requirements are UK-wide, many of the relevant transport measures are the responsibility of devolved administrations in Scotland, Wales and Northern Ireland, or local government. They commit to working in collaboration with leaders at all levels and to taking account of wider government policies and commitments such as the 25 Year Environment Plan, to ensure that carbon reduction is not at the expense of other environmental and social objectives.

A Net Zero Transport Council will be established to provide advice and challenge during the development of the TDP and to provide more general advice on reducing emissions from transport. This will be chaired by the Secretary of State and will include representatives from a wide range of stakeholders, including each mode of

transport, academia and environmental NGOs.

The final version of the TDP was due to be published in Autumn 2020 in advance of the COP26 climate change conference in Glasgow. It is not yet clear whether DfT intends to extend the timetable for preparing the TDP now that COP26 has been postponed until 2021.

Comment

Like so much of life recently, the publication of 'Decarbonising Transport' has been overtaken by events surrounding the Covid-19 crisis. Not only has this important document had very little media attention (which may be intentional according to **some reports**) but the impacts of our current situation are also very relevant to its content. The restrictions on movement have demonstrated just how different many places look, sound and smell with significantly reduced levels of traffic and aircraft and have also shown that while certain parts of our economy are dependent on people being able to move around easily, others can function perfectly well with far less travel.

The number of vehicles on the UK's roads is now **reported** to be at around the same level it was in 1955 when there were only just over 5 million cars and vans registered compared to 36 million in 2019. Travel demand will increase when the lockdown finally eases but **speculation** is already mounting that this crisis could have long term impacts on the levels of home working. There have also been lots of calls, including this **one**, for tackling the climate emergency to play a central role in plans for the post Covid-19 economic recovery.

Given how much has changed in the past few weeks, it's possible that were officials writing 'Decarbonising Transport' now for publication later this year, they would have set out much stronger aspirations for behaviour change, which is not given very much emphasis in the document, and demand management, which is not addressed at all. What is certain is that, as has been pointed out **elsewhere**, there are huge inconsistencies between this document and the government's plans for a major road-building programme **announced** only a couple of week's beforehand, plans which environmental campaigners are now **seeking to challenge** in the courts.

All this means that the final Transport Decarbonisation Plan may now be a very different and far more ambitious document when it is finally published than it would have been if it had been finalised a few months ago.

For more information about this, or any other LGiU member briefing, please

contact Janet Sillett, Briefings Manager, on janet.sillett@lgiu.org.uk

Related Briefings

[Better Delivery: the challenge for freight](#) (June 2019)

[Urban Van Traffic](#) (May 2018)

[Environmental implications of Heathrow Expansion](#) (February 2016)

[Air quality and road transport](#) (July 2014)

[Funding for local transport](#) (May 2020)

Briefing: Disconnected Communities: could direct democracy be the path to a more representative form of politics?

Published: 8 October, 2019

Author: Alice Creasy, LGiU Associate

Location(s): Australia, England & Wales, Global, Ireland, Scotland

Topics: Democracy, devolution and governance

Summary

Across Europe there has been a rise in the number of people who feel excluded from mainstream political decision-making. **Research has found** that that the recent rise of populism in communities across the UK and Europe is a symptom of voters who want more control and more opportunities to change and influence a political system from which they feel alienated. Local authorities are in a unique position to engage and empower citizens in decision-making processes at a grassroots level. Operating within communities, local authorities have the power to meaningfully engage with people who may feel disconnected from mainstream national politics. With this in mind, the following briefing will draw on a number of case studies to explore practices of 'direct democracy' and question whether this method of engagement could be a tool for local authorities to build more representative, trusted and cohesive models of governance.

Briefing in full

Context: disconnected communities

The rise in populism in recent years is a symptom of the perceived disconnect between governments and citizens. At the root of this is a feeling of "us" and "them" of **"normal folk" and "the elite"**. This core sentiment is often combined with a **'host' ideology**, which can be on the left or right of the political spectrum. Issues such as financial crashes, rising inequality, and collective frustration and lack of control are **often seen as the catalysts** for an increasingly distrustful and polarised society. A **recent analysis** of historical and contemporary events has found four key trends that are reshaping the political landscape:

1. *Distrust of liberal democracy and its elitist politicians who largely **ignore many voters**, even treat them with contempt.*
2. *Destruction of national and local communities, **especially by immigration which in many countries is at record levels** and involves ethnic 'hyper diversity'*
3. *Deprivation in a relative sense, where people and groups **compare their economic situation with others and fear for the future** (not to be confused with poverty, as the poorest tend not to support national populist parties)*
4. *Dealignment of voters as they **break away from mainstream parties**, in some cases lapsing not apathy but in others becoming available to new parties.*

The results of these four trends are clear to see across Europe with support for populist parties **more than tripling in the last 20 years**. The rise of figures such as Hungary's Viktor Orbán and Italy's Matteo Salvini, Donald Trump in America and the Brexit movement in the UK are all evidence of this trend towards a more populist politics. It is unsurprising that this trend echoes one of **rising inequality**, recent financial crashes and political globalisation as people feel more and more disconnected from the decisions that impact their lives.

At a national level, many have turned to non-mainstream political figures and movements in order to address feelings of frustration and lack of control. While voter turnouts for national elections have increased in the UK, at a local level turnout for council elections remains low with an average of **35% turnout** in England last year and **46.9% in Scotland in 2017**. Interest in local governance from council elections and public consultations to community councils and grassroots campaigns is often obscured by the drama and tension of national issues. Engaging people at a local

level through giving them meaningful power to influence decision-making beyond voting in elections may prove to be vital in addressing the disconnect from politics felt by so many. Listening to, sharing and implementing people's ideas within communities would go **some way in addressing feelings of helplessness and frustration** as well as being a vehicle on which to build more resilient and empowered communities.

What is Direct Democracy?

The purpose of this briefing is to explore how different forms of direct democracy could help to not only improve the efficiency of local governance but build more empowered and cohesive communities. Direct democracy is the term used to describe **the direct participation of citizens in democratic decision making**. This is often contrasted to indirect democracy where the general public votes for representatives who then make laws on its behalf. Direct democracy can occur in many forms such as citizens assemblies, citizen-led petitions that trigger votes in parliament, referendums and direct voting on issues rather than candidates or parties. In contemporary systems, direct democracy mostly takes place on a small scale within a broader representative democracy.

In recent years, direct democracy at a national level has garnered criticism from some political observers many of whom **warn against** the devolution of significant power from experts to the general public. Others have welcomed the introduction of direct democracy arguing that it provides voters with a **meaningful democratic voice** in what is often seen as an otherwise inaccessible political system. However, while direct democracy has attracted growing interest and debate at a national level over the last two decades, there has been much less discussion of this form of governance at a regional or local scale. As the writer Theo Schiller **notes**: "*Since citizens have the closest relationship to their everyday environment of local politics it should be rewarding to take a closer look at the opportunities of participating in direct democracy at this level of political life*".

Direct democracy provides local authorities with the opportunity to change the face of local decision making in the UK. Implementing the tools of direct democracy on a smaller scale means that citizens have more power to influence their everyday lives and are **more likely to foster feelings of common identity, recognition of duties and rights, a sense of belonging**.

Direct Democracy in Action: Reykjavík

The 2008 financial crash in Iceland sparked the creation of Better Reykjavík, an online platform for the crowd sourcing of solutions to urban challenges launched by the Icelandic Citizens Foundation. After the 2008 crash trust in governments declined dramatically in Iceland and so Better Reykjavík was created to "*connect citizens to the city administration to increase participation and awareness amongst citizens on municipal issues and to lessen the gap between on the one hand elected officials and administrative staff and the general public on the other hand.*"

The platform has multiple functions that can be roughly divided into three areas: agenda setting, participatory budgeting and policy crowd sourcing. Engagement with this collaborative platform has increased year on year in the city where citizen's have made a tangible impact on the physical, social and economic fabrics of their neighbourhoods. In fact, out of a population of 120,000, over 70,000 people have **participated to some degree** in the process with 27,000 registered users submitting over 8,900 ideas and 19,000 points for and against. Not only does this platform give voters a direct influence over decision making but it also allows the city government to gain a clearer idea of what its citizens want and need thus leading to more efficient and appropriate policy decisions.

1. **Agenda Setting**

The website gives residents of the city the opportunity to submit their ideas and solutions to municipal-level issues within Reykjavík. Anyone in the city can submit, debate, amend and prioritise proposals and ideas online through an Up/Down 'voting' system. 450 ideas have been processed through this part of the platform, many of which have gone on to directly influence city policy-making.

2. **Participatory Budgeting**

Within Better Reykjavík, the platform 'My Neighbourhood' allows residents and the city administration to collaborate and determine capital allocation for construction and maintenance projects within the ten main neighbourhoods of the city. Ideas from all ten of the city's neighbourhoods are gathered and processed by both the project management team and the political district committees to decide which ones are reasonable and implementable. Over 700 ideas from citizens have been realised in the city through this form of participation with results visible in all 10 neighbourhoods.

3. **Policy Crowd Sourcing.**

Policy crowd sourcing is s collaborative process whereby residents are able to contribute to the creation of a specific piece of policy. In 2017, the City of Reykjavík decided to crowdsource ideas to co-create the City's education policy on Better Reykjavík. An ongoing process, the education policy project generated almost 200 ideas and thousands of debate points.

Direct Democracy in Action: Switzerland

Switzerland's political system is the most well establish direct democracy in Europe and it is a rare example of a country where elements of direct democracy are present at the levels of the 2636 municipalities, 26 **cantons**, and **federal state**. In the whole of Switzerland, citizens vote on average four times a year on various issues affecting their community, canton or the whole of the country. Citizens can vote regularly on a variety of issues at every level of governance from local issues such as the construction of a schoolhouse or the building of a new street to national issues like a change of the policy regarding sexual work, or on constitutional changes, or on the foreign policy of Switzerland.

Voting is conducted mainly by post or at the ballot however some cantons have introduced e-voting that has proved controversial due to security concerns. In two Cantons (Appenzell innerrhoden and Landsgemeinde) residents even gather in the town square once a year to vote on important local issues, and elect their judges and cantonal representatives.

In 2017 Swiss citizens were called to vote in three national referendums with the average overall turnout around 45 per cent. While this is relatively low, individual issues at various levels of government often attract a higher number of voters with **long-term studies showing** that that over 90 per cent of voters had cast their ballot at least once in the previous 20 votes.

While Switzerland is predominantly a representative democracy, citizens also have the power to propose changes to the constitution or ask for an **optional referendum** to be held on any law voted by the **federal**, **cantonal** parliament and/or **municipal** legislative body. For an optional referendum to be triggered, members of the public need to gather **50,000 signatures (approximately one per cent of the electorate)** within 100 days of the publication of a new law. In reality in 96 out of 100 cases, no such referendum is triggered, because the parliamentary process has a very high level of legitimacy. This legitimacy is assured through key elements of direct democracy that ensure high levels of public accountability. While

on average public trust in governments has fallen throughout Europe, in Switzerland confidence in governments at all levels of decision-making has risen in the last decade. **A report published in 2017** studying countries in the Organization for Economic Cooperation and Development **found that 80 percent** of Swiss people **trust their government**s, up from 63 percent in 2007.

Direct Democracy in Action: Ireland, Scotland and Oxford

Citizen's assemblies are a method of direct democracy used by governments across the world. In Ireland for example **a national citizen's assembly was established in 2016** to consider some of the most important issues facing Ireland's future. With the benefit of expert, impartial and factual advice the 99 citizen members considered the issues of **abortion, fixed term parliaments, referendums, population ageing, and climate change.** After numerous discussions facilitated and by expert advisory and steering groups the output of the Assembly was a series of voted recommendations. In addition, the Assembly produced a series of reports on each of the issues discussed that included results and recommendations of the deliberation process. These conclusions formed the basis of a number of reports and recommendations that were submitted to the Houses of the Oireachtas for further debate by Ireland's elected representatives.

The group met on 12 occasions between October 2016 and April 2018 with expert speakers holding various positions on a topic invited each week. **Members speak now of feeling proud** to have been selected to the assembly and many felt positive about the responsibility of discussing such important issues within government. The process of deliberative democracy at a national scale gave ordinary citizens the power to debate important topics, giving parliament the mandate to act on key issues facing the future of Ireland.

Inspired by the work in Ireland, Scottish Government has taken steps to form the country's own citizen's assembly. Similarly to that of Ireland's assembly, Scotland's citizen's assembly will be made up of 100 members of the public brought together to hear evidence on and discuss key issues facing Scotland's constitutional future. In doing so the group will be asked to consider **three core questions**: What kind of country are we seeking to build? How can we best overcome the challenges we face, including those arising from Brexit? And what further work should be carried out to give people the detail they need to make informed choices about the future of the country? The assembly will be **overseen by two independent co-conveners**, be able to call on expert witnesses and have its own secretariat. Deliberative sessions will be live streams and the assembly will publish non-binding

recommendations on the country's future. Members will be appointed by early September, with the assembly meeting on six weekends by the spring of next year.

While Ireland and Scotland's Citizen's Assemblies take place at a national level, local governments are also turning to this method of governance to inform political decision-making. **Oxford City Council** for example is the first local authority in the UK to establish a citizens assembly to help address the issue of climate change, and consider the measures that should be taken in Oxford. Made up of a randomly selected group of Oxford's citizens, the assembly will meet regularly to discuss issues, consult independent experts, help consider new carbon targets and additional measures to reduce emissions.

Comment

In an increasingly polarised world, methods of governance at any scale which endeavour to bring citizen's together and create a more efficient and representative society need to be encouraged. Considering direct democracy as a tool within local authorities could be the first step in empowering people to engage with decision-making processes and positively influence their communities. This briefing has engaged with a range of methods through which direct democracy is carried out. From referendums and voting in town squares to online participation and citizen's assemblies and it is clear that engaging the public in decision making can take a variety of forms. Making this engagement meaningful as possible is key in the success of direct democracy. With this in mind, based on the case studies drawn out in this briefing, below are listed some key issues to consider when implementing a system of direct democracy:

Access

Creating a system that people are able to access easily is vital in gaining support and drawing meaningful results. Not everyone is able to commit to decision-making processes and issues of time and location often impact peoples' likelihood of participating in local campaigns and projects. Online platforms such as that created in Reykavik mean that anyone is able to access the decision-making process for as much or as little time as they choose. This means that outcomes have a greater legitimate and local governments have a much more representative sample on which to base their decisions.

Tangible Results

Ensuring that the results of direct democracy is realized by the administration is key

in empowering people to engage and in building trust in government bodies. In Ireland the referendum that stemmed from the Citizen's Assembly is a clear manifestation of the work and recommendations of its members. Similarly, in both Reykjavík and Switzerland's local governments, decisions made through different forms direct democracy result in tangible changes to local areas.

Awareness

For new projects, raising awareness amongst citizens of the opportunity to participate in direct democracy is a challenge for many governments. Ensuring that a broad, representative range of citizens are aware of the project increases the validity of results and the integrity of the project Enlisting the services of professional marketing companies and implementing multi-channel marketing campaigns help to raise awareness through a number of mediums. In Reykjavík This included Google and Facebook ads, and adverts on radio and TV and the hiring of local celebrities to be the face of the process.

Time

Finally, patience is required to ensure the implementation of a robust and legitimate process. Maintaining momentum, adapting and updating processes and engagement with the public are important inensuring the continued quality of the project.

Briefing: Giving the community a say, 'Planning Vancouver Together'

Published: 15 July, 2021

Author: Anna Haas, LGIU Associate

Location(s): Global

Topics: Housing and planning

Summary

Early 2019, a team of residents came together and spent six months discussing a new city-wide approach to planning. In July 2019 City of Vancouver council approved the approach and released the 'Planning Vancouver Together '(PVT) plan, a three-year programme to involve the community in the development of the city. Once data has been collected and a draft has been made, the plan will be presented to the Vancouver City Council in summer 2022 for a final decision. The hope is that by listening to the opinions of community members with different experiences of the city, PVT can address the needs of the present felt by all and ensure future generations can thrive.

What stands out about the PVT plan is its transparency and inclusivity and its **key principles** include: go to where the people are, be transparent and accessible and support community-led conversations. Comparatively; some UK city developments still follow planning guidelines created in 1947 as part of the **postwar legislation** which aimed to tackle problems in cities such as congestion, slums and pollution. In an **article** written for The Guardian, David Rudlin explains how he believes that

modern planning "has gone too far" and that "in attempting to "create" cities by regulating every tiny facet of them, the pattern of the traditional town is dissolved and turned into the retail park, the suburban cul-de-sac and the industrial estate".

While UK development guidelines may seem slightly dated in comparison to Vancouver's latest plan, some towns have adopted a 'neighbourhood planning' approach which, like PVT, aims to increase community involvement. Although UK 'neighbourhood plans' have similar principles and goals as PVT, they are not exactly the same. This briefing will discuss these differences further and consider what lessons can be drawn from both approaches.

Briefing in full

Background

Vancouver has repeatedly been **ranked** among the world's most livable cities because of the way it has developed with an appreciation for public space. Other cities, including San Francisco, have taken note of Vancouver's ability to create spaces that balance residential and recreational uses. The planning process behind Vancouver's development has traditionally been one of discretion which allows the automatic approval of small developments that conform to existing building codes. Larger developments require a review by the planning department.

While Vancouver's development has been largely successful and gained worldwide recognition for encouraging a balanced lifestyle; the city's planning process has received **criticism** for lack of transparency and potential for corruption. There have been examples of development within the city that received backlash for not including public opinion. For example, residents in the Mount Pleasant area of Vancouver recently filed a court petition to **stop the development** of five tower blocks which they argue was a significantly different plan from the one proposed to the council two years prior. Instances such as this one highlight the importance of including community opinion in the development process; which is why the PVT plan was created.

Similarly to Vancouver's discrete approval approach, the UK planning process grants automatic planning permission to minor or insignificant developments. If the changes are outside the '**permitted development**' categories then an application for planning permission has to be made to the local authority.

PVT Aims

The PVT plan has its own **website** that is accessible to everyone and highlights important information to people who are interested in the plan or want to get involved. Firstly, the initial aims of the plan are discussed. They are divided into seven categories that simultaneously give a roadmap for the plan's progression:

1. **A Clear Vision –** To reflect on the voices of all who live, work and play in Vancouver and develop a vision to ensure future generations can thrive while preparing them for future challenges.
2. **Priorities –** To look at communities, more affordable housing options, economic recovery, nature, culture, transportation and resilient infrastructure networks, and develop or integrate priorities, policies, and partnerships required to move towards the city we desire.
3. **What and Where –** To produce a high-level physical plan that will identify areas for future housing, jobs, community amenities, parks and transportation systems.
4. **Investment Strategy –** To successfully coordinate public investments and infrastructure to achieve the best possible outcomes.
5. **Measure and Monitor** – To evaluate and monitor decisions along the way. The plan will include a key set of metrics and targets to help ensure that everything remains on track once the plan is approved by the city council.
6. **Partnerships and Roles** – To maintain and create good relationships with senior levels of government and other potential partners.
7. **Quick Start Recovery Actions** – To have actions that support vulnerable communities, generate economic recovery, and create great efficiencies in City operations.

2. PVT Timeline

From the aims above, a **timeline** was developed which progresses from a research phase to an action phase. The timeline is constantly adapting to feedback that is given throughout the process and provides transparency that critics believed was lacking with previous city developments.

The plan is currently between the 'emerging directions' and 'making choices' stages (Fig. 1). This is when trends from the 'listen and learn' phase will be identified and translated into an actionable plan. The PVT team highlight that the community's involvement does not end at the first stage, and that they will continue to "ask for

1

thoughts on the options we develop and together, we will identify how we best address the challenges of tomorrow".
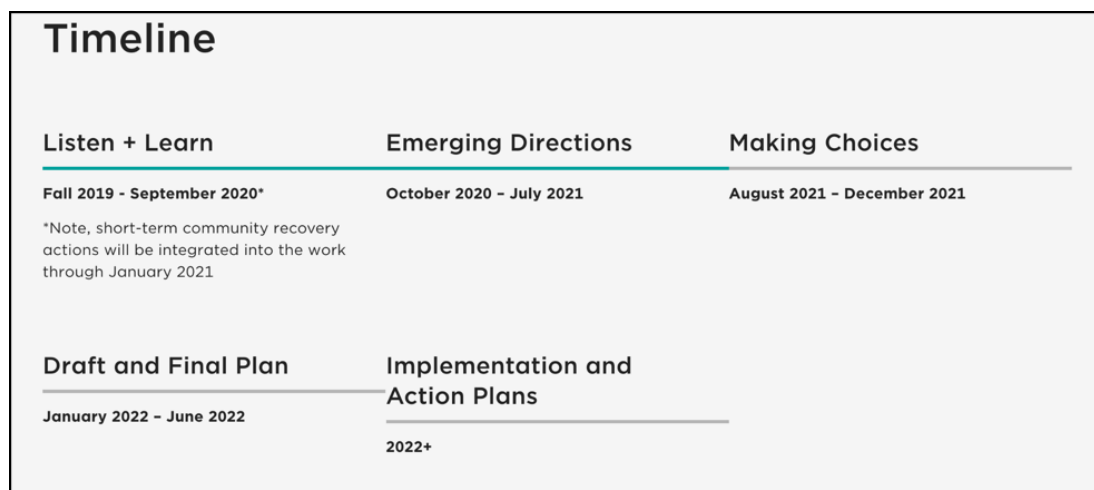

Timeline

Listen + Learn	Emerging Directions	Making Choices
Fall 2019 - September 2020*	October 2020 – July 2021	August 2021 – December 2021
*Note, short-term community recovery actions will be integrated into the work through January 2021		

Draft and Final Plan	Implementation and Action Plans	
January 2022 – June 2022	2022+	

Fig. 1 Timeline of the PVT plan

3. 'Listen and Learn' Feedback

The initial 'Listen and Learn' stage was largely disrupted by the Covid-19 pandemic. However, between November 2019 and August 2020 organisers were still able to gather information through digital surveys, community meetings, dialogue sessions, and in-person interviews and outreach. This phase was designed to create partnerships and listen to what the public had to say, with a particular focus on "those voices historically left out of municipal decisions". By doing this, traditionally underrepresented populations were able to get involved early on in the process. This allowed organisers to seek their advice so that future engagement efforts could be more "responsive, inclusive and welcoming".

The first phase of the timeline generated over 48,000 open-ended comments, 9,708 survey responses and 151 shape your city ideas (Fig 2). This was the **largest response** to an open-ended survey ever fielded by the City of Vancouver. While this data collection was important, just as vital were the in-person interviews, meetings and discussions that were had with communities and stakeholders. This personal approach allowed researchers to focus on getting the opinions of underrepresented populations such as youth, indigenous people, people who speak a language other than English at home, people with disabilities, and people experiencing homelessness.
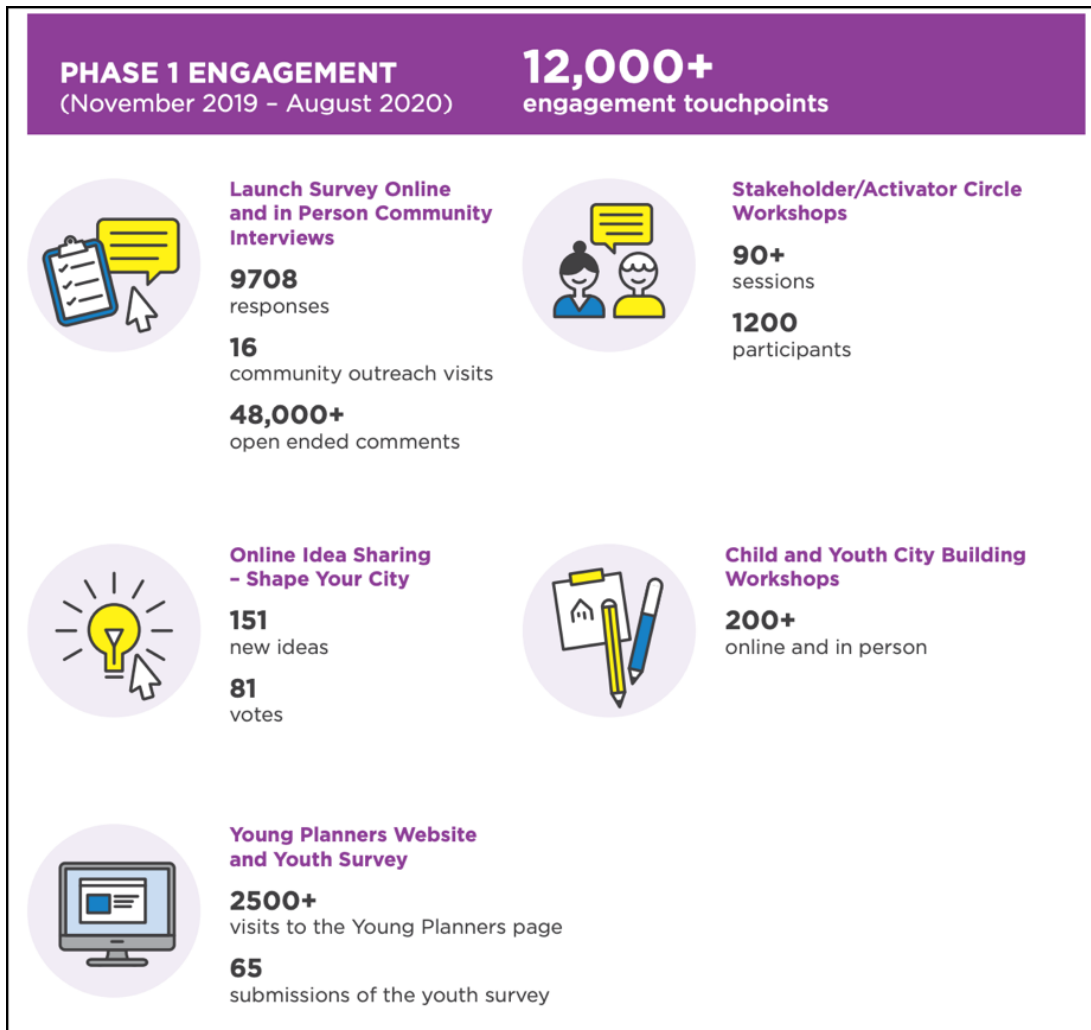
PHASE 1 ENGAGEMENT
(November 2019 – August 2020)

12,000+
engagement touchpoints

Launch Survey Online and in Person Community Interviews

9708
responses

16
community outreach visits

48,000+
open ended comments

Stakeholder/Activator Circle Workshops

90+
sessions

1200
participants

Online Idea Sharing – Shape Your City

151
new ideas

81
votes

Child and Youth City Building Workshops

200+
online and in person

Young Planners Website and Youth Survey

2500+
visits to the Young Planners page

65
submissions of the youth survey

Fig 2. Infographic showing response statistics

From these responses, a picture of Vancouver was created that highlights the challenges needing to be addressed and the things to celebrate about the city and tensions between what the community wants and existing policies (Fig 3.).

CHALLENGES

Rising unaffordability

Housing insecurity

Visible public struggle – homelessness and addiction

Accessible and efficient transportation options

WHAT GIVES THE COMMUNITY JOY

Places of natural beauty – green spaces, urban forest, beaches and waterfront access

Spaces that promote social connection

A compact city – walking access to daily needs

Increased opportunity, inclusion and fairness for all

Widening and deepening inequality	**Not reported**
Eroding trust and confidence in the local government	**Not reported**

Fig 3. Table showing challenges and positive feedback highlighted by the public during the 'Listen and Learn' stage

Ten goals were developed from these findings to coordinate the city's development with the community's priorities. Because data continued to be collected during the Covid-19 pandemic, the goals are also influenced by the struggles communities were facing during this time. The PVT team states that the goals are intended to help guide the response to the pandemic and help build for a more resilient future. The **next step** in the process will be for the PVT team to refine the goals to continue to reflect on what they are hearing and learning. All of the goals can be read in detail **here**, but for this briefing, the following five have been chosen as examples:

1. **To advance a city of reconciliation through decolonization** – To respectfully prepare for the future, the Vancouver Plan will need to truth-tell by confronting harmful and challenging pasts, address present inequities, and jointly map out a more harmonious path forward

2. **To create an equitable, diverse and inclusive city** – To achieve a more fair, equitable, and vibrant future, we must transform our processes and practices to make room for marginalized people and communities to step forward to the centre.

3. **To become a sustainable and carbon-neutral city** – Ensuring the decisions we make today don't undermine the generations of tomorrow means investing boldly in measures that move us towards a more sustainable future.

4. **To demonstrate transparency in decision-making and collaborate with partners** – Trust is an essential part of all relationships, including between local government and the community. The City of Vancouver is committed to building increased transparency in decision-making and consultation processes and to consistently enhance governance to effectively engage citizens and lead with a clear vision, priorities, monitor outcomes and constantly learn, adapt and improve our systems.

5. **To create complete, connected and culturally vibrant neighbourhoods** – We need more walkable, accessible, and complete neighbourhoods that are connected throughout our city to ensure that every resident can meet their daily needs without relying on private transportation.

Comment

The ability to self-critique and the level of transparency of the PVT plan might be considered to be higher than similar neighbourhood planning projects in the UK. Throughout each stage of the PVT project, the planners respond to negative feedback and adapt methods accordingly. The language used to communicate with the public via the website is warm and outgoing and helps create mutual respect between the people and the government. It seems that the PVT planners prioritised highlighting that the project would be a team effort through the use of language such as: "moving towards a city *we* want" and "*working together* to create *our* ideal city". There also seemed to be a more notable effort to engage with minorities when gathering opinions that could stem from British Columbia's (B.C's) relationship with native populations. There is a conscientiousness surrounding building or land development in Vancouver that is probably influenced by the history of this relationship. The Canadian government officially apologised for the country's treatment of the First Nation peoples in 1998 and since then has tried to reconcile. The first page of the **PVT Reference Guide** has the following paragraph:

> "The City of Vancouver is located on the traditional, unceded territories of the xʷməθkʷəy̓ əm (Musqueam), Sḵwx̱ wú7mesh (Squamish) and səlilwətaɬ (Tsleil-Waututh) Nations, who have lived in their territories since time immemorial. As a City of Reconciliation, the City of Vancouver has committed to "form a sustained relationship of mutual respect and understanding with local First Nations and the urban Indigenous community." This is an ongoing and evolving commitment, and one that is foundational to the long-term success of the Vancouver Plan.

In comparison, large parts of the UK are also made up of smaller settlements with perhaps a less diverse demographic and so considering minority opinions might not seem as pressing. Although the countries' situations are different, I believe that both local UK governments and future development projects in B.C. and Canada can learn from the more communicative and transparent approach that Vancouver has adopted during the PVT project.

Another explanation for the countries' differences in approach could also be scale. The province of B.C. amasses to 944,735 km² and has a population of **5.1 million** while the UK has a population of **67 million** and is 242,495 km²; more than 4 times smaller than B.C. Alongside having a smaller population, B.C also has its own

provincial government which gives it more control over development decisions; including the ability to change regulations and test new methods. Town and city developments across the UK have to follow the same set of guidelines discussed at the beginning of this briefing. The UK's larger population and high number of towns and cities means the protocol they follow for development is more restricted. However, David Rudlin **considers that** "maybe urban planners need to understand that urban areas are grown" and that if development was done on a smaller scale without overarching guidelines "settlements would be created that are ideally suited to the needs of the community". Perhaps then, it is time for the UK to consider a down-scale in its approach to city planning. The positive results from the PVT plan thus far demonstrate that focusing on the needs of the local community is a vital stage of successful city development. With the UK's population size, it is impossible for the national government to do so with all communities; so maybe more focus and funding should be given to local government to encourage the natural growth of their public spaces.

Related Briefings

Swift Read: Better housing, better health

Towards the 20-minute neighbourhood: engaging children and young people in place-making

Post-Covid towns and cities: changes to the urban landscape

Moving Councils to net zero: Adopting a retro-first approach

Legislating for housing affordability

Making space for children and young people on the road to recovery: are 20-minute neighbourhoods the answer?

Supporting affordable housing delivery for a fair and just recovery: lessons from Europe

Councils and the climate crisis: making social housing energy efficient

Reshaping our cities and regions to drive the Covid recovery

Briefing: Homes fit for our future: getting on with climate-friendly housing

Published: 19 November, 2020

Author: Jo O'Hara

Location(s): England & Wales, Scotland

Topics: Climate action and sustainable development, Housing and planning

Summary

The scale of the challenge of achieving carbon neutrality in the UK within the next twenty to thirty years is formidable. Many independent commentators and scientists regularly call for work towards net zero to be accelerated. Innovation throughout the housing system is providing necessary and new ways to navigate the route to net zero and to overcome obstacles along the way.

This paper examines some innovation impacts at different levels across the housing system, considering embodied, operational and land-based emissions, and explores routes to make yesterday's innovations tomorrow's 'business as usual'. Three common themes emerge around people, place and finance, echoing unsurprisingly perhaps the factors of production (land, labour and capital) coined by Adam Smith and Karl Marx. This briefing will be useful for members and officers working in planning, housing and sustainability.

Briefing in full

Introduction

The decarbonisation of housing is one of the most important strands of action to deliver climate targets, whilst also addressing the wrongs of fuel poverty and poor health due to sub-standard housing. The media profile of low-carbon housing tends to focus on new-builds, incorporating cutting edge technology, and with stylish Instagram-friendly pictures. However, 80% of the homes we will be inhabiting in 2045 are already built, and therefore while new-build homes are a key part of the mix, improving the performance of the existing housing stock is vital.

The diversity of these homes is huge – as is the diversity of the people who live in them and the places where they are built: castles to crofts; for new-borns, city hipsters and great-grandparents; from Cornwall to Cumbernauld. By definition, diverse systems aren't simple, and making an impact demands agility, active learning and collaboration across professional and organisational silos.

Scotland is proud of its leadership position in the global race to net-zero. The 2045 net-zero target has widespread political and popular support, with a plethora of national and local initiatives, and yet wide-spread decarbonisation of the housing system is still too slow. Clever new-technologies and engineering solutions appear almost weekly and yet adoption beyond the pilot-stage into the mainstream remains frustratingly slow. So where are the issues stopping us from making faster progress?

Characterising the challenge – and the benefits

At a recent conference on climate innovation, Peter Rickaby from UCL characterised the challenge as reducing the energy demand of houses down to below 50KwH/m2/year by 2025 as well as de-carbonising the electricity grid. That will require completing an upgrade of one home in the UK every 5 seconds for 25 years. And if that wasn't daunting enough, the current average retrofit cost is around £25k per home), with considerable household disruption and a degree of risk. To provide some context, this represents around 16% of current average house prices in Scotland – recognising that house prices here have increased by **16% since January 2015**.

A challenge of this scale may sound daunting, but the benefits are far greater than climate stabilisation. Improving the living conditions of the population – especially those on lower incomes – has far-reaching well-being benefits, especially as the

pandemic is stimulating a greater shift to working from home for many. Reducing climate impacts by providing well-insulated, dry and properly ventilated homes is therefore attractive to most political leaders – despite the scale of the challenge.

For both new-build and existing homes, carbon emissions are traditionally measured as arising from two areas: embodied carbon and operational carbon.

- **Embodied carbon** includes the selection of materials, the construction process, maintenance and 'end of life' emissions, and is more significant for new-build properties.
- Operational emissions are those arising from heating, cooling and running the home (including energy arising from water and waste-water handling), and make up the greatest source of greenhouse gas emissions associated with housing.

A third area associated with domestic housing and gaining increased attention, incorporates the 'matrix' of land surrounding homes – gardens, waste-ground and infrastructure corridors. Whilst this isn't a significant source of emissions, when looking at the whole system, it should be considered as part of the suite of 'tools' for managing carbon emissions and is particularly important when considering the resilience of our homes to future changes in the climate.

Having characterised the scale and scope of the challenge, the next two sections review some of the innovations emerging in the housing sector: the first looking at engineering 'fixes' based within the fabric of the building, and the second looking beyond the house itself and into the wider system that underpins the construction businesses.

Engineering innovation

Over the last ten years, the range of innovation in building techniques has been huge – especially diversification away from traditional 'brick and block' approaches and the incorporation of more technology in the fabric of the building. There are now many proven, quality-assured new or improved techniques and technologies that are in the menu of approaches available to home-owners, landlords, councils and housing associations to help them reach net zero for new-build and retrofit. A number of examples are explored below.

New '**modern methods of construction**' approaches to the build stage are becoming increasingly popular – particularly for new builds. These processes involve doing much of the construction activity off-site in controlled environments,

and then transporting components to site for rapid assembly. The approach increases efficiency and substantially reduces transportation and on-site waste and disruption. It also allows for the greater use of materials with lower embodied carbon, and the concentration of key skills (e.g. less travel by skilled staff to different sites). The main constraints to growth in this area are systemic rather than technical, and include skills shortages, risk aversion in procurement and the inertia in the traditional construction sector.

Improvements in domestic energy generation have had major impacts on cost-effectiveness, and therefore the feasibility of de-carbonising energy supply for operational carbon. Solar PV costs have reduced significantly over the last 10 years and efficiency has improved. This can work well for those with roof-space and who can maximise their use of electricity during the day. Recent work by the charity Changeworks for the City of Edinburgh Council at **Kirkliston** has installed solar panels and battery panels in 112 social housing properties to take advantage of this.

For heating, domestic heat-pumps are the 'new' technology that governments are relying on to form a significant part of the solution for new-build and retro-fit. Heat pump technology operates like a fridge in reverse, using renewable electricity to expand and contract refrigerant liquid to extract heat from the air and then using it to heat radiators and water. Installation of heat-pumps can be disruptive, and they require outside space, making them less suited to flats – unless they are incorporated into a community heating scheme. However, the technology is proven and can be used in a range of situations – the primary barriers are the suitability of the technology to different housing designs, contractor availability, cost and disruption.

Insulation is the single most important technology for improving efficiency, and there is a wide range of insulation techniques and materials offering flexibility. Many techniques are relatively straightforward, have a good ecosystem of contractors and are underpinned by robust quality standards (e.g. double glazing, cavity wall insulation). Technical advances are also emerging in the embodied carbon of materials (e.g. the use of **hemp** in insulating panels to replace petro-chemical based materials). However, as is being seen currently in England with the role out of the £3bn Green Homes Grant scheme, as demand increases, the availability of contractors to carry out the work becomes the limiting factor – skills and sustainable business models for SMEs need to be addressed on the supply side for this to scale to the level needed.

Other technical innovations addressing embodied carbon include the development

of bio-materials and bio-composites such as re-constituted wood and bio-plastics, so that the fabric of the home and its surrounds becomes a carbon sink itself. According to the UKCCC:

> "…using wood in construction to displace high-carbon materials such as cement and steel is one of the most effective ways to use limited biomass resources to mitigate climate change…..Increasing the number of new homes built in the UK each year using timber frame construction systems from around 27,000-50,000 in recent years to 270,000 annually could triple the amount of carbon stored in UK homes to 3 Mt every year."

System-wide innovation – more than construction

As the preceding section shows, there is no shortage of technical solutions to the net-zero challenge. Many of these technologies have been around for a while, and yet wide-scale adoption remains frustratingly slow. Increasingly, the focus is turning to system-level innovation: impacting *how* change happens rather than *what* changes to carry out. This approach brings together innovations across different specialisms, and leverages multiple positive outcomes. For new-builds, a number of recent innovative projects incorporating systems-thinking have demonstrated particular potential.

Agile homes in SW England has recently received considerable attention, for deploying paid prisoner labour using modern methods of construction to build low-carbon timber homes off-site for use in a social housing development. The money earned by the prisoners is then used to help them with housing costs on release, and they have marketable skills in an area of growing demand. The benefits of this approach clearly go well beyond net-zero.

In another, example the energy system of new developments can be the focus of attention. **SNRG systems** apply their expertise to enable local energy systems for communities which incorporate energy generation and use (including transport) and plumbing and drainage.

In Fort William, Highland Council has used Scottish Government Low Carbon Infrastructure Transition Programme funding to incorporate innovative heat-storage batteries, air-source heat-pumps and solar. These technologies are being integrated into a mixed-use and mixed-tenure development in one of the largest affordable housing projects in the Highlands since the 1980s.

An example of a large scale, regionally-based approach is the '**Clyde-Mission – Clyde-Corridor**' National Development proposal from the Glasgow City Region City Deal, which also incorporates a proposed 'Clyde Climate Forest'.

All of the examples above are focused on new-developments. What about innovation in retrofit?

Policy developments are addressing systemic issues (**Scottish Government's Home Energy Efficiency Programmes**), and the need for this type of activity to be rooted in the places where people's homes are situated is being incorporated via area-based schemes. This is not just coming from governments, the National Insulation Association is calling for a street by street approach for towns and cities: enabling community support and discussion, minimising disruption, facilitating contractor planning and allowing for a focus on specific property archetypes in clusters. Each individual scheme may be relatively small, but taking a whole-system approach over a limited area does appear to maximise the cost-effectiveness and reduce disruption.

However, the significant challenges around retrofit cannot be understated, as shown by the **recent cancellation** of a £4.5m retrofit programme for 75 terraced homes in Paisley due to higher than anticipated cost and contractor capacity. Concentrated effort to develop workable business-models and improving cost-effectiveness must be a priority if this is to be solved. One obvious route open to UK government would be to remove VAT on retrofit (new-build is already zero-rated), as **advocated** by many across the sector.

If neighbourhood-scale action is the way to go for mass adoption of retrofit, then achieving system change will require *inter alia* innovation in re-skilling tradesmen, implementing sustainable business models and ensuring efficient supply-chain management. These areas are all linked, for example investment in new skills for the existing workforce will require businesses that can afford the overhead, so improving business models will facilitate skills development (and *vice versa*). Retrofit in particular has a supply-side characterised by SMEs, providing a contractor-led-design approach to non-expert householders. Maintaining up-to-date skills in emerging techniques and technologies, as well as developing new skills in stakeholder engagement to help householders to achieve the right specification, is an overhead that many businesses will struggle to afford – especially while demand for contractors is so high. One interesting proposal is to target full-house retrofit support at the owners of building firms so that they not only learn about the technology, but also become advocates with their client base.

With governments across the UK now providing more funding directly to householders for retrofit in the 'able to pay' market, householders need to be empowered to work more effectively with contactors to identify and install the best technologies for each home, this in turn will drive contractors to invest in re-skilling as the system flips to becoming more demand-led. Initiatives such as Home Energy Scotland provide advice to help overcome this issue, and businesses such as **Parity Projects** are driving innovation further, building tools for individual owner-occupiers to use for bespoke specifications.

Of course, national policies are also needed to provide a framework to facilitate local policies and action. An example of this approach is captured well in the Energy Systems Catapult framework 'six steps to zero-carbon buildings':

1. Fund place-based retrofit programmes – build supply chains, skills and share the learning of what works
2. Roll out local energy planning to co-ordinate investment and integrate with other local priorities (e.g. skills)
3. Make energy networks invest for net-zero
4. Introduce new carbon performance requirements for all buildings – equivalent to MOTs for cars
5. Reward low-carbon behaviours through energy bills (currently gas is incentivised)
6. Provide funding and support innovative finance for low-carbon retrofit

This type of approach requires co-ordination and collaboration between the different actors, but the need for appropriate join-up between local and national funders and policy-makers is also clear, and is becoming clearer in Scotland through the **Energy Efficient Scotland** programme.

Levers of change

The examples above show that the innovation ecosystem for reducing emissions from our homes is rich, complex and very active. The barriers to action at an appropriate pace and scale do not appear to be primarily technical or specifically financial but are more focussed around capacity (including vocational skills in particular) and risk-aversion/inertia amongst homeowners and the trades.

Overcoming these barriers requires a similarly innovative approach to that seen in technical developments and policy. Building confidence in householders to 'take the plunge' with a deep retrofit, and growing confidence and competence in the building trades to provide profitable, effective services are two key levers to escalate action

to the levels required. Both are inhibited by current failures to establish viable business models that work at the scale of the householder, the contractor, the investor and the taxpayer.

Building householder confidence is one of the objectives of the BEIS '**Electrification of Heat**' demonstration project, this programme is fully funding the installation of heat-pump technology and insulation into a wide range of housing types. It is hoped that this programme will not only provide a cohort of 'community champions' for low-carbon technologies, but will also provide sites for contractor and householder- learning about the risks and benefits of these technologies.

Remedies for the skills and capacity gap across the building trades have been dominated by new-build (e.g. see the **Future Skills Report** of the Construction Leadership Council), and focused on new entrants to the sector (e.g. apprentices). This has been recognised (e.g. see recent commission for reports **here**), however there seems to be considerable scope for more to be done in the re-skilling/upskilling of workers already in the sector.

Comment

The UK Committee on Climate Change is clear that "we will not meet our targets [in UK or Scotland] for emissions reductions without near complete decarbonisation of the housing stock".

Increasing attention to the climate impacts of housing has stimulated widespread innovation across the system: impacting operational and embedded carbon associated with domestic property; embracing the matrix of land surrounding the buildings themselves and addressing the distinct issues and opportunities presented by new-build and retro-fit activities. Many implementable technical solutions have been developed and are being rolled out locally, however it is not clear that the pace and scale of activity will provide the reductions in emissions needed to meet climate ambitions.

Councils are taking a more place-based approach to both new-build and retrofit, which is showing real promise, however capacity constraints and householder reticence are likely to significantly impede the required pace. These human and place-based actions need to be complemented by the development of novel business models to improve the flow of the considerable capital in the system to the people and places where it will have the greatest impact.

Local government is fundamental to delivering the changes in housing that will

improve people's lives, protect communities from the impacts of climate change and mitigate the risk of even more extreme climate in the future. Local government leadership and action are needed to deliver solutions to the climate crisis: forward-thinking councils are embracing this challenge with innovation at all levels, and working with a wide range of partners in the private, academic and third sectors. There is much to learn from each other in this rapidly evolving area.

Briefing: Housing in Scotland: the next 20 years

Published: 8 April, 2021

Author: Neil Merrick, LGIU Associate

Location(s): Scotland

Topics: Climate action and sustainable development, Housing and planning, Welfare and equalities

Summary

A vision of Scotland's housing over the next 20 years has been unveiled by Scottish Government. Not only does the strategy promise more homes, but also better-quality housing that helps to tackle the climate emergency while assisting more people to live independently.

'Housing to 2040' is Scotland's first long-term housing strategy and represents an attempt to move away from policy being decided by election cycles.

Key features include:

- 100,000 more affordable homes by 2031/32, at least 70 per cent of which will be for social rent.
- All new homes built by councils and registered social landlords to emit zero carbon by 2026.
- Existing homes to be adapted and retrofitted so that occupants benefit from improved energy efficiency and decarbonised heating.

- A rented sector strategy that strengthens' tenants right.
- A review of homelessness legislation with the aim of ending rough sleeping and other homelessness.
- A housing standard to cover all new and existing homes, including agricultural properties and mobile homes.
- An accessible homes standard for new homes, giving disabled people more options and reducing the need for adaptations as people get older.
- Funding for local authorities to bring empty homes back into use.
- Planning guidance that ensures amenities, including open space, are within easy reach of people's homes.

The strategy is based around people having a 'right to housing', regardless of tenure, with government helping to increase affordability and choice. This briefing looks at the proposals in detail, with reactions from housing organisations in Scotland.

Briefing in full

Introduction

Housing policy has been devolved to Scottish Government since 1999, however 'Housing to 2040' is the country's first 20-year housing strategy. It sets out a route-map for building more homes over the next two decades with an aim of making all homes greener and of better quality.

The strategy was first proposed in 2018 and led to a wide-ranging consultation that began prior to the pandemic. More than 2,000 people were consulted, with meetings held at 22 events across Scotland.

The strategy is divided into four main areas:

1. Building more homes
2. Increasing affordability and choice
3. Making homes warmer using greener energy
4. Improving the quality of all housing

Building more homes

A total of **100,000 new affordable homes are promised by 2031/32**, at least 70 per cent of which will be for social rent. All new homes will be of high quality and (from 2026) **emit zero carbon**, in line with the government's climate goals.

The target includes 50,000 homes by 2026/27 and, following a mid-point review, a further 50,000 homes by March 2032. There will be specific support for development in rural and island communities, helping to stem rural depopulation.

The new national planning framework (NPF4) will give planners more control over the **quality of neighbourhoods and communities**, guiding where development is permitted and how it helps to deliver better amenities.

More open space is promised close to new housing, with a strong emphasis on '**20-minute neighbourhoods**' that reduce the need for travel. "By developing vacant and derelict land, repurposing existing properties and locating homes closer to services and facilities within 20-minute neighbourhoods, we will support the delivery of homes in town centres and at the heart of communities," adds the strategy.

The new target kicks in once the government meets its existing target of delivering 50,000 homes during the Scottish Parliament term that just finished. According to ministers, this is running behind schedule due to the pandemic.

About 4,800 affordable homes were delivered in rural and island communities during the four years to March 2020. An extension of modern methods of construction and other building that involves new technology will assist "challenges in rural areas".

After 2021/22, there will be **a review of grant subsidy**. "We will explore the possibility of cross-subsidy models with interested councils to support the funding of more social rented housing in mixed-tenure communities," says the strategy.

More affordable housing is seen as vital to **cutting homelessness and child poverty**. The government is also promising continued support for the construction of homes for private rent.

Private investment will play a key part in funding affordable homes. In 2019/20, grants covered 56 per cent of social housing built by registered social landlords (equal to £88,500 per home), with an average of £69,000 raised through private funding.

A review of taxation in relation to new and existing housing is also imminent. This will include considering "how changes to existing local and devolved taxes could help deliver the Housing to 2040 vision".

Will it make a difference?

According to the Chartered Institute of Housing, "a ten-year focus on

increasing supply of affordable housing and a new cross tenure rented strategy have the potential to transform the housing system for tenants and communities".

The Scottish Federation of Housing Associations (SFHA) welcomed much of the strategy but said it is critical to ensure social landlords have "adequate financial support from government".

There was also a positive response from the charities Crisis and Shelter. However, Gordon MacRae, assistant director for communications at Shelter, **warned there may not be enough homes** to reverse a trend whereby "the number of people who need a social home grows at a faster rate than we can deliver new homes to house them".

At the start of last year, Shelter and other housing organisations called for 53,000 affordable homes to be built in Scotland during the next five years, of which 37,100 should be for social rent.

Increasing affordability and choice

Everyone should have access to a home that is affordable and have a choice over where they live, says the strategy. The 'right to housing' must apply regardless of the tenure. This means:

- Ensuring everyone has the right to an adequate home.
- Ending homelessness and rough sleeping
- Improving the rented sector so it offers a range of good-quality homes that are affordable for those who choose to live in it.
- Intervening in the housing market so that it operates fairly and provides affordable options and choices in all communities.

A housing bill promised early in the next Parliament will **strengthen tenants' rights** and improve the housing rights of people experiencing domestic abuse.

A new **rented sector strategy** is promised by the end of this year, based on the views of tenants. This will take 'an equalities-led approach' to addressing gaps in housing options for people with protected characteristics, along with vulnerable groups and those living in temporary accommodation.

There will be a specific focus on women and children, people experiencing domestic abuse, disabled people, minority ethnic groups and those with complex needs. The rented sector strategy will also address barriers facing people from minority ethnic groups when they try to access social housing.

Rent pressure zone rules will be amended to help councils combat "unreasonably high rents" in the private sector. Tenants will be encouraged to make more use of rent adjudication, along with pre-action protocols to prevent unfair evictions.

Proposals **to prevent and end homelessness** set out in **the Ending Homelessness Together action plan** will be embedded within the housing system and wider public services by 2040.

A comprehensive audit of current housing and homelessness legislation will start later this year, while a programme to facilitate access to the private rented sector for homeless households will be rolled out across Scotland.

Further legislation will enforce Scottish Government's **short-term lets** licensing scheme and tackle 'the blight' of **empty homes**. Where possible, empty homes will be brought back into use as social housing.

In 2019, there were about 40,000 empty homes in Scotland. Councils will be given powers to charge owners for homes that lie empty. There will also be support for self-provided housing, including **£20m for the gypsy/traveller community**.

The government is promising to develop "a shared understanding of affordability which is fit for the future". This must take account of "the drivers of poverty and inequality, the economic challenges of the housing market, the financial sustainability of the affordable rented sector and the real costs of living in a home and a place".

There will be less support for first-time buyers, with the help to buy scheme being phased out. Instead, a shift in focus will see more government assistance for people to renovate, adapt or improve the energy efficiency of existing homes.

A new **accessible homes standard** will ensure accessibility is built into new homes, giving disabled people increased options. It will also reduce the need for expensive changes to homes as people get older or when their needs change.

Will it make a difference?

Crisis welcomed the commitment to legislation to ensure that people get the help they need to stop them from losing their home. "Changing the law to prevent homelessness must be a priority for the next Scottish government," it added.

The Chartered Institute of Housing called on the government to work with housing professionals and provide additional training over "affordability, accessibility and

standards" in the rented sector.

[Rural Housing Scotland](#) said funding guidance should be changed to permit communities to enter long term leasing arrangements with owners of empty property, helping to bring long term empty property back into use.

Making homes warmer using greener energy

Housing must contribute to tackling climate change and help achieve the Scottish government's goal of **net zero carbon emissions** by 2045. This will be done through homes that are warm and affordable to heat. There should also be fewer emissions from housing construction.

The strategy promises to:

- Ensure new buildings are fit for the future so residents have confidence they will not need to be retrofitted later.
- Adapt and retrofit existing homes so occupants benefit from improved energy efficiency and decarbonised heating.
- Put housing at the heart of a green recovery in Scotland and help to drive "inclusive and sustainable economic growth".

Energy standards will be reviewed this year and again in 2024 through building regulations that deliver further improvements in energy efficiency and emissions reductions in new homes.

By 2026, **all new homes built by councils and registered social landlords will emit zero carbon**. This will involve fitting zero emissions heating systems ahead of regulations due to come into force in 2024.

In February, the Scottish government published **a draft heat in buildings strategy**, which called for faster introduction of zero emissions heating in homes and the workplace. The consultation closes at the end of April.

Decarbonisation will be 'ramped up' from 2025, says Housing to 2040, with stronger local supply chains and training around energy efficiency measures, including zero emissions heating systems.

However, the strategy admits there is some uncertainty "in the long-term pathway to reducing emissions from existing homes", particularly in ensuring that it does not increase fuel poverty.

"We need to work collaboratively to establish the right mix of solutions for different

types of homes in different areas to ensure heat remains affordable," it says. "We also need to work through how best to regulate to incentivise change; how new infrastructure and in-home technologies can be financed; and how to ensure national infrastructure supports future change."

An independent **zero emissions task force** starts work later this year. It will initially advise the government on how to meet net zero targets in social housing before making recommendations for the private rented and owner-occupied sectors.

There will also be greater use of offsite construction and a "new business model for affordable home delivery". Housebuilders will be required to modernise in line with the government's net zero plans, with an innovation programme promoting new ways of designing and building homes.

Scottish Government estimates it will cost about £33bn to bring all buildings in line with net zero targets. This includes non-residential buildings.

"The scale of this investment presents a very significant opportunity to boost local economies and create good, green jobs and will involve a significant ramp-up of the capability and capacity of supply chains in Scotland," says the strategy.

Offsite construction and decarbonisation will also require workers to develop new skills, changing the nature of the workforce. "Offsite construction has the potential to attract a more diverse workforce than traditional construction and spread jobs more equally across Scotland."

Will it make a difference?

Sally Thomas, chief executive of Scottish Federation of Housing Associations, said associations were "leading on delivering Scotland's most energy-efficient homes". She added: "We will work with the government to ensure that housing associations can meet the climate change ambitions set out in Housing to 2040 and in other strategies."

Improving the quality of all housing

Legislation is promised in the next parliament to implement a **housing standard** that covers all new and existing homes, including agricultural properties, mobile homes and tied accommodation.

Current housing standards allow for exceptions in certain circumstances, including homes in rural areas, agricultural properties or hard to treat buildings. "This results

in the unacceptable position where those with the fewest options and the least recourse are more likely to have to live in sub-standard housing."

A draft standard will be published in 2023, for phased introduction between 2025 and 2030. Targeted support packages will help homeowners to improve their homes, while an enforcement framework ensuring compliance. Councils and RSLs will be expected to deliver digital connectivity in new social housing.

The strategy says "there will be no margins of tolerance, no exemptions and no "'acceptable levels' of sub-standard homes in urban, rural or island communities, deprived communities or in tenements. "Our existing homes will keep pace with new homes, with no one left behind," it adds.

Everyone should also be able to **live independently in a home of their own** that meets their needs, says the strategy.

The accessible homes standard [see above] will 'future-proof' homes for lifelong accessibility. Applications for adaptations will be dealt with faster, with money offered to older and disabled homeowners wishing to improve their property.

"Alongside our work to improve the adaptations system and better integrate the work of health and social care and housing services, this will make a critical contribution to supporting people to live independently."

Will it make a difference?

The Chartered Institute of Housing said plans for standards to improve the quality of all homes, including new accessibility standards, "provide an opportunity to ensure all of Scotland's housing stock is fit for purpose for people at all ages and stages of their life".

Rural Housing Scotland said: "There should be appropriate affordable housing opportunities for all stages of life; and housing which encourages greater sharing and cooperation to foster greater community cohesion and to breakdown isolation."

Comment

Scotland's first 20-year housing strategy offers something to virtually everyone with a home, as well as those currently without one.

There are commitments to build homes that are more affordable, greener and allow for greater independence. Existing housing is to be brought up to similar standards, most especially through decarbonisation of heating, helping the Scottish government

to achieve its climate goals.

Strategically published weeks ahead of this May's Scottish Parliament elections, the strategy cannot be accused of lacking ambition. In promising more social housing and favouring renters ahead of prospective homeowners, it also shows Scotland to have a distinctive outlook and philosophy on housing to the UK government.

To some extent, Scotland has already led the way in becoming the first part of the UK to abolish right to buy. Wales has since followed suit. But people in Scotland will be looking for more than just a commitment to homes that are affordable to tenants renting from social or private landlords.

The strategy attempts to encompass rural areas, as well as towns and cities where 20-minute neighbourhoods are more likely to be found. Policies such as converting empty homes into social housing should be welcomed throughout Scotland, as will common standards for homeowners and renters, including smoother adaptations.

The key will be enforcing standards, and countering claims that the money needed for improvements is not readily available, particularly by property owners.

While Scottish Government may wish to move away from housing policy being decided on a five-yearly basis, it will still be at elections that the effectiveness of its housing and other policies will be judged.

Related briefings

Building skills for net zero

Healthy economy, healthy people, healthy planet: achieving a net zero UK

Future proofing the provision of heat for local government: the pros and cons of heat decarbonisation technologies

Homes fit for our future: getting on with climate-friendly housing

For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Head of Briefings, on **janet.sillett@lgiu.org.uk**

Briefing: Hydrogen as a clean energy carrier: introduction and opportunities for local authority climate action

Published: 13 July, 2021

Author: Connor Smith, LGIU Associate

Location(s): England & Wales, Global, Ireland, Scotland

Topics: Climate action and sustainable development, Transport and infrastructure

Summary

This briefing discusses hydrogen as a clean energy carrier and associated technologies. Particular attention is given to the contexts within which adoption of hydrogen may support local decarbonisation ambitions, including case study examples.

Although proponents of a greater role for hydrogen in low-carbon energy futures cite the flexible properties of the gas as an opportunity to drive a "whole systems approach" to decarbonisation, this briefing discusses how, for local authorities, the appropriateness of hydrogen solutions will, in many cases, depend on the specific context of place, most notably the challenge of local electricity grid constraints and residence of high-grade heat demand heavy industries (e.g. cement, steel and glass). This briefing should be of interest to officers and elected members working in local authorities and municipalities around the world who seek to drive climate action in their areas.

Briefing in full

Introduction

The necessity of urgent and effective action to prevent climate breakdown is well recognised at **scientific**, **political** and **community** levels. Climate scientists **warn** of severe economic, social and environmental consequences if we fail to keep the average global temperature from rising more than 1.5 degrees Celsius above the 1990 baseline level. At international scale, the **Paris Agreement** – ratified by 196 nations around the world – seeks to limit global warming to at most 2 degrees Celsius above pre-industrial levels. Meanwhile, in the UK the **Climate Change Act (2008)** legally requires the Secretary of State to ensure at least 100% carbon emission reductions from the 1990 baseline by 2050. Whilst in the devolved Scottish Parliament, a slightly more ambitious target of **net zero by 2045** is being pursued. In Ireland the Climate Action and Low Carbon Development (Amendment) Bill 2021, passed all stages in the upper house, Seanad Éireann, and is due back into Dáil Éireann for final approval. When approved by the President, Ireland's regulatory framework will establish a legally binding framework that enshrines a new National Climate Objective for the delivery of a '*climate resilient, biodiversity rich, environmental sustainable and climate neutral economy*' by 2050. This commits to a 7% emission reduction target per annum to 2030 for a total of 51% emission reductions within the decade.

Far from being limited to national and international signalling, by the end of 2020, **319 out of 404 local authorities and eight combined authorities** throughout UK had declared a climate emergency. Perhaps most importantly of all, awareness and concern is now shared by **billions of citizens** around the world who recognise climate breakdown as one of the most significant challenges facing humanity in the 21st century. In Ireland, all local authorities have adaptation strategies and climate charters in place supported by 4 regional Climate Action Offices.

With the challenge and stakes well identified, the task now falls to implementing the ideas and technologies required to transition our societies away from fossil fuel dependency towards a cleaner and, many will hope, more fair and just planet.

Hydrogen as a clean energy carrier

Over the past several years, attention towards hydrogen as a **"green gas"** has increased significantly. This is reflected not only by the surge of **academic** and **institutional** publications exploring hydrogen and its associated technologies, but

also in the number of **demonstration projects** and **national strategies** being implemented around the globe.

In the UK, hydrogen features in UK government "**10-point plan for a green industrial revolution**" whilst in Scotland, a **hydrogen policy statement** was recently published along with a **£100 million fund** to de-risk demonstration projects and drive forward innovation in the sector. Beyond the UK, the European Union has introduced a **hydrogen strategy**, whilst Australia aims to position its nation as a **major global player** in the field by 2030.

What is hydrogen and how is it produced?

Hydrogen is far from an unknown entity. It is already used around the world in diverse industrial processes including the **production of glass, pharmaceuticals, silicon chips and fertiliser**. What is new, however, is the increasing framing (and indeed use) of hydrogen as a clean energy carrier and a tool for decarbonisation.

It is important to note that hydrogen is an energy carrier, not an energy source. For our purpose, the key distinction here is that the carbon footprint of hydrogen depends on how the gas is produced, rather than being consistent, like methane or carbon dioxide for example. Therefore, the method of hydrogen production determines the **environmental sustainability of the gas**.

Presently, **95%** of hydrogen produced worldwide utilises a technique called **Steam Methane Reforming** (SMR). SMR involves stripping hydrogen from natural gas and is thus not low-carbon as the remaining natural gas is vented into the atmosphere or flared. This method of production is often referred to as "grey hydrogen".

In order to reduce the greenhouse gas intensity of hydrogen production by SMR, the remaining carbon dioxide can be captured through **carbon capture and storage (CCS)** and stored geologically instead of being vented or flared. This method of production is often referred to as "blue hydrogen". Blue hydrogen **demonstration projects are due to start soon in Scotland**. For the moment, however, this production pathway is not proven at scale (although the constituent parts, i.e. SMR and CCS, have been tested on the ground in separate contexts).

Finally, the technique, which perhaps constitutes the biggest opportunity for low-carbon hydrogen production, involves inputting electricity and water into a piece of technology called an electrolyser. If the electricity input comes from a renewable source (e.g. wind or solar), then this production method is referred to as **"green**

hydrogen". It is important to note that different electrolyser technologies lend themselves to different contexts. Alkaline electrolysers have a high technological readiness level (TRL) meaning that they are **proven and reliable**; however, in this instance reliability comes with the trade-off of slow start-up times and the requirement of a steady input of electricity. This can be problematic if the aim is to pair alkaline electrolysers with intermittent renewable energy technologies as the wind will blow when and where environmental factors dictate, and the sun shines when cloud formulation and movement enables it to do so. Whilst this issue can be circumnavigated by ensuring a grid connection (i.e. to keep electricity input consistent even if renewable energy input falls), hydrogen produced will be reliant on electricity that may not be low-carbon (i.e. depending on the percentage of renewable energy in the grid at any one time). An alternative solution is the utilisation of a proton exchange membrane (PEM) electrolyser, unlike alkaline counterparts, can ramp up and reduce production in sync with intermittent electricity input. PEM electrolysers are therefore **well suited to being paired with intermittent renewable energy technologies**. However, PEM electrolysers have a lower TRL that implies both financial and public image risks if the technology were to fail and robust redundancy measures were not in place.

Why hydrogen?

There are several specific reasons for renewed interest in hydrogen. Broadly speaking, however, optimism centres on the flexible properties of the gas and the manner in which it could be leveraged as part of a "whole systems approach" to decarbonisation.

Firstly, one of the key challenges of the energy transition is **balancing the increase in intermittent renewable energy technologies** (e.g. wind, solar, wave), fed into local and national grids. For example, across UK and European Union there are many instances when renewable energy assets are turned off, known as curtailing, because the grid cannot handle any more electricity input – known as grid saturation. This means that wind turbines are turned off sometimes, even when the wind is blowing. This is where hydrogen and associated technologies come in. Instead of curtailing renewable energy generating assets when grids are saturated, that electricity (along with water) can be fed into an electrolyser that generates hydrogen. Hydrogen can then be stored and transported for use in an industrial application (e.g. glass making or pharmaceuticals) or it can be converted back into electricity using fuel cell technology. Furthermore, hydrogen (as a molecule) is well suited to longer-term and even inter-seasonal storage: this is a big issue for electricity based storage technologies, e.g. batteries, that are well suited for short-medium term

operations but cannot perform over longer periods.

Secondly, there is the significant task of **deep decarbonisation**: this refers to the difficult to decarbonise sectors like aviation, heavy transport and high-heat demand industries. Here hydrogen is cited by **researchers** as having a particularly important role to play considering the **advantages of molecules over electrons**, especially when it comes to high-heat demand end-uses. Furthermore, in the UK context, heat decarbonisation is proving particularly difficult to address owing to several factors, including the age and performance of existing housing stock and the existence of vast transmission and distribution infrastructure that could be repurposed to deliver hydrogen to homes.

Finally, it is also important to consider the gas sector that is at **significant risk of redundancy** if it fails to reorientate its business models in line with a low-carbon future. The gas sector has long been an important part of many economies around the world, including those of the EU, UK and Scotland, and possesses both human and material assets of great value. Thus, an increased role for hydrogen as a green gas in low-carbon futures is perceived by many as a means to retain jobs and, where possible, repurpose infrastructure to aid decarbonisation. This is especially true when it comes to hydrogen for heat decarbonisation in the UK (see H100 Fife and H21 Leeds demonstration projects below). However, it should be noted that there are many who believe that this is less about a just heat transition and more about **powerful incumbents using their lobbying powers** to muscle out more appropriate alternatives, like heat pumps combined with energy demand reduction programmes (e.g. housing energy efficiency retrofit).

Demonstration projects

Hydrogen for heat: **H100 Fife** aims to become the first 100% green hydrogen for heat demonstration project in the world. Taking place in Levenmouth, Fife, the project will deliver hydrogen, produced by a local wind turbine paired with electrolysers, to 300 homes through the local gas distribution network. Homes will require new hydrogen compatible boilers, cookers and meters that will be provided by the project lead. Meanwhile, in England, the **H21** project has an ambition to convert Leeds City Centre from natural gas to hydrogen-fuelled heating, which a **feasibility study** suggests is technologically feasible and economically viable. Significant progress is being made in Ireland with projects being developed in Cork and perhaps notably given the site's long history with coal burning, at Moneypoint in Clare.

It should be noted that heat decarbonisation is a **much debated topic in the UK**, with proponents of electrification and energy demand reduction often at odds with those in favour of green gas solutions. The conversation has not been helped by **central government inertia**, wherein large-scale demonstrations and roadmaps have been slow to materialise. However, far from there being a decisive "victory" for either pathway, **researchers** suggest it is likely that a variety of low-carbon heat and demand reduction approaches will be employed depending on the context and needs of specific areas. This is less the case in Ireland where, given the large scale use of wind power Ireland is among the most exposed to electricity outages. Hydrogen has therefore become an immediate platform to securing Ireland's energy supply.

Hydrogen for heavy transport: In 2015 the UK's first fleet of hydrogen buses were introduced in Aberdeen, along with production and refuelling infrastructure. Over the past 6-years, the **Aberdeen Bus Project** has gone from strength to strength having now delivered 65 vehicles in total including 25 double-decker buses, several dustbin lorries, and numerous small commercial vans. This project has spearheaded Aberdeen's decarbonisation ambitions and forms a central part of their regional hydrogen strategy and cluster of hydrogen activity. South of the border, an announcement recently confirmed the introduction of a **fleet of hydrogen buses in London**, making it the first city in England to utilise this form of public transport. Wrightbus in Northern Ireland is a world leader in hydrogen bus production and is now supplying many units across the globe including UK, EU and beyond.

Energy balancing: Orkney, in the Northern Isles of Scotland, is often spoken of when it comes to renewable energy; without a doubt, the archipelago islands punch above their weight when it comes to demonstrating **energy innovation leadership**. On Orkney, innovation has been driven to a certain extent by the fact that the islands produce more renewable energy than they consume, yet cannot export excess electricity to mainland Scotland due to a low capacity under water cable. This results in renewable energy assets, many of which are community-owned, being curtailed. In order to address this challenge, a particularly impressive demonstration project called **"Big Hit"**, formerly "Surf 'n' Turf" was designed and implemented. This project involves two community-owned wind turbines (one on the island of Eday and another the island of Shapinsay) that, along with tidal turbine technologies, feed electricity into PEM electrolysers to produce green hydrogen. The hydrogen is then stored and transported to Kirkwall where it is converted back to electricity when required using fuel cell technology or, alternatively, used to fuel light vehicles and even ferries. Meanwhile, England based ITM power recently conducted a **feasibility**

study to explore large-scale Power-to-Gas (PTG) applications, which, according to the project lead: 'aims to solve the challenge of accommodating intermittent renewable electricity generation on the grid by producing zero-carbon fuel' (i.e. hydrogen). '**P2G systems** respond flexibly to absorb electricity at times when generation exceeds demand, helping the electricity system to accommodate renewable generation which may otherwise be wasted'.

Implications for local authorities

Whether or not hydrogen is an appropriate solution for local authorities will in many cases depend on the specific context of place. For example, if your council is in a region that is host to significant high-heat demand industry activity, then it is highly possible that long-term viability may involve the incorporation of hydrogen into industry processes (i.e. as we begin to address "deep decarbonisation"). In this instance, long-term planning and collaboration with the private sector could seek to ensure that future regional hydrogen demand is met by local hydrogen production. This would help to maximise the local socio-economic benefits of the energy transition, especially if the ownership structures of hydrogen production were municipal or cooperatively owned.

Alternatively, If you work in a region that suffers from high curtailment of renewable energy generating technologies, then hydrogen solutions may also constitute a potential fix. As noted, the gas can i) be stored for later use or ii) converted back into electricity using a fuel cell. However, presently, there are still significant barriers in place preventing upscaling of these modes of utilisation. Concerning the former, despite small scale demonstrations, large scale geological hydrogen storage has yet to be demonstrated in the UK (although **demonstration projects are planned in Scotland** in the near future). Regarding the latter, in order to realise a viable business case, it is vital that there is sufficient demand for the hydrogen that has been produced. Aberdeen Bus Project is a fantastic exemplar in this regard, but such an undertaking requires significant support, investment and collaboration.

Comment

There exist valid reasons for a greater role for hydrogen in low-carbon energy futures. As **Stuart MacKay** (Head of Scottish Government Hydrogen Policy) recently noted in relation to decarbonising Scotland's public sector, hydrogen is a whole systems approach with potential applications across buildings, industry, transport, storage, distribution and production.

As noted, whether or not hydrogen is an appropriate solution for your specific area

will depend on a number of factors. If there is an opportunity in your region to leverage hydrogen and associated technologies to address place-based challenges, then these should be seriously considered. However, it is important to bear in mind that there may be potential for better, more locally appropriate, approaches to climate action.

Energy efficiency upgrades to the public sector estate (including domestic homes) combined with electrification of heat technologies, like heat pumps, may, in many instances, constitute a low regret approach to local climate action which has the **potential to deliver significant health**, as well as decarbonisation, benefits, particularly if delivered in areas with high rates of fuel poverty. Alternatively, climate action can be taken without necessarily needing to focus on energy. According to climate scientists, there are **9 planetary boundaries** within which we must operate if we want to ensure the integrity of the biosphere. These include not just climate change, but also biodiversity loss and land system change for example. Thus, promoting local biodiversity and greenspaces both constitute means of taking climate action and promoting wider societal benefits related to positive physical and mental health. Moreover, your local area could be suitable for reforestation which could be leveraged to design and implement **local carbon offsetting programmes** (e.g. for local authorities operations/ processes that cannot yet be decarbonised or for local residents wanting to offset flights but untrustworthy of far away schemes). Bringing carbon offsetting local presents opportunities to not only increase accountability and oversight (which constitute **significant challenges in many international schemes**), but could also increase environmental awareness by making visible the amount of trees needed to maintain current carbon-intensive lifestyles. Of course, offsetting should never justify a lack of climate action in the here and now (kicking the can down the road as it were); however, if implemented effectively it could constitute a mechanism to finance local reforestation, encourage biodiversity, and raise local environmental awareness.

In conclusion, there may be opportunities in your local area to incorporate hydrogen and associated technologies to aid decarbonisation ambitions. If such schemes are democratically owned and operated (e.g. municipally, community-led or cooperative) this is likely to maximise the local socio-economic benefits of initiatives. However, depending on the context, there may be more appropriate means of climate action that could be pursued, including, but not limited to, energy projects. Officers and councillors may, therefore, benefit from taking into account local and regional factors when considering how best to drive place-based climate action, as what works in one place might not be as good in the next.

Related briefings

[How hydrogen can help councils improve air quality](#)

[Delivering recovery through the Sustainable Development Goals – case studies from across Scotland](#)

[Leading edge – local partnerships delivering improved action for net-zero](#)

[The Granite City becomes the Green City](#)

[Shaping a just and fair transition through UK City Deals: best practice and future opportunities for place-based climate mitigation](#)

[Moving Councils to net zero: Adopting a retro-first approach](#)

[Benchmarking Urban Heat](#)

[Weathering the storm: the importance of adaptation and resilience in place-based climate action with local government in the lead](#)

Briefing: Illicit drug use and homelessness: how Canada and the UK are dealing with a growing crisis

Published: 14 December, 2020

Author: Anna Haas, LGIU Associate

Location(s): England & Wales, Global, Ireland, Scotland

Topics: Communities and society, Health and social care, Housing and planning, Welfare and equalities

Summary

In 2016, Canada declared a national opioid crisis due to the dramatic rise in drug-related deaths over the past decade. This briefing will investigate the intertwining nature of drug use and homelessness specific to Vancouver while also considering why Vancouver has one of the highest rates of overdose deaths in Canada.

The measures that the Canadian federal and provincial governments have taken to address the crisis are discussed here and compared to the current situation in the UK. It is then considered whether the approaches Canada has taken to reduce drug death numbers would also be effective in the UK. This briefing will be of interest to members and officers working in housing, communities, justice and substance misuse services.
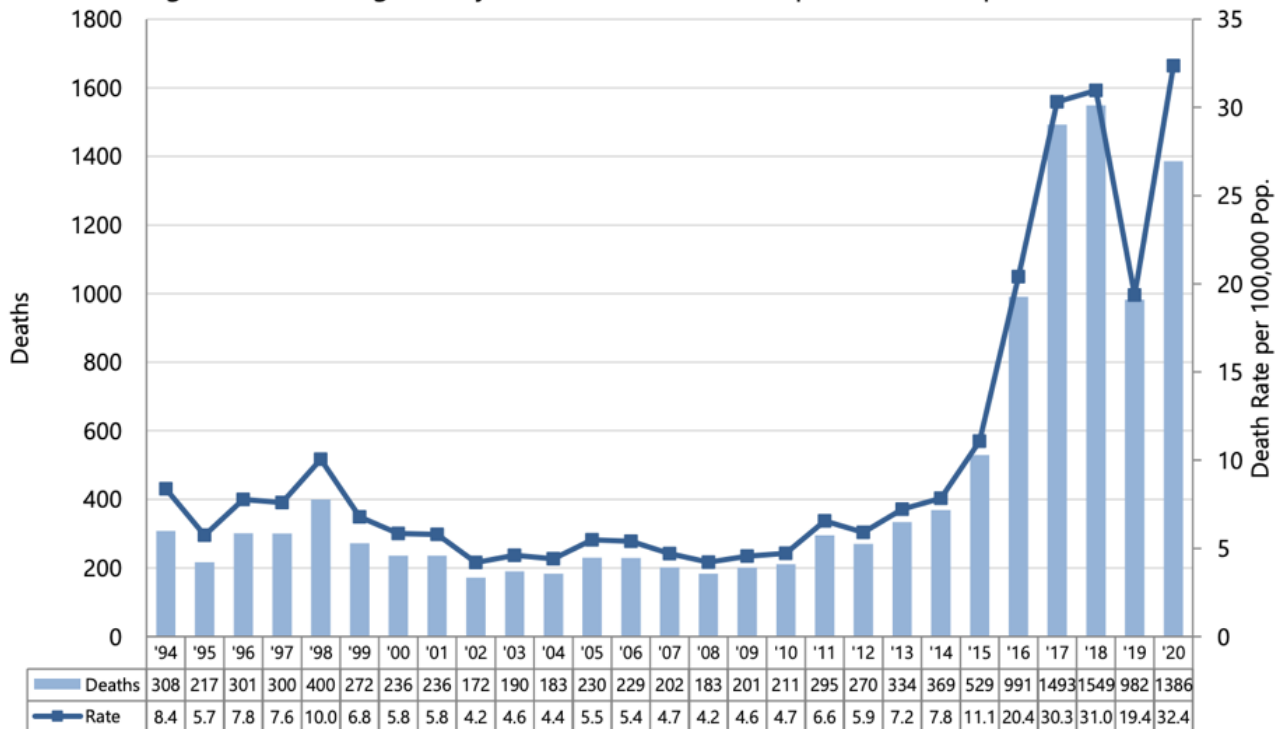
Briefing in full

The current situation in Canada

The Canadian federal government recognises that the country is facing a **national opioid crisis** as the number of overdose deaths across the country have gradually increased since 2012. British Columbia (B.C.) is the worst affected out of Canada's provinces; with the number of deaths recorded from January to March in 2020 sitting at **267 per 100,000 people**, more than double the rate of Quebec which is second to B.C.

From 2014 to 2016, B.C. experienced a **dramatic spike** in illicit drug deaths that led the provincial government to declare the crisis a public health emergency on April 14th, 2016. Within B.C, Metro Vancouver has one of the highest rates of drug related deaths since 2010. Numbers have been increasing every year, discluding a significant decrease in 2019 (Fig 1.). As the overdose death rates fluctuate, so do the homeless numbers; indicating that homelessness and drug use are strongly intertwined. For example; in 2017 there were 375 illicit drug deaths* and **3605 people were found to be experiencing homelessness**. Then, in 2019 when illicit drug death numbers decreased to 247*, homelessness numbers also decreased to 2223.

2020 has seen record numbers for both homelessness and drug-related deaths as a direct result of the coronavirus pandemic. Since B.C.'s initial lockdown in March earlier this year, overdose rates have soared and this summer has seen record deaths. In July 2020 there were **175 deaths from overdose**, with the previous record being 161 in December 2016. Comparing the deaths in September 2019 and September 2020 there is an increase of 112%. *per 100,000 population

Figure 1: Graph showing Annual Death Rates in B.C.

Figure 1: Illicit Drug Toxicity Deaths and Death Rate per 100,000 Population [3,5]

	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
Deaths	308	217	301	300	400	272	236	236	172	190	183	230	229	202	183	201	211	295	270	334	369	529	991	1493	1549	982	1386
Rate	8.4	5.7	7.8	7.6	10.0	6.8	5.8	5.8	4.2	4.6	4.4	5.5	5.4	4.7	4.2	4.6	4.7	6.6	5.9	7.2	7.8	11.1	20.4	30.3	31.0	19.4	32.4

How did it get so bad in Metro Vancouver, B.C.?

Like most countries, Canada is experiencing rapid urbanisation and 80% of Canadians now live in cities **with populations >10,000**. This is leading to limited availability of affordable housing, the loss of rental units and a shortage of social housing. Metro Vancouver has notoriously high rental prices and the average rent has more than doubled from **$934 in 2014 to $1854 in 2020.** Meanwhile, the monthly Income Assistance individuals receive from the government to help with housing costs is currently $375, and has not adapted to the increasing price of rentals. This means that individuals who rely solely on income assistance cannot even afford single room occupancy (SROs), which are considered to be the **"most affordable housing option",** and consequently turn to the streets. This leads to additional problems such as lack of healthcare access – because of their transience they are unable to make or meet appointments or apply for a health card that makes continuity of care almost impossible.

The closure of Coquitlam's Riverview Hospital in 2012 meant that many people with drug addictions and mental illnesses gravitated to Downtown Eastside Vancouver, which has since been labelled as **"Canada's poorest postcode"**. After the closure, the government **announced plans** to build new mental health facilities that were meant to open in 2019; but no new construction has been started. This lack of

action is something that all levels of government have been criticised for in recent years when dealing with issues such as homelessness and drug addiction. The Vancouver Agreement (2000) was signed by all 3 levels of government and was a 10 year plan to improve housing and social welfare in the area. However, the Agreement never actualised because the **newly elected government did not participate**.

The combination of failed policies and unaffordable housing in Vancouver has created an environment in which illicit drugs are used as a coping mechanism. Homelessness and drug addiction are intertwining issues and there is now recognition that they should be addressed simultaneously.

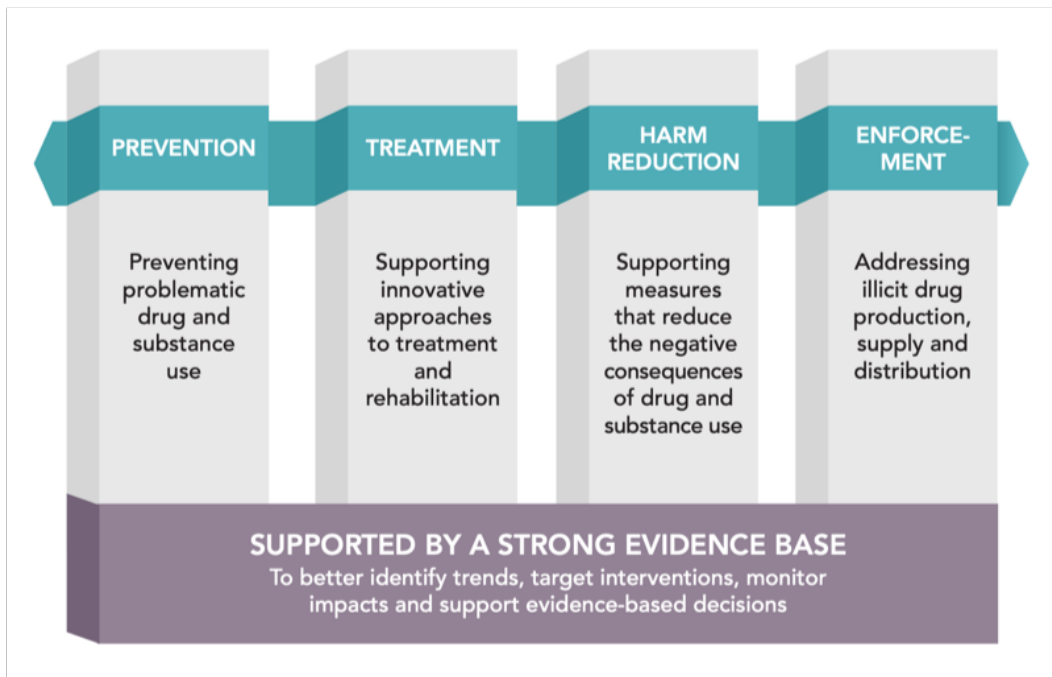## What has been done to improve the situation?

Government frameworks are a vital part of recovering from the opioid crisis because they ensure accountability in reaching specific targets and goals. Since the public health emergency was declared in 2016, both the federal and provincial governments have taken steps to improve support for those suffering from drug addiction and homelessness through the introduction of new policies and services.

Federally:

1. 10 year multi-billion housing strategy (2017): The Government of Canada is currently rolling out its **National Housing Strategy** (NHS) – which over the course of 10 years and a $40 billion investment – will aim to create 125,000 new housing units and lift 530,000 families out of housing need, as well as repair and renew more than 300,000 housing units and reduce chronic homelessness by 50 per cent. The overall goal is that this strategy will encourage the development of diverse communities and create a new generation of housing that is mixed-income, mixed-use, accessible and sustainable.

2. Canadian Drugs and Substances Strategy (2016): The Public Health Agency of Canada is working with the federal government to create **policies** that will help prevent and treat problematic substance use. To guide the creation of these policies, the strategy consists of four pillars that ensure a well-balanced, health-focused and evidence-based approach (Fig 2.). Harm reduction was added to the 2016 Strategy as the Government believed it would stop the emergence of more crises.

Fig 2: Pillars of the Canadian Drugs and Substances Strategy

PREVENTION	TREATMENT	HARM REDUCTION	ENFORCE-MENT
Preventing problematic drug and substance use	Supporting innovative approaches to treatment and rehabilitation	Supporting measures that reduce the negative consequences of drug and substance use	Addressing illicit drug production, supply and distribution

SUPPORTED BY A STRONG EVIDENCE BASE
To better identify trends, target interventions, monitor impacts and support evidence-based decisions

3. Know More: This is an **educational initiative** that is aimed at the younger generation. The initiative provides information on the opioid crisis and the health risks linked to problematic drug use. Know More is also supported by a broader marketing campaign which has developed educational kits and fact sheets that can be used in school or group settings. It encourages individuals to learn about opioids through interactive activities covering the following topics:

- What are opioids?
- What is fentanyl?
- Overdose awareness and understanding the crisis in Canada
- Signs of an overdose
- The Good Samaritan Drug Overdose Act (see point 5)
- Addressing stigma towards people who use drugs

4. Emergency Treatment Fund (ETF): Introduced as part of the 2018 Budget; the ETF is a one-time, $150 million funding for provinces and territories to improve access to treatment services. The funding is matched by the province and territory beyond the first $250,000 and has been allocated based on the severity of the opioid crisis.

The total amount allocated to each area is determined through the use of **a formula** (section 4.2) which takes into consideration factors such as: total population; opioid related deaths and opioid poisoning hospitalisations in each region. Based on this formula, British Columbia's share of the funding will be $33,980,570.

According to B.C's **Action Plan** (Annex 1), the funds will be used to improve

treatment and care; subsequently bettering the health and social situations of people living with opioid disorders.

5. Good Samaritans Drug Overdose Act: This Act became law on the 4th of May 2017 and compliments the Canadian Drugs and Treatment strategy by encouraging the reduction of harm to individuals. The point of this Act is to provide individuals with some **legal protection** when they seek emergency help during an overdose. This protection applies to all who are involved with the overdose including the person who is experiencing the overdose and the person who seeks help.

This Act protects you from:

- Charges for possession of a **controlled substance**.
- Breach of conditions regarding simple possession of controlled substances in: pretrial release, probation orders, conditional sentences and parole.

The government hopes that this will reduce the fear of police presence at overdose events and encourage more people to help save a life.

Fig 3. Good Samaritan Poster

Provincially (B.C.):

1. Safe Injection and needle exchange:

In 2003, **Insite** opened as the first supervised drug injection site in North America. The facility operates under Health Canada's exemption from prosecution under federal drug laws and is located in Downtown Vancouver's Eastside, where the numbers of overdose cases are particularly high. The aim of these sites is to offer a solution to the negative health effects and public disorder caused by open drug use in Downtown Vancouver's Eastside.

The site has medical staff who provide a supervised and health-focused service through addiction treatment, mental health assistance and first aid in the event of an overdose. There are also checking services available to check drugs for fentanyl and carfentanil that are opioids with a much higher toxicity level and can therefore result in accidental overdoses.

In 2017 a second safe injection site opened on Powell Street, Downtown Vancouver. It offers the same services as Insite and staff educate clients on safer injection practices while also referring them to other health care services such as substance use treatment and counselling. The benefits of these facilities are listed by the **City of Vancouver government page** as being:

- Reduces number of overdose deaths
- Provide a safe, clean, and secure place for users to inject while reducing the visibility of drug consumption on the street
- Provides an opportunity for multiple contacts with health care staff, social workers, and other individuals who can help users move toward healthier choices, such as drug treatment programs, primary health care, and other social services
- Reduces HIV and hepatitis C transmission, and ensures that injecting equipment remains inside and is not discarded in the community
- Reduces risks to the community as the open consumption of drugs can be more easily discouraged

Alongside these safe injection sites, Vancouver Coastal Health also offers **needle exchange and disposal** services. This allows individuals to bring in used needles and dispose of them in a safe and legal way. The health authority also provides clean needles, sterile water and alcohol wipes and information to encourage safer injecting practices. The aim of these services is to reduce the spread of harmful diseases such as HIV and Hep C.

Vancouver Coastal Health also offers a needle **pick-up service** for people who find used needles and are unsure of how to dispose of them. There are multiple exchange points located around Vancouver that are highlighted in an interactive **map**.

2. Housing plan during the pandemic:

In October 2020 Vancouver city council **approved $30 million** to lease vacant hotels, apartment buildings and single room occupancy buildings for homeless people during the Covid-19 pandemic. The council also agreed to use two city-owned sites – the 2400 Motel in East Vancouver and Jericho Hostel on the city's West Side.

While this plan is the fastest way to get people back into safe housing and begin the stabilization process; there is recognition that more support is needed to maintain recovery and reduce the risk of relapse. Vancouver's Mayor, Kennedy Stewart, released a statement thanking the council for supporting the Covid-19 housing plan but also stated that more investment in housing and mental health services is needed to see long-lasting results.

3. Mayor's Task Forces:

In response to the national opioid crisis, the mayor of Vancouver created a leadership forum named the **Mayor's Task Force** that aims to help the city identify ways to improve the support for individuals suffering from mental health or drug addiction issues.

The Task Force is modelled of the four pillar approach (Fig 1.) and consists of 60 members who have lived experience and are from a range of backgrounds including: non-governmental organisations, health authorities, government bodies and universities. Priority actions are identified through meeting regularly and hosting special guests for workshops and discussions. There are different Task Forces that focus on different issues, for example: **the Mayor's Task Force on Mental Health and Addiction** and the **Mayor's Overdose Emergency Task Force**. The hope is that the Task Forces will strengthen the city's response to the current drug crisis and work quickly to find effective solutions.

Is it working?

Before the overdose crisis was announced in 2016, the government was criticised for failing to implement policies that could have improved the growing public health emergency. However, once the crisis was announced it meant that all levels of

government were under more pressure to offer more effective solutions and report progress. Since then, strategies and acts have been introduced that address the most pressing issues including lack of housing and lack of mental health support.

Statistics from the latest B.C. Coroners Service Report (Sept 2020) show that throughout 2019 overdose figures improved. Between 2018 and 2019 the total number of overdose deaths in Vancouver **decreased by 38%**. By 2019 all of the services listed above – bar the pandemic housing plan – were underway and thus providing the all-round care that many **professionals have stated is vital for recovery.** Although figures indicate that the situation was improving at the beginning of 2020; from March onwards, Canada, like the rest of the world, was struck by the unexpected challenge of tackling the Covid-19 pandemic. As things started to lock down in Vancouver, the number of overdose deaths began to rise and the past 9 months has seen a **record spike** in overdose deaths. The lockdown not only affected people's ability to earn money, it also limited access to support services meaning that individuals suffering from drug addiction were more likely to relapse.

Unfortunately, the pandemic struck before 2019's figures could be determined as being a continuous positive trend or just a short-lived improvement. However, it is likely that the improvement in 2019 was related to B.C.'s use of their funding from the **Federal Emergency Treatment plan**, which started in 2018. This is hopeful as it suggests B.C.'s government used the funding in an effective way; the results of which could be seen before the pandemic struck in early 2020.

Comment

It seems that the turning point for Canada came when the federal government declared the drug crisis to be a public health emergency. After this announcement, both federal and provincial governments became focused on one common goal: to reduce the number of illicit drug deaths. This resulted in more support from the federal government in the form of The Emergency Treatment Fund and national strategies such as the 10 year housing strategy and the Canadian Drugs and Substances Strategy.

When comparing the UK's current situation to Canada's, it becomes clear why the UK has not made as much progress with tackling their high illicit drug death numbers. Since 2016 the drug death rates in Dundee and Glasgow for example have surged and show no sign yet of stopping. In 2018, it was reported that 1,187 people died of substance abuse across Scotland. This is the highest on record for

Scotland and is triple the UK rate and the highest rate in the EU. Despite these high figures, UK government refuses to declare the drug deaths in Scotland a public health emergency, which goes against Scotland's wishes for UK government to tackle the problem from a crisis perspective rather than a criminal justice matter.

This lack of communication and agreement on how best to tackle the issue seems to be a theme between the UK and Scottish Government. For example, Scotland is in favour of introducing safe drug consumption sites, similar to the ones now operating in Vancouver. However, UK government rejected this proposal stating that: "no illegal drug taking can be assumed to be safe and there is no safe way to take them." Despite this rebuttal, Scottish Government says that it will continue to push for legislative change to allow the legal introduction of supervised overdose prevention facilities.

Scotland has continued to enact schemes and partnerships such as the Alcohol and Drug Partnership (ADP) – a multi agency group tasked by the Scottish Government with tackling alcohol and drug issues through partnership working. While these enactments are important, the most noticeable progress in Canada was made when all levels of government started working together to achieve the same goal; which came after the national acknowledgment of the crisis. This seems to be the current hurdle that Scotland and the UK government are trying to get over, and until there is a unanimous recognition between both nations of the severity of the situation, it is unlikely that the rate of drug deaths in Scotland will improve.

In the UK's capital, London, the drug death numbers have improved but are still a major problem within the city. Comparatively to the rest of England, the city of London has the lowest rate while the North East has the highest with the latest data recording **95 deaths per 1 million people.**

UK and devolved governments together with individual councils might acknowledge that if Canada's 2019's improved death rates were the start of a new trend that it was most likely related to Canada's revised focus on care and harm reduction. UK government currently leads with a tough rhetoric around law enforcement, and **many experts believe this needs to change** to a more compassionate, harm reducing approach in order to be effective. While the national government continues with their harsher approach, it is an opportunity for local government to consider incorporating compassion into their support to reduce stigma and follow the successful examples of countries like Canada in reducing illicit drug death numbers.

Briefing: Local government finance in the pandemic

Published: 25 March, 2021

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Location(s): England & Wales

Topics: Covid-19, Finance

Summary

This briefing provides a summary of the recent National Audit Office report on local government finance during the Covid-19 pandemic. The report reveals the extent of financial pressures facing local authorities as a result of the pandemic and how they have responded. It calls on the government to focus on service sustainability and to provide additional financial support to local authorities as the pandemic progresses and warns of the risks of financial failure should that support not be forthcoming.

Briefing in full

The National Audit Office has recently published a very informative but sobering report: **Local government finance in the pandemic** that examines the current state of English local government finances and their future sustainability. The report explores the extent to which the Ministry of Housing, Communities and Local Government (MHCLG) has been able to assess and fund the costs of the new services local authorities have been asked to deliver during the pandemic, and whether the Department has been able to secure financial sustainability across the

sector. The report is in four parts:

- **Part One** looks at the financial health of the sector before the pandemic and its financial impact over the last year
- **Part Two** examines the actions taken to support local government during 2020-21
- **Part Three** assesses how successful government measures have been in supporting local government during the pandemic
- **Part Four** examines the steps taken by government to ensure the sector's financial sustainability in future years

The main findings of the report are that:

- Even before the pandemic took hold, the financial sustainability of local government was under threat
- The funding gap for local authorities as a direct result of the pandemic is estimated at £600 million
- The impact on individual local authorities varies considerably – for some the impact is well over 5 per cent of their revenue budgets
- Many county councils and single-tier authorities have identified "material overspends" for 2020-21 and around 81 per cent are planning to use reserves to balance their budgets
- Large funding gaps and low reserves mean that some authorities are at risk of financial failure
- Many authorities are planning budgets in 2021-22 that will be balanced through cuts in services and further use of reserves
- The financial effects of the pandemic are expected to be long-term – less than 20 per cent of authorities anticipate their finances returning to normal within two years.

The remainder of this briefing looks in more detail at the four sections of the report and the recommendations that the report makes to MHCLG.

Part 1: Financial impact

We all know that the decade before the pandemic was a period of retrenchment for local government, but the report's analysis sets out the scale of financial cutbacks all too clearly. After adjusting for changes in responsibilities, the report shows that council spending power fell every year from 2010-11 to 2019-20, with a slight upturn in 2020-21 but, in real terms, spending power in 2021-21 was still only 73.7 per cent of its 2010-11 level. This reduction has been accompanied by a significant shift in

where funding comes from. Direct government support for spending power fell by 55 per cent between 2010-11 and 2019-20 with the rest having to be generated locally. By 2019-20 82.6 per cent of local authority income was generated through council tax, retained business rates and sales, fees and charges, whereas in 2010-11 the equivalent figure was just 48.6 per cent.

But this remarkable shift from central to local funding obscures a deeper problem. Councils are not created equal; some have much more buoyant council tax and business rates tax bases, and can generate more from sales, fees and charges than their more impoverished neighbours. Consequently, councils entered the pandemic in very different financial positions with some, like East Sussex, in relatively sound financial health and others like Croydon and Wirral already planning for significant savings in 2020-21.

A further issue has been the lack of any long-term (or even medium-term) funding strategy for local government. For too long the funding landscape has been characterised by one-off and short-term funding initiatives. Councils had to budget for 2020-21 in an atmosphere of uncertainty, on the basis of a one-year financial settlement with long-awaited reforms to the funding regime and business rates apparently as far away as ever.

So, even at the start of the pandemic, many councils were already facing significant financial challenges and those have become more acute as the year has progressed. The monthly monitoring surveys introduced by MHCLG early in the pandemic show that councils are forecasting Covid-19 spending pressures totalling £6.9 billion for 2020-21. The report calculates that this is equivalent to 12.5 per cent of 2019-20 revenue expenditure, although there are very large differences between different types of council. Cost pressures for county councils have been highest, around 14.3 per cent, followed by unitary authorities (12.7 per cent), metropolitan districts (12.6 per cent), London boroughs (11.5 per cent) and district councils (7.1 per cent).

Not surprisingly, the services with the highest cost pressures have been adult social care and public health, but other services have been hit too, often through increased use of temporary staff to deal with increased social distancing, illness, self-isolation and shielding.

Councils' ability to generate income has also been seriously affected by the pandemic. Accounting rules mean that the impact of reductions in council tax and business rates will not be felt until 2021-22, but income lost through restrictions on council-owned facilities, less car parking and lower rent receipts had an immediate effect. Losses from non-tax income in 2020-21 are forecast to be £2.8 billion

(equivalent to 5.2 per cent of 2019-20 revenue expenditure), but as with costs, losses vary between different tiers and individual councils.

Taking non-tax income loses and cost pressures together, the impact on the sector as a whole is forecast to be £9.7 billion (equivalent to 17.6 per cent of 2019-20 revenue expenditure). Total financial pressures are highest for district councils and lowest for county councils but there are considerable variations between authorities in each class.

Part 2: Government response to the pandemic

Ministers' approach to supporting local government during the pandemic has been to provide funding that, in the Chancellor's words, is *"timely, targeted and temporary"*, but without any blanket guarantees of support. MHCLG officials have told NAO that there is a clear expectation that local government would bear some of the cost of the pandemic and that government support *"was always intended to be sufficient to give the sector confidence so the leadership … is not distracted from its Covid 19 response by having to address the prospect of financial failure"*.

It is evident that MHCLG did not have a stable strategic framework in the early stages of the pandemic, and that the speed and scale of the economic impact exceeded the economic shock modelled in previous desktop stress testing. However, drawing on discussions with the Local Government Association (LGA) and treasurers' societies, the Department very quickly developed a monthly survey to gather data about funding already given and inform decisions about future funding. There have been some data quality issues, but guidance has been repeatedly updated to improve the quality and consistency of reporting, and any direct relationship between data at the individual authority level and funding has been avoided so that there are no incentives that could put pressure on data quality.

MHCLG officials have also engaged intensively, holding regular meetings with the LGA and treasurers' societies, attending a wide range of sector events, providing regularly updated FAQs and engaging directly with more than one-third of councils. NAO has received very positive feedback about MHCLG's engagement both from local government representatives and individual councils. The sector has been less engaged in the design of schemes by other departments, which has led to some criticisms, including lack of advance notice, impractical or burdensome implementation arrangements and unrealistic expectations.

The report classifies the support given to local authorities during the pandemic between general funding, specific funding, exceptional support and other support:

General Funding – MHCLG allocated four tranches of un-ringfenced funding totalling £4.55 billion and introduced a sales, fees and charges scheme to compensate councils for three-quarters of their losses against budgeted income for 2021. The first tranche of funding was allocated using relative needs data from 2012-13, the second tranche on a per capita basis and the third and fourth tranches using a new relative needs formula, based on the monthly survey data. The fourth tranche was also used to retrospectively correct for over and under-funding in the first two tranches. The report identifies several issues with the arrangements including:

- Lack of clarity with the new allocation formula
- Lack of clarity over objectives, at least for the first two tranches
- Incrementalism, in that between tranches councils did not know if or when additional support would be provided, or how it would be shared out
- Lack of support for commercial income losses, e.g. from airports and shop rents

Specific funding – a number of specific funding pots have been provided during the year. These include the Local Council Hardship Fund (£500 million), the Contain Outbreak Management Fund (£978 million), the Next Steps Accommodation Programme (£166 million), the National Leisure Recovery Fund (£100 million) and the Covid Winter Grant Scheme (£170 million). Whilst these funding streams have been generally welcomed, the report finds that some concerns have been raised about bidding requirements, assurance requirements and disproportionate constraints on how funding is used. Support offered via different routes has sometimes been seen as confusing, incoherent or unfair.

Exceptional support – the report notes that MHCLG is providing exceptional support to councils facing immediate unmanageable financial pressures, most commonly through capitalisation directions that allow borrowing or the use of capital receipts to support revenue spending. The report argues that the number of authorities seeking exceptional support would be a useful indicator of stress in the sector, but the Department has declined to share that data because it would invite unhelpful speculation on the identities of the authorities involved. Although not identified in the report, the **MHCLG website** lists five authorities for which capitalisation directions have been issued due to pandemic pressures: Bexley, Eastbourne, Luton, Peterborough and Wirral.

Other support – the report identifies a number of non-financial support measures including extending reporting deadlines, greater flexibilities and relaxation of some

specific legal duties.

Part 3: Outcomes for the sector in 2020-21

The report identifies forecast cost pressures totalling £6.87 billion for English local authorities for 2020-21. Non-tax income losses estimated at £2.85 billion push the total financial pressures to £9.72 billion. These pressures have been offset by government support through un-ringfenced grants (£4.55 billion), other funding (£3.33 billion) and sales, fees and charges compensation (estimated at £1.23 billion) leaving a gap of £586 million. Further analysis shows that the funding gap is not shared equally. 252 authorities (74.8 per cent) have been underfunded, but 85 authorities seem to have been overfunded.

District councils seem to be faring worst with 84 per cent being underfunded (50 per cent by more than 5 per cent of their 2020-21 revenue expenditure). At the other end of the scale, only 56 per cent of county councils appear to have been underfunded and, of those that are, the underfunding is less than 2.5 per cent of 2020-21 revenue expenditure.

Surveys conducted in preparation for the report have revealed that more than half of respondents have made unplanned savings on their 2020-21 service budgets in response to the pandemic. Around 73 per cent of respondents from district councils and 46 per cent from single tier and county councils said they had already or were planning to use reserves to help balance their 2020-21 budgets.

More worryingly, 31.5 per cent of authorities reported a funding gap that exceeded their level of available reserves and 20.3 per cent said that they had no reserves available to address financial pressures due to the pandemic. This does not however give the full picture, because authorities usually have unallocated reserves that are larger than the levels of reserves they consider to be available. But even looking at unallocated reserves, the situation is still not encouraging; 16.5 per cent of district councils and 10.7 per cent of county and single-tier authorities reported pressures exceeding their unallocated reserves as of 1st April 2020.

Even against that backdrop, the report estimates that only 1.5 per cent of authorities are at acute risk of financial failure. However, a further 5.9 per cent are in the high risk category and 27.3 per cent are at medium risk. Such high percentages are an ominous sign of just how fragile local government finances have become.

Part 4: Local authority finances in 2021-22 and beyond

As mentioned earlier, in-year tax losses do not have a direct impact on local authorities until the following year, so losses in 2020-21 due to the pandemic will not affect budgets until 2021-22. As of December 2020, authorities forecast that business rates collected in 2020-21 would be £1.6 billion lower than budgeted and council tax £1.3 billion lower. Some of this income will be delayed rather than lost permanently, but deficits this large would have a huge impact upon 2021-22 budgets. Fortunately, the government has allowed 2020-21 deficits to be spread over three years and has confirmed that losses that ultimately prove to be irrecoverable will be 75 per cent funded. A more long-lasting problem may be a reduction in tax bases as the shock of the pandemic affects local labour markets and economies.

Other challenges for local authorities identified in the report are:

- The ongoing cost and demand pressures of the pandemic
- How to replenish depleted reserves
- Restarting delayed savings programmes
- Dealing with increased demand for welfare and business support resulting from the economic downturn
- Dealing with losses in sales, fees and charges

The report notes that the Spending Review was not announced until 25 November and the local government finance settlement not until 17 December. Late announcements of government funding are nothing new, but this year finance directors felt more than ever that they were having to plan in a vacuum. Examples of the impact of uncertainty included:

- Elected members delaying difficult decisions in the hope the finance settlement would be more positive than expected
- Insufficient time to review savings options to make good rather than quick decisions
- A tendency to be overly cautious and cut services rather than plan efficiencies
- Building up reserves in-year in the expectation they will be needed to balance the next budget

The settlement itself provided:

- A further tranche of un-ringfenced funding (£1.55 billion)
- A continuation of the sales, fees and charges income compensation scheme for

the first quarter of 2021-22

- A commitment to meet 75 per cent of authorities' irrecoverable tax losses from 2020-21
- A £670 million grant to authorities to support households least able to afford council tax costs. The Department has used this funding to justify not adjusting its assumption that the council tax base growth will continue in line with the recent trend.

NAO surveys carried out immediately after the settlement revealed that most authorities were expecting to be able to set balanced budgets for 2021-22 but, not surprisingly, over 80 per cent of respondents said the process would be more challenging than usual. There was also a widespread acknowledgement of greater risk associated with budget plans. Again not surprisingly, 94 per cent of respondents from single tier and county councils and 81 per cent of district councils said that they would need to make cuts in service budgets for 2021-22.

In the longer term, the report suggests that authorities finance will be scarred and, rather than returning to normal once the pandemic recedes, it is likely that programmes of financial recovery will be needed. The majority of respondents indicated their desire to build up reserves but only a small proportion were confident that they would be able to do so. A significant minority of respondents were unsure about when their finances might return to pre-pandemic levels, with the majority not expecting recovery until 2023-24 at the earliest.

Report recommendations

The report makes a number of recommendations to government:

- MHCLG should continue with intensive sector engagement, improved monitoring and un-ringfenced general grants until the pandemic is over
- Other departments, should improve their links with, and understanding of, local authorities
- MHCLG and HM Treasury should explore how to provide the sector with greater clarity over future funding both during the pandemic and as the economy recovers
- MHCLG should continue its offer of exceptional financial support and maintain capacity to ensure timely consideration of requests. It should also consider how it can share information about levels of financial stress without undermining engagement with individual authorities
- MHCLG, supported by the rest of government, should carry out a review of the

lessons from the pandemic in order to understand better the information it needs to manage financial risk and ensure sustainability
- MHCLG and HM Treasury should produce a long-term financial plan that explains when the delayed financial reforms programme will be restarted and what further steps will be needed to support authorities to recover from financial scarring caused by the pandemic.
- Government needs to establish an emergency financial response framework and to improve resilience to a future pandemic or similar crisis

Comment

The NAO has produced a very helpful and timely analysis of the effect of the pandemic on English councils that includes a wealth of useful background information and rewards careful reading. The tone is measured and restrained but many of the findings give cause for concern.

Government responded to the pandemic by quickly engaging with local authorities and by providing unprecedented extra financial support – the extra £9.11 billion provided in 2020-21 is equivalent to 18.5 per cent of the sector's entire core spending power for the year – but the report reveals that it was not enough. Councils started 2020-21 in a difficult position, having seen only a slight easing of their finances after a decade of austerity and becoming ever more reliant on above-inflation council tax increases to keep them afloat. The extra burdens of the pandemic have left a gap in their finances of around £600 million, but the problem is compounded because the pain has not been spread equally. District councils seem to have suffered the worst with 13 per cent facing pressures of 10 per cent or more of their annual revenue expenditure, and 30 per cent of all councils seeing pressures of 5 per cent or more.

Councils have responded by in year service cuts and by raiding their reserves – there was no time to implement efficiency programmes – and it is not surprising that cases of councils needing extra intervention are beginning to emerge. Perhaps it is a sign of the effectiveness and tenacity of the sector that so far there have been so few.

Local government is teetering on the edge. Long-awaited reforms to business rates, the funding regime and adult social care seem no nearer, in many cases, statutory services are operating at their bare minimum, and reserves are severely depleted. If widespread financial failure is to be avoided, it is vital that government provides ongoing financial support to councils and that ministers take heed of the

recommendations in this report.

Related Briefings

[The IFS 2020 Green Budget](#)

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Briefing: Maximising local socio-economic benefits of low-carbon development through shared learning

Published: 21 May, 2020

Author: Connor Smith, LGIU Associate

Location(s): England & Wales, Scotland

Topics: Climate action and sustainable development, Communities and society, Transport and infrastructure

Summary

In the United Kingdom, the Climate Change Act (2008) legally obliges the UK secretary of state to ensure 100 per cent reductions in greenhouse gas emissions from the 1990 baseline level by 2050. In Scotland, Holyrood has set an even more ambitious legally binding target of net-zero by 2045. In addition to national-level targets, a significant number of local authorities throughout the United Kingdom have declared a climate emergency and are currently in the process of exploring how best to adapt to, and benefit from, the decarbonisation agenda locally. If the ambitions of both national and local governments are to be realised, then transformations throughout almost all sectors of society will be required, this is especially true of the energy sector. Local government and communities have an important role to play in ensuring that transformation leads to a just, as well as clean, future energy system. This role is important especially when one considers that local socio-economic impacts of low-carbon energy development are dependent on the ownership

structures of the projects.

Fortunately, the United Kingdom is rich in exemplar low-carbon energy projects that deliver local, as well as national and global, benefits. Insights from projects can reveal valuable lessons that may inform other councils and communities who are considering undertaking low-carbon energy developments of their own. This policy brief is for local authorities who want to maximise the local socio-economic benefits of low-carbon development.

Briefing in full

Background

The global climate emergency is one of the great challenges of the 21st century. Scientists warn of severe ecological, social and economic consequences if the global average temperature rises more than **1.5C above pre-industrial levels**. In keeping with this imperative, the United Kingdom **Climate Change Act (2008)** legally obliges the Secretary of State to ensure 100 per cent reductions in greenhouse gas emissions from the 1990 baseline level by 2050. In Scotland, Holyrood has set an even more ambitious legally binding target of **net-zero by 2045**. In addition to national-level targets, a significant number of local authorities throughout the United Kingdom have declared a **climate emergency** and are currently in the process of exploring how best to adapt to, and benefit from, the decarbonisation agenda locally. If the ambitions of both national and local government are indeed to be realised, then transformations throughout almost all sectors of society will be required – this is especially true of the energy sector.

Whilst top-down policy incentives and private sector low-carbon development undoubtedly have an important role to play in driving the transition to a cleaner energy system, there is nevertheless an equally important role for local government and communities. The importance of this role becomes especially apparent when one considers that **local socio-economic impacts of low-carbon energy development** are quite dependent on the ownership structures of the projects. Frequently there are issues at the level of local communities because, in many instances, communities are left with negative externalities **(e.g. visual, noise)** whilst most of the revenues and benefits leak to **non-local actors**. In response to this inequity of benefits, a number of local authorities and communities have been exploring ways in which local socio-economic benefits associated with low-carbon energy development can be maximised. A significant amount of more socially equitable low-carbon development is taking place in more remote settings, often

driven by geographical, economic, and/or socio-cultural particularities, this is especially true on a number of Scottish islands. By leveraging particularities of place which many would perceive as disadvantages and transforming them into local socio-economic gain, Scottish islands constitute valuable case studies that can provide a number of lessons for local government.

By considering exemplar low-carbon projects on the isles of Shetland, Gigha, and Eigg, this policy briefing will explore how peripheral localities have maximised the local benefits of low-carbon development. This policy briefing will also consider an exemplar organisation in South East London to demonstrate that projects attempting to maximise the local benefits of low-carbon energy development are not restricted to Scotland. Furthermore, in order to ensure that the lessons derived from the exemplar projects engaged with throughout this briefing are contextualised within current political and regulatory landscapes, the case studies will be brought into conversation with **recent research** investigating the impact of policy changes on the viability of locally-led low-carbon energy development in the United Kingdom. This policy briefing should be of interest to local authorities who want to undertake or encourage low-carbon development without having to rely entirely on corporate (or other private sector) development and the negative local externalities that often accompany it. In other words, this policy briefing is for local authorities who want to maximise the local socio-economic benefits of low-carbon development.

Local government-led low-carbon development: The Lerwick District Heating Network, Shetland

Shetland is the northernmost island archipelago in the United Kingdom. It is made up of 100 islands, 15 of which are currently inhabited. The total population of the islands is around **23,000**, 10,000 or so of whom live in the capital, Lerwick. Owing to its remote location, Shetland is **not connected to the UK electricity or gas grids** meaning that energy must be generated locally. The primary source of energy generation on the islands is an **oil-powered 1950s electricity power plant,** a notoriously high carbon-emitting technology. Furthermore, the polar location of the island archipelago means that heat demand is particularly high, especially in the winter months. Over the past 50 years, the majority of homes and businesses throughout Shetland have used electric storage heaters, oil burners, or coal fires to keep domestic and commercial properties warm; none of these technologies are efficient or environmentally friendly and therefore result in an undesirable combination of expensive bills and high carbon emissions. A further challenge faced on Shetland concerns waste disposal, with landfill opportunities in short supply. In the late 1970s Shetland chose **incineration as a way to reduce landfill**, however,

the introduction of EU emission regulations in 1996 resulted in the decommissioning of existing incinerators.

In response to the multiplicity of challenges highlighted, the Shetland Island Council (SIC), inspired by the success of innovative combined waste-to-heat district heating projects in Denmark, investigated the feasibility of constructing an Energy Recovery Plant (ERP) to convert local domestic and commercial waste into heat. Under the proposal, the generated heat would be supplied to homes and businesses in Lerwick through a district heating system. The study concluded that, despite technological feasibility, the (relatively) small amount of waste collected in Shetland alone would render the project economically unviable. This led the SIC to approach the Orkney Island Council (OIC), who, also reliant on soon to be decommissioned waste incinerators, were looking for an innovative solution to their own waste predicament and agreed to collaborate. Having established the technological feasibility and long-term economic viability of the proposal, capital funding for the project was now required. This was provided by the **Shetland Charitable Trust** who had funds accumulated from 1970s oil activities and whose remit included investing funds to benefit the Shetland economy.

Lerwick's combined ERP and district heating system went live in 1998 and is still running today. It is managed by **Shetland Heat Energy and Power (SHEAP)**, a trust-owned limited company. It supplies hot water created from Shetland and Orkney's un-recyclable waste to **approximately 1230 domestic properties** and commercial and public buildings around Lerwick. Not only does the project constitute a cost-efficient and low-carbon alternative to other heat sources available in Shetland, it is estimated that the district heating scheme has brought **local economic benefits including**: £2million stays in the Shetland each year which would otherwise have been spent on oil or electricity and left the local economy; customers save an estimated £1.25 million per annum on fuel costs (dependent on the price of oil); new large customers (e.g. the new Anderson High School) will save hundreds of thousands of pounds; existing large customers (such as the hospital) have gained a large space for other purposes; large customers save a considerable sum on maintenance; and works laying pipes and plumbing create over £500,000 of local work each year. In total, it is estimated that the combined EPA district heating network contributes over **£3 million to the local Shetland economy every year**.

Community-led development: 'The Three Dancing Ladies' and 'Eigg Electric'

The Isle of Gigha is a small (seven miles long by one and a half miles wide)

Hebridean island in the south west of Scotland, less than three hours' drive from Glasgow. It was purchased by the community in 2002 through the Scottish Governments community right to buy scheme and is today **home to around 160 people**. Prior to the buy-out, Gigha had been experiencing **socio-economic troubles** leading to job losses, out-migration and a falling primary school roll. **In the words of two researchers** who are familiar with the island, 'the decision to pursue a community purchase was a bold initiative by the community to take charge of their own destiny'. Following the success of the buy-out campaign, the Gigha community started exploring the feasibility of utilising wind power to meet their electricity needs. This led to the creation of **Gigha Renewable Energy Ltd**, a community-owned enterprise, and, in 2005, the commissioning of what locals endearingly named **'The Three Dancing Ladies'** wind turbines. **When researchers visited the Isle**, they found that there was both a greater public acceptance of the turbines than observed in comparable corporate projects and also a greater positive attitude towards the wind turbines in comparison to those observed at corporate-led projects. Indeed, the researchers suggest that the very act of naming the turbine installation 'The Three Dancing Ladies', a name which connotes 'gracefulness, aesthetic beauty, and a sense of belonging', is in itself evidence of positive psychological effects associated with the project – this is in stark contrast to other wind turbine projects, such as that on the neighbouring island of Kintyre which locals have decried as **'rape' and 'desecration' of the landscape**. Furthermore, The Dancing Ladies generate almost 90 per cent of the electricity the islanders need and an annual profit of close to **£100,000**, demonstrating that community-led low-carbon development can help to maintain and regenerate local economies whilst simultaneously contributing towards the decarbonisation agenda.

Alike the Isle of Gigha, the **Isle of Eigg** was purchased through Scottish Government community right to buy scheme. The purchase involved a diverse partnership of 83 local residents, The Highland Council and the Scottish Wildlife Trust. On the island, **Eigg Electric** (one of three Ilse of Eigg Heritage Trust subsidiaries) own and operate an off-grid renewable energy electricity system consisting of: 10 solar photovoltaic panels, a run-of-river hydro plant, two smaller hydro plants, four small wind turbines, a battery system that can provide 24-hour storage, and two diesel generators for back-up power. **According to reports**, community-led low-carbon development in Eigg has contributed to providing and creating the opportunity for economic development, housing and infrastructure, whilst also conserving natural and cultural heritage by ensuring that development takes place in a sustainable way.

Not just Scotland

Exemplar projects which attempt to maximise the local benefits of low-carbon energy development are not unique to Scotland; there are a number of successful projects operating in urban centres in England. For example, since its inception in 2014, **South East London Community Energy (SELCE)** has undertaken a host of low-carbon initiatives including the development of renewable energy projects, energy efficiency upgrades, and fuel poverty alleviation programs. According to **a case study** by Community Energy England,

> 'in addition to being part of a strong investor community with £350,000 worth of community financed solar arrays, SELCE has developed a range of inspiring and creative energy saving initiatives. Eradicating fuel poverty is at the heart of the SELCE vision'.

By striving for significant and impactful social (as well as economic) local benefits, the SELCE 'vision' demonstrates that locally-led low carbon energy development has the potential to address inequalities in a manner which corporate-led endeavours find difficult to match.

Discussion

It is important to note that neither local government-led nor community-led low-carbon energy developments are simple endeavours, and that the case studies explored in this brief cannot be exactly replicated. For example, the Lerwick combined EPA and district heating network explored in this brief does not represent a ready-made and replicable formula; rather, the case study highlights that, over the long-term: high initial capital expenditure can deliver net socio-economic benefits; collaboration may be possible with other like-minded local governments; and, particularities of place are not always disadvantages, they can sometimes be leveraged to the advantage of the local area through innovation. Similarly, community-led low-carbon developments, such as the Three Dancing Ladies on Gigha, are not readily replicable, this is especially true given the current **policy climate in the United Kingdom**. In December 2015, the **feed-in-tariff (FIT) generation rate**, that is the rate at which local energy generators receive for selling electricity to the national grid, was significantly reduced. In addition, the pre-accreditation and pre-registration for **FIT mechanisms** were at the same time removed; pre-accreditation and pre-registration had previously allowed groups to receive a guaranteed FIT rate before projects started enabling better long-term

planning and financial security. Both of these changes have undoubtedly made community energy projects less financially viable and secure. Nevertheless, **research suggests** that there may be promising ways to run socially and economically beneficial local government-led or community-led low-carbon projects, for example by utilising innovative business models or technological reorientation. Examples of innovative business models include renewable energy generation alongside battery storage, direct supply, private arrangement, long term power purchase agreement (PPA), and local aggregation with demand-side response. Examples of technological reorientation include undertaking projects which focus on renewable heat generation or energy efficiency measures as opposed to electricity generation.

What does this mean for Local Government?

As demonstrated by the exemplar projects on Shetland, Gigha, and Eigg (as well as by SELCE in England), with the right business model locally-led low-carbon development can bring significant local benefits in comparison to corporate-led endeavours – this is even the case for projects with initially high capital expenditure such as district heating networks. However, within the **current policy climate**, business models which were innovative a decade ago are in many cases no longer viable today, this is especially true of traditional community energy business models which over-rely on feed-in-tariffs for revenue.

Innovative business models which could be undertaken or encouraged by local government include: renewable energy generation alongside battery storage; direct supply; private arrangement; long term power purchase agreement; and local aggregation with a demand-side response. Projects which focus on renewable heat generation or energy efficiency measures, as opposed to electricity generation, may also find success in the current policy climate.

Collaboration with like-minded local governments may be possible. This is especially true if partner authorities are troubled by similar challenges or have comparable goals. Furthermore, the world is rich in exemplar socially equitable low-carbon development, and trips to innovative municipalities and communities may provide further insight and inspiration.

Particularities of place are not always disadvantages, they can sometimes be leveraged to the advantage of the local area through innovation. Particularities may include: local government assets and land; climatic conditions and geography; local expertise; community capital (social, cultural, and financial); and, political culture.

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Local authorities could potentially provide a consistent source of income for community energy enterprises whilst at the same time saving themselves money by purchasing electricity directly from groups by direct supply or private wire. **According to research**, community energy groups can often afford to sell electricity at a lower price than the national grid which could enable councils to power public assets like leisure centres or offices at below-market prices.

There may be opportunities for local authorities to partner with community development or other local trusts to undertake low-carbon developments. Local authorities often possess space in the form of roofs for solar PV, or indeed land for other renewable energy infrastructure, whilst many communities possess time, drive and potentially finance raising capabilities. Furthermore, both renewable energy generation with battery storage and local aggregation with a demand-side response may represent particularly promising business models for local governments. This is due to the increasing grid penetration of intermittent renewable energy technologies which has led **many in the energy sector** to believe that services which offer much-needed flexibility will play a vital role in the evolution of electricity markets.

Comment

In the opinion of the author, renewable energy generation alongside battery storage and local aggregation with demand-side response represent particularly promising business models for local government-led or community-led low-carbon energy development; with increasing grid penetration of intermittent renewable energy technologies, **many in the energy sector** believe that services such as these, which offer much-needed flexibility, will play a vital role in the evolution of electricity markets. Furthermore, initiatives which seek to reduce fuel poverty should be prioritised whenever viable owing to the wide-reaching individual and societal benefits such measures can bring.

Briefing: Post-Covid towns and cities: changes to the urban landscape

Published: 22 June, 2021

Author: Kate Kewley, LGIU Associate

Location(s): England & Wales, Global, Scotland

Topics: Covid-19, Economy and regeneration, Housing and planning, Transport and infrastructure

Summary

Physical changes to city and town centres are being prompted, or in many cases accelerated, by the Covid-19 pandemic. We identify here key changes that are having an impact on how people use the physical infrastructure of towns and cities and provides examples of how places across the UK and globally are responding to the challenges and opportunities thrown up by the pandemic:

- more people working from home and/or flexibly than pre-pandemic
- less retail footfall in city centres
- relatively more footfall in smaller towns and high streets
- more demand for outside spaces for meeting, exercising, socialising and other forms of interaction
- increasing demand for sustainable, accessible and safe transport options
- new and growing opportunities for use of technology

There are examples here of innovation in reinvigorating towns and cities from across

several countries.

This briefing is the second of a new series on the recovery and renewal of towns and cities. It will be of most interest to those in local government with responsibility for economic development, post-pandemic recovery planning, town centre management, regeneration, planning, and technology.

Briefing in full

As set out in the recently published briefing **From apocalypse to reinvention: prospects for high streets and town centres after Covid-19,** the UK's response to the Covid-19 pandemic has both initiated and accelerated a wide range of changes to how individuals, groups and organisations use our cities and towns.

Alongside the many fundamental and difficult questions faced by businesses and other centre users looking beyond 2021, local government has a crucial role in shaping how city centres can best function in a way that adds value to residents, workers and visitors alike. While their function is likely to change, the importance of cities and towns to society remains – as "**generators of wealth, opportunity, liberation and innovation**" and the role of local leaders to plan, iterate and run these civic spaces is as critical as ever.

The various debates about **optimism** or **pessimism** about the future of the high street, the scale of change that we will see post Covid-19, the **future of retail** and many others are well addressed and in detail elsewhere. This briefing focuses therefore on the undeniable factors facing UK towns and cities in 2021, and gives examples of ways in which places are already starting to respond to those pressures, such as the impact of home working, the reduction of footfall in city centres, and the demands for outdoor space.

More people working from home and/or flexibly than pre-pandemic

Summary findings from the **Office for National Statistics** have shown that at key points in the Covid-19 pandemic nearly 50 per cent of workers were doing at least some of their work from home; nearly double the amount than were doing so pre-pandemic.

With caveats about how permanent or widespread this trend might be, various surveys of employees and of employers indicate short and medium-term plans to change office space to cater for new worker preference for flexible working. Almost a third of employers surveyed by **the British Property Federation and Gowling**

WLG reported plans to downsize office space due to staff working remotely more frequently and a number of high profile and large firms have announced plans to encourage or at least enable a more flexible approach to working post-pandemic. Large national examples include KPMG's **'four-day fortnight'** in the office, and freedom to choose for employees of accountancy firm BDO after a **survey** found that nearly 80 per cent of staff wanted greater flexibility.

While plans for fewer staff in the office five days per week allows firms to downsize office space (with a corresponding impact on the amount of physical space in cities devoted to offices), 84 per cent of all office occupiers surveyed by Gowling WLG were either already in or planning a move to more a *different* kind of office space, catering for new models of how staff use physical buildings. JLL's **'The Impact of Covid-19 on Flexible Space'** notes a move towards a 'hubs and clubs' model, with distributed locations closer to where people live, with a different style of facility catering to a non-permanent user base. Similarly '**Workplace clubs' or 'virtual offices'** – often with locations across the UK – are providing some firms with the facilities and physical space needed for those times when employees do need to meet in person, with some recently developed **flexible schemes** offering access to hundreds of different locations – rather than one office space.

The impact of this on cities is likely to be mixed, and it remains to be seen how a downsizing of 'traditional' offices might be offset by a parallel growth in the provision of flexible working space in city centres. Examples of cities with provision to flex their offer to workers and employers include not only London (with **8.2 million square foot** of flexible office space, particularly in the City) but initiatives started pre-pandemic in places like Cardiff, where the '**Central Square'** hub development in Cardiff City Centre has been **designed and built** in a way that allows for future flexibility, depending on occupants' requirements. The five-hectare city-centre development sits directly opposite Cardiff's main rail station, ideal not only for facilitating commuting employees but also for attracting other visitors to the city with the development incorporating not only office space but a variety of offers for a 'mixed use' space, mingling offices with residential dwellings, leisure facilities and other cultural offers.

This 'mixed use' approach to development pre-dates Covid-19, but is likely to become more central to city development across the globe in its wake, offering a '**clever way of hedging your bets in an unpredictable and unstable rental market'**. Other UK examples of mixed-use development include Bristol's **Wapping Wharf**, London's **Elephant Park** and Hull's **Fruit Market**, among others.

Less retail footfall in city centres

Fewer people working Monday to Friday in offices is only a part of the challenges and changes facing footfall in city centres. Covid-19 has **accelerated online shopping** across almost all categories, both in the short term (with physical stores forced to shut during lockdowns) and with sustained impact as lockdown restrictions have eased in 2020 and 2021. With fewer opportunities to shop, more risk in doing so, and a number of barriers to online shopping now broken, **research** by O2 Business and Retail Economics shows that almost half of UK shoppers expect an increase in shopping online, with 44 per cent expecting **permanent changes to the way they shop**. High streets around the UK are already seeing the impact, with high profile **closures** of Debenhams, Topshop and the Arcadia group stores, Oasis, Warehouse, Cath Kidston and others leaving physical and **emotional** holes **across cities nationwide**.

While there is reason to worry about gaps left in town and city centres when or if there is little appetite from others' to fill those spaces, some towns and cities are seizing opportunities to reconfigure how their buildings – and spaces – are used.

In Lancashire, owners of the 34-year-old Accrington Arndale Centre, Jesta Group, are talking to Hyndburn Council about plans to **redevelop the site**, scaling back retail yet retaining some commercial uses, but importantly also seeking to build 130 – 140 new homes in the town centre, contributing towards the council's social housing requirements. Following comments from Sir John Timpson CBE, chair of the High Streets Taskforce, that "**a planner with the courage to knock down the Arndale Centre and design the new town centre from scratch could give other councils a blueprint for the future**", The Hyndburn council leader has indicated that the council will work with the centre owners to "find a vision".

Similar visions for under-utilised spaces, in place before Covid-19, have been sped up by the pandemic. Southwark Council's regeneration plans for the **Old Kent Road** include the redevelopment of the Cantium Retail Park, which '**pre-date[s] the rapid growth of online business**' while being recognised as important as a local employer as well as providing a valuable service within the local area and South London more generally. With updates planned to improve local businesses and bring them in-line with 21st century shopping habits, the Old Kent Road regeneration scheme also plans to build up to **1,113 new homes** as well as shops, restaurants and other cultural attractions for mixed use of the previously industrial area.

More radically, Stockton Council has set out plans for the demolition and

redevelopment of its **Castlegate** Shopping Centre, to be replaced by a more compact retail core which leaves space for a **new urban park**, performance spaces, areas for young people and other public realm improvements.

Relatively more footfall in smaller towns and high streets

For many people the combination of lockdown restrictions, risk-aversion and working from home led to a greater reliance on local shops in 2020 and on into 2021. Data from the government's High Streets Task Force, which analysed 154 towns, finding that **footfall in smaller district centres fell by 34.5** per cent from March – July 2020, compared to a drop of 75.9 per cent in larger cities over the same period.

The promotion of smaller town centres or of multiple neighbourhoods within cities is **by no means a new** 'trend', but Covid-19 has unquestionably thrown discussions of **the neighbourhood unit's** more recent sibling – the '15-minute city' or the '20-minute neighbourhood' (and other combinations) more firmly into the planning spotlight.

Recent popularity of the idea of the **20-Minute neighbourhood** has been well covered by the LGIU – including precedents and examples set by **Paris**, **Melbourne**, **Ottawa**, **Bogota**, **Seoul** and **Barcelona**.

In place of a more detailed exploration of those case studies here therefore, it might be useful to give instead Melbourne's '**Hallmarks of 20-minute neighbourhoods**', as a set of general principles to consider for those considering those changes that are possible and/or likely in local cities and towns. The following section of this piece covers those sections in green (leisure and green facilities) as well as how changing approaches to transport are reconfiguring a number of cities both nationally and globally.

Features of a 20-Minute Neighbourhood

- Local shopping centres
- Local employment opportunities
- Well connected to public transport, jobs and services within the region
- Local public transport
- Safe cycling networks
- Walkability
- Housing diversity
- Ability to age in place
- Affordable housing options
- Safe streets and spaces
- Sport and recreation facilities
- Community gardens
- Green streets and spaces
- Local playgrounds and parks
- Lifelong learning opportunities
- Local schools
- Local health facilities and services

More demand for outside spaces for meeting, exercising, socialising and other forms of interaction

How we have all interacted with the outdoors has been of key importance throughout the Covid-19 pandemic to date. From **restrictions** on how often we've been allowed out to exercise, **inequalities of access** to green space, the important fourth addition to 'hands, face, space and fresh air', to a **wealth** of research into and coverage of the **importance** of the outdoors and exercise for our **mental** as well as physical health, the **criticality of greenspaces** to urban landscapes is a vital lesson to inform future city and town planning and development.

Again, this is an initiative that predates Covid-19. **Greater Sydney's** vision and objectives for a liveable and productive city are inextricably linked to its environment and sustainability, in a way that makes it difficult to extricate objectives for improving the amount of/access to/management of green or communal outdoor space from other wider objectives for healthy, well-connected communities.

In **Belgium**, redesign of cities to prioritise safe travel and safe play for children has its roots in the late 1990s. In **Ghent** and in **Antwerp**, planners working on a comprehensive play area policy have mapped how children use roads and destinations in cities (school, home, play areas and the roads between) and then used that data to turn the most popular thoroughfares into play spaces – widening pavements, slowing traffic, and including 'play stimuli' to transform the streets into a

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'**speelweefselplan**' (playspace web, or play layer).

Other cities have goals that speak explicitly to inequalities and the need for access to green and outdoor space that Covid-19 has thrown into relief.

In New South Wales, the '**Your High Street**' grant programme is supporting councils to make permanent improvements to their high streets, recognising the 'importance of streets as public spaces' and specifically supporting a goal to increase the proportion of homes in urban areas within 10 minutes' walk of quality green, open and public space. The programme builds on a temporary project in 2020 – '**Streets as Shared Spaces**' – wherein grants of up to $100,000 were allocated to innovative plans to test or pilot changes to streets, from traffic reductions and increased pedestrianisation, to installation of public art, on-street seating and pop-up outdoor libraries.

Barcelona has expanded its previous green urban planning (particularly focused around traffic restrictions to allow more space for pedestrians and cyclists) with a goal that no resident will be more than 200 metres from a green space. Latest plans include a substantial expansion of the previous seven superblocks (2016) to encompass 21 new blocks with accelerated tree planting, construction of cycle lanes, and pedestrian plazas for safe interaction outdoors.

In London, the new **Oxford Street District framework** sets out a vision of the street as 'the greenest, smartest, most sustainable district of its kind anywhere in the world', with aims of cleaner air, a pedestrian first approach, and new models of living and working (via the reuse of existing buildings) directly linked to drawing more visitors and re-establishing the area's credentials post-pandemic.

Increasing demand for sustainable, accessible and safe transport options

Accelerated rather than initiated by Covid-19, clean air initiatives and increasing the amount of safe space available to pedestrians and cyclists rather than car uses have been a key feature of a number of urban reconfigurations, from **Birmingham** to **Bogotá.**

Manchester has far-reaching plans to encourage 'active mobility' with an aim of 90 per cent of all trips to the city centre in the morning peak to be made on foot, by cycle or on public transport before 2040. Informed by three years of public consultation and engagement, the city council have proposed more pedestrianised streets, improved walking routes through the city, more connected and attractive

cycling routes (including links between key areas) and trials of new technologies (such as electric scooters) to improve safe and clean access around the city.

While these plans precede Covid-19, the push of the pandemic saw a rapid and extensive peak in car restrictions however, in tandem with reported **surges in cycling**. Over 1300 examples of how governments, businesses and communities have changed the physical landscape of their neighbourhoods to enable more walking, more biking and less car traffic are contained in the '**Shifting Streets'** Covid-19 mobility dataset, an invaluable library of examples of changing demands on public space during the pandemic.

While restrictions on car traffic feature considerably in the dataset, such actions are rarely without considerable **opposition**; not everyone can travel by foot or bike and for those seeking to **reduce their use** of public transport due to either **fear** of transmission or reduced necessity safe, individual transport options are still needed.

Electric vehicles may provide one part of a solution, but require significant infrastructure to facilitate mass use. In the west of England the '**Go Ultra Low West'** programme is helping areas including Bristol to encourage the widespread use of electric cars, vans and bicycles. With fleets of electric car clubs, matched funding for charging points to be installed in businesses and four 'Rapid Electric Vehicle Charging Hubs', including one in Bristol's **Eastville Park Car Park**, local authorities are taking concrete action to ensure that their infrastructure favours green options when it comes to transport.

New and growing opportunities for use of technology

Behind the examples given throughout this briefing of changes to physical infrastructure sits an understanding of people's interaction with that infrastructure, on which decisions have been made. The rationale for some changes has been highly visible, such as empty office blocks, or **numbers of bikes** on roads. In other cases, technology has played a crucial role in collecting information about people's preferences and behaviours, as well as providing a tool for vital public health protection.

Before taking any steps to design or enact physical changes therefore, local government and planners would be well advised to consider what can first be implemented in the local area to collect a full view of patterns of activity. From **Budapest's** (controversial) tools to identify high concentrations of people during the outbreak, the **Tel Aviv-Yafo Municipality's Smart City** approach (harnessed during Covid-19 to capture data on and respond to events that might enable virus

spread), to **Newcastle's** use of smart city technologies to assess whether people are respecting social distancing, technology such as embedded sensors provide real-time data on city systems to enable evidence-based decision making.

Again, the wealth of information on Smart Cities and city transformation post-Covid exists in more detail elsewhere (the **OECD**, **Smartcitiesworld**, **Deloitte**, **KPMG**, **Forbes** and many other sources). These examples are likely to be particularly inspiring because they feel ground-breaking; also because not only can technology help inform actions to improve the use of space, but it can then measure the results – enabling tweaks and iterations depending on reception from the public.

Comment

The future of town and city centres still lie in the balance.

For those feeling pessimistic, the consequences of Covid-19 have meant and could continue to mean emptying high streets and office blocks and shuttered stores. For some places the pandemic has made existing trends even more challenging.

As many have pointed out however, the consistent feature of cities and towns throughout the many centuries over which people have been drawn to live, work and interact with others in these spaces is their flexibility and adaptability to external and internal forces of change.

For those with more optimism therefore, or perhaps simply based on the examples presented in this briefing (and many more outside of it), changes are already being made to cities in the UK and around the globe that may be part of a new era of how we use our urban spaces.

The previous briefing in this series stressed that it is not yet known how far the behaviour changes and practices adopted during the pandemic may persist in the long term but that 'predictions of an apocalypse appear to be overblown and that there are encouraging examples of interventions by local authorities and other stakeholders to support high streets, towns and city centres and create a new purpose and vision for them. But it also highlighted that many towns and high streets faced tough structural challenges before coronavirus struck and the pandemic may have made these harder to overcome.

In response to the undeniable changes to behaviour prompted by Covid-19, many cities are enacting changes to their physical infrastructure in ways that may ultimately be more positive for inhabitants, workers and visitors alike. City planners and designers are making changes to provide flexible buildings and spaces that

allow more people to come together, for diverse reasons; innovation and diversity on high streets that were previously solely devoted to retail is opening up the urban landscape to different groups at different times; green and open areas for people to spend time outside safely may bring greater wellbeing benefits in the long term – together with greater options for transport including more active mobility, and the development of technology to tailor spaces based on data and insights about how people and groups actually use the space they are in presents further options still for the future of these vital spaces.

Local authorities at every level, including combined authorities, have the key role in reinvigorating town and city centres. This can sometimes be a direct role but is also and critically a leadership role in place-shaping, working with many partners. As we pointed out in the previous briefing, however, councils need support from the centre: without sufficient funding and greater devolution it will be very difficult for some places to put their plans into action.

'Never waste a good crisis' has been an important if painful quote during the Covid-19 pandemic. The examples given here and elsewhere about how cities and towns might respond to the crisis they face reflect a cause for optimism for government, business, designers and residents about the future of our urban spaces as we rebuild, both figuratively and literally.

Related LGIU content

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For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Head of Briefings, on janet.sillett@lgiu.org.uk

Briefing: Review of Adult Social Care in Scotland

Published: 4 March, 2021

Author: Rhona Miller, LGIU Associate

Location(s): Scotland

Topics: Health and social care

Summary

An Independent Review of Adult Social Care in Scotland was published in February 2021, chaired by Derek Feeley, Chief Executive of the Institute for Health Improvement. The report contained recommended changes to the delivery of adult social care, including a recommendation to remove local democratic accountability for Adult Social Care and centralising of services by the introduction of a National Care Service with accountability falling to Ministers. Whilst Council Leaders in Scotland did agree with some of the report recommendations, they have come together to voice their opposition to some of these recommendations, describing the move as being 'detrimental to the local delivery of social care and its integration with other key community services'. This briefing will be of interest to elected members and officers working in many council services including adult and children's services, finance and corporate affairs.

Briefing in full

Introduction

First Minister announced the independent review in September 2020, in response to the experience so far of Covid-19. The Review makes more than 50 recommendations for radical changes to adult social care. These changes include national improvement programmes, the appointment of a Minister for Social Care, making care services free at the point of need for non-residential care in communities or at home, improved pay and conditions for workers and the re-opening of the Independent Living Fund, which provides funding to enable disabled people to live in their communities. The review also recommends the creation of a National Care Service, which would sit on an equal footing to the NHS and would aim to raise the quality of care.

With a focus on lived experiences of social care support, there was an open enquiry from September to November 2020, where views could be submitted, stakeholder engagement events each with a particular focus including physical disabilities, the experience of carers and meetings with key stakeholder groups and organisations.

The review expressed the desire for 'Everyone in Scotland to get the social care support they need to live their lives as they choose and to be active citizens. We will all work together to promote and ensure human rights, wellbeing, independent living and equality'.

Review Recommendations

In order for people to be able to live their lives to their full potential, the review suggests the following changes: a new narrative for social care support; a redesign of social care support (including the National Care Service idea); redefining quality and closing the gap between intent and lived experience; protecting, promoting and ensuring human rights and equality; greater empowerment of people who need support and unpaid carers; and greater valuing of the social care support workforce.

Key recommendations from the Review:

- A human rights approach to care, including people being able to access support at the point they feel they need it. Barriers and eligibility criteria should be reformed or removed, to allow a greater emphasis on prevention and early intervention.
- Informal, community-based services and supports should be encouraged,

supported and funded to respond appropriately to needs.

- Better, more consistent support for unpaid carers.
- Unpaid carers should be represented as full partners on the Integration Join Boards and on the Boards of a new National Care Service. Local assessment of carers' needs should better involve the person themselves in planning support.
- Introduction of a National Care Service, with accountability for social care support moving away from local government to Scottish Ministers. A Minister for Social Care should be appointed by Scottish Government. The National Care Service should be established in statute on an equal footing with NHS Scotland. The National Care Service should oversee local commissioning and procurement of social care and support by reformed Integration Joint Boards, with services procured from local authorities and third and independent sector providers. The National Care Service should establish a simplified set of outcome measures to measure progress in health and social care support, through which to oversee the delivery of social care in local systems.
- A National Improvement Programme for social care along the lines of the NHS Patient Safety Programme to address improvement in the experience and implementation of self-directed support, improvement of the safety and quality of care provided in care homes, and improvement regarding the commissioning and procurement processes.
- Models of care and a national approach to improvement and innovation. Investment in alternative social care support models should prioritise approaches that enable people to stay in their own homes and communities. There should be a relentless focus on involving people who use services, their families and carers in developing approaches at local and national level.
- Commissioning for public good, with a shift from competitive to collaborative commissioning. The focus should be on the person's needs and not be solely driven by budget limitations. The care home sector should be an actively managed market with the revised and reformed National Care Home Contract in place and with the Care Inspectorate taking on a market oversight role.
- Rapid delivery of all the recommendations of the Fair Work Convention, putting in place national minimum terms and conditions with specific priorities given to pay, travel time, sick pay arrangements, training and development, maternity leave, progression pathways, flexible pathways and pension provision.
- Prioritising investment in social care as a key feature of Scotland's finances and economic plans for recovery from the effects of the Covid-19 pandemic and careful consideration of different options to raise new revenues and therefore increase investment in adult social care support.

[Mr Feeley said on the Review recommendations](#):

> "This is a time to be bold and radical. Scotland needs a National Care Service to deliver the high quality, human rights-based services people need to live fulfilling lives, whatever their circumstances.
>
> "Scotland has ground breaking legislation on social care but there is a gap, sometimes a chasm, between the intent and the lived experiences of those who access support. We have a system that gets unwarranted local variation, crisis intervention, a focus on inputs, a reliance on the market, and an undervalued workforce.
>
> "If we want a different set of results, we need a different system. That's why I want to see a National Care Service, delivered in partnership with the people who rely on it and with the workforce, that provides the opportunity for everyone in Scotland to flourish."

Funding the Review's Recommendations

The Review acknowledges that the proposed recommendations **would require considerable investment**. Costs include scrapping charges for non-residential social care support, for example, support at home and daycare would cost upwards of £50 million a year; boosting the amount of paid or free personal and nursing care in care homes would cost £116 million a year; raising the Real Living Wage for all care staff to £9.50 per hour would cost £15.5 million; and continuing the Independent Living Fund would be around £85 million annually. However, the review argues that investment in social care will increase Scotland's wellbeing as a nation, as well as creating jobs and stimulating economic growth and that a better system could also reduce waste, such as delayed hospital discharges, which costs the NHS more than £130 million a year.

Options for raising revenue for recommendations include mandatory social insurance, a new local tax, a new national devolved tax in Scotland, or changes to existing devolved taxes to raise additional revenue. Scottish Government has gained more tax and revenue-raising powers through the **Scotland Act 2016**. These powers include extended Income Tax powers, enabling Scottish Parliament to set rates and bands on non-saving, non-dividend income, such as earnings from employment, pensions and property income. Scottish taxpayers **with incomes above £27,200 already pay more tax** than they would elsewhere in the UK, any

additional tax would have to be carefully considered and any benefits of implemented changes effectively communicated to citizens funding it. In addition, some of the fiscal measures outlined will have an impact on Barnett consequentials and will therefore potentially have a knock-on effect on the total funding Scottish Government receives from UK Government.

Response to the Review

Council Leaders held a special meeting on the report and COSLA's Health and Social Care Spokesperson issued a statement saying that there was an endorsement of many of the principles set out in the report, particularly in relation to empowering people, valuing the workforce, embedding a human rights approach to social care and the importance of lived experience being embedded within the system.

However, there was unanimous opposition to the recommendation on the removal of local democratic accountability and a more centralised approach. Leaders felt that this would be detrimental to the local delivery of social care and its integration with other key community services.

If the funding set out in the review was delivered, council leaders felt that 'local government would be well placed to deliver the human-rights based approach outlined at pace, whilst ensuring local democratic accountability remains front and centre of social care'.

Scottish Health Secretary Jeanne Freeman has said that she would set out Scottish Government response at a later date. Early indications are clear as a National Care Service was backed by SNP led Scottish Government in their Programme for Government in September 2020. A motion was approved by MSPs on 16th February 2021 by 68 votes to 57 that called for a National Care Service to be on 'an equal footing' with NHS Scotland. A £20 million Community Living Change Fund was also announced, to help people with complex needs enjoy a better quality of life. The current Scottish Health Secretary has said that a minimum set of standards the social care workforce can expect will be agreed upon by the end of May 2021. She has also said that she accepted the principle of introducing a National Care Service, but would **continue to talk COSLA** about how to address its concerns.

Comment

Recommendations from this new review of Adult Social Care in Scotland focused on lived experience, empowerment, community involvement and better valuing the

workforce, paid and unpaid, are welcomed and supported by local government.

There remain questions about how a human rights, user experience-based approach might be achieved under the current system, taking into consideration changes to the procurement and commissioning without the need for institutional reorganisation.

The impact of moving from local to centralised accountability is thought by local government and some partners to be detrimental to the local delivery of social care and risks its integration with other key community services. In addition, the inevitable disruption caused by reorganisation should not be underestimated. You can read **here** about the experience of implementing integrated joint boards for health and social care, development of IJBs is mentioned in **this report**. The introduction of a National Care Service will have to be proposed by the next Scottish Government and agreed by Scottish Parliament. Big questions need to be answered on the funding of the proposed national service, in the context of significant economic challenges facing Scotland.

Although party manifestos for the upcoming Holyrood elections are yet to be published, social care reform is likely to be included. A National Care Service is currently backed by Scottish Labour, Green Party and SNP and aspects of what a National Care Service could offer is also backed by Scottish Liberal Democrats and Conservatives. Scottish Conservatives have indicated more information is needed as to how a national care service will work in practice and Scottish Liberal Democrats have raised concerns the service will lead to too much centralisation.

The current Scottish Health Secretary has said that Scottish Government will respond at a later date, but have accepted the principle of introducing a National Care Service. Council Leaders will consider a further detailed report on the proposals at the end of February.

This is a highly emotive topic and LGIU will inform you of the progress of this policy as it appears in the manifestos for Holyrood 2021 elections. The communication of the messages around a national care service will undoubtedly be politically charged as we have seen in recent UK elections. Moreover, the vital issue of how this policy approach will be funded in the medium and longer term remain key unanswered questions.

Briefing: Scottish devolution and funding: progress and challenges for the next Scottish Parliament

Published: 13 April, 2021

Author: Mike Woods, LGIU Associate

Location(s): Scotland

Topics: Brexit, Democracy, devolution and governance, Finance

Summary

This briefing uses two recent reports to look at how devolution has developed over the past decade and how Scottish Government funding has changed over the same period. It examines some of the challenges faced by Parliament in holding government to account as ministers grapple with the implications of Brexit and the recovery from Covid-19 and outlines the way government is funded, including the benefits of the Barnett formula. It concludes with a brief assessment of the prospects for government finances in 2022-23 and beyond.

Briefing in full

The Covid-19 pandemic and Brexit are presenting significant challenges to devolution and funding in Scotland. This swift read uses two recent reports: a **Legacy Expert Panel Report** to the Finance and Constitution Committee and an **Institute for Fiscal Studies briefing** to explore how devolution and funding have

changed over the last decade, and the challenges faced in ensuring democratic processes and spending are properly scrutinised and controlled in the next Scottish Parliament and beyond.

The issues raised are often complex and this briefing is designed to provide a short overview of devolution and funding, picking out some of the main themes, rather than seeking to replicate the detailed analysis which is available in the two reports. It is intended to complement a second briefing on the Barnett Formula which will follow shortly.

Devolution

Devolution in Scotland has changed significantly since the Scotland Act 1998 laid the foundations for the Scottish Parliament to begin work in 1999. The Scotland Acts of 2012 and 2016 gave Scottish Government new powers and responsibilities over taxation and social security that fundamentally changed public finances in Scotland, and the context in which these powers operate has become increasingly complex. Legislation to take forward Brexit (which includes the European Union Withdrawal Acts and the United Kingdom Internal Market Act 2020) has complicated things still further.

The matters devolved to Scottish Government include some forms of taxation, health and social services, education and training, law and order, local government, housing, environment, some aspects of transport, land use planning, forestry and fisheries, agriculture and sport and the arts. This is a long list, but many powers are still reserved for UK government including foreign policy, defence, many aspects of benefits and, crucially, macroeconomic and fiscal issues.

Scottish Government's annual budget is largely determined by the long-standing Barnett formula supplemented by a Fiscal Framework Agreement that was introduced alongside the Scotland Act 2016. The Framework sets out funding arrangements, fiscal rules and borrowing powers and includes:

- how block grant (calculated under the Barnett formula) is adjusted to reflect new tax and social security powers
- economic forecasting arrangements and responsibilities, including the role of the Scottish Fiscal Commission
- borrowing arrangements
- access to a Scotland Reserve which can be used to transfer money between financial years

The overall size of the Budget is also affected by annual changes in tax revenues and social security payments compared to those in the other devolved administrations and in England. For example, if tax revenues increase more in Scotland than in the rest of the UK, then the Scottish Budget benefits and vice versa. The budget cycle means that forecasts of tax receipts and social security payments have to be used in calculating the Scottish Budget each year. These are then reconciled later using outturn figures with differences being adjusted for in future Budgets.

So it was already complicated enough, but now we are dealing with both Brexit and the fallout from Covid-19. Brexit has required a raft of new legislation to ensure legal continuity and a smooth transition as the UK leaves the EU. Scottish ministers now have a general power to make subordinate legislation to maintain alignment with EU law, but legislative changes made by Whitehall ministers to fix deficiencies in retained law may overlap, and could have a significant impact on post-Brexit devolution.

In relation to Covid-19, the parliamentary Finance and Constitution Committee (FCC) who commissioned the Legacy Expert Panel report noted the *"sheer magnitude of the crisis which the country is living through"* and that *"the economic and fiscal outlook remains highly uncertain"*. In-year revisions to the 2020-21 Scottish budget totalled £7.85 billion (an unprecedented increase of 21 per cent compared to the Budget planned in February 2020), and similar revisions to the 2021-22 Budget are likely to be significant.

Given the uncertainty of Brexit and the huge impact of Covid-19, the Legacy Panel identifies a need for close scrutiny of government spending in the new session of Parliament that will follow the May elections. The Panel makes a long list of recommendations, including that the FCC should:

- discuss the timing of a Summer Budget Revision with Scottish Government as soon as possible after the election, so that the committee has an early opportunity to scrutinise how Covid-19 is continuing to affect public finances
- undertake an early review of the revised Medium Term Financial Strategy that was published alongside the Scottish Budget in January
- consult with other parliamentary committees on a more coordinated approach to budget scrutiny
- consider inviting the Scottish Fiscal Commission to publish a long-term fiscal sustainability report at least once during each session of Parliament
- make an inquiry into Scottish taxation an early priority

- consider how best to monitor how devolution is working after Brexit
- consider using different approaches for communicating the work of the committee, to make reviews more accessible

By any standards, this is a demanding workload – especially remembering that the committee would normally be expected to conduct proactive inquiries in addition to its legislative and budgetary scrutiny work. Other committees will have greater workloads too, and the Panel recommends that Parliament commissions an early independent review of the whole parliamentary committee structure so that arrangements for challenge and scrutiny are fit for purpose as the implications of Brexit becomes clearer and the devolution agenda continues to develop.

One last thing to mention is that a review of the Fiscal Framework Agreement is due this year. In view of the Agreement's central role in determining funding in Scotland, the many changes since the agreement was introduced in 2016 and the rumblings south of the border about funding disparities, negotiating a new agreement may not be an easy task. With the aftermath of Covid-19 to deal with, it looks to be a very busy year.

Funding

As mentioned earlier, the impact of Covid-19 on public finances has been enormous. Recent budget changes and the 2021-22 finance settlement have been detailed in earlier briefings listed below, and will not be repeated here. Instead, this section will use the IFS briefing to explore the impact of devolution on government funding in Scotland over the last decade and some of the challenges for the future.

Going back to 1999, Scottish Government received almost all of its funding in the form of a block grant from Whitehall. In more recent years, continuing fiscal devolution has allowed Scottish Government to set and keep more of its own taxes, including landfill tax, land and buildings transaction tax and most income taxes. By 2020-21, and leaving Covid-19 funding aside, Scottish taxes contributed 43 per cent of resource funding, with over three-quarters of that coming from income tax.

The mechanism for determining the annual block grant is governed by the Barnett formula which was introduced in 1979. More details will be provided in a separate briefing, but the main steps are:

- the amount of block grant that would be payable without any fiscal devolution being in place is calculated. This is the amount of block grant for the previous year plus adjustments for changes to population and any changes to funding in

England for any services that are devolved in Scotland
- an adjustment for devolved taxes updated for population and changes in revenue per person
- an adjustment for changes in devolved welfare spending responsibilities

For 2020-21, that process provided Scottish Government with total resources for day-to-day spending of £45.3 billion, or £8,300 per person, including one-off spending on Covid-19.

IFS's analysis shows that between 2010-11 and 2017-18, Scottish Government funding for day-to-day spending fell by 6 per cent in real-terms. Between 2017-18 and 2019-20 funding increased by almost 5 per cent in real terms so that as the Covid-19 pandemic began to take hold, funding was almost back to 2010-11 levels. However, because of population growth funding per person was still 4.5 per cent lower.

Turning to capital expenditure, IFS show that capital block grant funding from the UK government reduced by 22 per cent in real terms between 2010-11 and 2015-16, but that reduction has now been reversed. After adjustments, IFS estimate that capital funding in 2020-21 will be 13 per cent higher in real terms than in 2010-11. Scottish Government has also boosted capital spend by taking advantage of new borrowing powers and, overall, capital funding in Scotland is expected to be 16 per cent higher this year than in 2010-11.

Although there has been a clear reduction in revenue funding over the decade, overall funding levels appear to be still favourable when compared to England. The IFS analysis shows that for 2020-21 funding for Scottish Government is 131 per cent of per-person funding south of the border. Although some of this difference is driven by Barnett changes from year to year, it appears that historically funding started off higher than in England and amendments since have never fully offset the difference.

Looking forward, IFS see a challenging outlook. Although neither government has set out detailed plans for 2022-23 or beyond, the UK government is predicting spending between £14 billion and £17 billion a year less than pre-Covid-19. This implies a real terms increase in Scotland of less than 1 per cent next year which is likely to necessitate cuts to a range of services to meet planned increases for health and schools or an increase in taxes. More details will be available in the autumn 2021 Spending Review, IFS argue that with the proclaimed "end of austerity" spending in England is likely to be topped up, generating equivalent funding for Scotland through the Barnett formula.

Even so, it is not clear whether any uplift would be enough to meet increases in costs and demands. IFS see particular challenges for Scottish Government as a number of long-term commitments (on council taxes, mental health services, free school meals and public transport), entered into as part of Budget deals with Scottish Greens and Liberal Democrats, are being funded from temporary Covid-19 support. From 2022-23 the money for these will need to be found from Scottish Government's core funding.

Comment

The two reports, taken together, provide a detailed analysis of how devolution and funding in Scotland have changed over the past decade, but they also provide some clear warnings for the future. The reports confirm what we all already know: Brexit and Covid-19 have changed everything.

It is clear from the Legacy Expert Panel report that parliamentary scrutiny has failed to keep up with the speed of change over the past year and that a fundamental review is required to ensure that scrutiny arrangements are adequate to hold Scottish Government properly to account as it deals with the fallout of Brexit and the aftermath of Covid-19. More coordination is needed and committees need to work better together to ensure that decisions are properly challenged and that value for money remains a priority. Whatever the result of the election, Scottish ministers would be well advised to take note of the Panel's recommendations.

Devolution has brought many benefits and flexibilities, not least around taxation. The IFS briefing draws attention to the significant contribution that Scottish taxes now make to government finances, with the implication that the system is working well. Scottish Government funding for day-to-day expenditure has recovered well after a dip in the middle of the last decade, and the Barnett formula continues to provide an adequate share of national finances, recognising the particular problems of Scotland's economy.

However, there are storm clouds on the horizon. IFS's warnings of challenging times ahead are rather undercut by their assumption that there will be little appetite in Whitehall for further cuts. Whether that remains the case as the true cost of Covid-19 becomes apparent is doubtful. It all depends on how quickly and to what extent the economy recovers and it may be that by the time of autumn Spending Review the Chancellor's room for manoeuvre will be very limited. With such an uncertain outlook, Scottish local councils would be wise to plan now for several difficult years ahead.

Related Briefings

[Swift Read: Scottish Budget 2021-22 – a budget for uncertain times?](#)

[Swift Read: A generous or a derisory local government finance settlement?](#)

[Swift Read: Scottish Government Consolidated Accounts 2019-20 – setting the scene for council finances in 2021-22](#)

[Spending Review November 2020: Highlights for Scottish local government](#)

[Moving towards a sustainable economic recovery for Scotland](#)

Briefing: Scottish devolution and funding: the Barnett formula and council tax

Published: 26 April, 2021

Author: Mike Woods, LGiU Associate

Location(s): England & Wales, Scotland

Topics: Democracy, devolution and governance, Finance

Summary

This briefing uses two recent reports to examine the place of the Barnett formula and council tax within Scottish devolution. The main focus is on how the Barnett formula operates, the parallels between the two systems are explored and the weaknesses of both are highlighted. It is clear that both systems are in urgent need of reform. This briefing concludes that the prospects for significant changes are limited, at least in the short-term and will be of wide interest to local government officers and politicians.

Briefing in full

This is the second of two complementary briefings on Scottish Government finances that have been prepared in the run up to the Scottish parliamentary elections. The first looked at how devolution has developed and how Scottish Government funding has changed over the past decade. This briefing looks at two areas where reforms are definitely overdue, but seem always to be on the "too difficult" pile: the Barnett formula and council tax.

The first and more detailed part of the briefing focuses on the Barnett formula. The briefing summarises a recent report by the Institute for Government (IFG): **Funding devolution – the Barnett formula in theory and practice** and looks the main features of the formula including its origins and how it operates. It also assesses some of main recommendations of the report, which include what could result in a major reform to the system: a joint review by Treasury and devolved administrations into the relative spending needs of each part of the UK.

That is followed by a short discussion of the main recommendations of a recent Institute for Public Policy Research (IPPR) paper on council tax reform: **Better than before – how local tax reform can help pay for recovery**, which include making council tax more progressive or replacing it altogether.

How the Barnett formula developed

The origins of the Barnett formula date back to 1888 when a now long-forgotten Chancellor of the Exchequer, George Goschen, introduced system to allocate government funding more fairly between England and Wales, Scotland and Ireland. Apparently based upon population, the formula delivered 80 per cent of funding to England and Wales, 11 per cent to Scotland and 9 per cent to Ireland. After Irish partition, Scottish politicians successfully argued that the Scottish share should remain at the same proportion of the England and Wales total, and that remained the case through subsequent decades even though Scotland's population saw a relative decline. After the Second World War, successive Scottish secretaries negotiated extra funding based on additional needs such as population sparsity and poor-quality housing.

In the late 1970s the Labour government was planning a system of devolution in Scotland and Wales, and the Barnett formula, named after Joel Barnett, the Chief Secretary to the Treasury at the time, was devised as a simple, automatic tool to calculate the funding allocations to the assembles due to be established in Edinburgh and Cardiff. In the event, the plans were abandoned after the 1979 referenda, but the formula was put in place and was used to allocate resources to the Scottish Office from 1979 onwards. The formula was only intended to be a transitional mechanism that would be replaced by a more complex formula based on relative funding needs, but, following the decisive Conservative victory in the 1979 general election, pressure for a new system to allocate resources faded, and the formula was retained by successive governments during the 1980s and 1990s and through devolution itself in 1999. Over the past 20 years, there has been much debate on replacing Barnett, but despite transfers of tax-raising powers and other

major changes, the formula remains more or less intact.

How the Barnett formula works

The crucial point to note about Barnett is that it is a mechanism for allocating *changes* in public spending from year to year. It is not a method for ensuring that funding is allocated fairly between the four nations. When the formula introduced in the late 1970s, it locked in historic baseline funding allocations that provided higher levels of public spending per capita, particularly for Scotland and Northern Ireland, than in England. It is this feature of the formula that is the main reason why government spending per head in the three devolved nations is higher than in England.

In essence, Barnett is a simple mechanism for allocating new public spending (or cuts in public spending) on devolved matters on an equal per-person basis across the four nations. Any changes to public spending in England lead automatically to equivalent per-person changes in the annual block grant allocated by the Treasury to the other three nations. Such adjustments are known as "Barnett consequentials".

One complication is that not all services are devolved equally, so the amount of a Barnett consequential will also depend on the proportion of spending that is devolved – known as the "comparability percentage". For example, the comparability percentage for Transport in Scotland is 92 per cent, so any Barnett consequental arising from a UK change in Transport policy will be correspondingly lower than if the whole of Transport spending was devolved. Another point to note is that Barnett consequentials are not ring-fenced and need not be spent on the service area intended by the UK government.

It is also important to remember that the amount of funding received from the UK government has been reduced in recent years to balance out the tax-raising and social security powers transferred to Holyrood. If, for example, tax revenues increase more in Scotland than in the rest of the UK, then the Scottish Budget benefits and vice versa.

How Barnett distributes resources

The IFG report calculates that for 2020-21 spending levels per head in Scotland were 29 per cent higher than in England. The equivalent percentages for Wales and Northern Ireland are 23 per cent and 29 per cent respectively. As mentioned earlier, these differences are a not product of the Barnett formula itself, rather they reflect

historic differences that have built up over decades. IFG analysis shows that as a result of Barnett consequentials, spending by the devolved administrations has moved in parallel with that in England over the past twenty years – but has remained consistently higher.

The Covid-19 pandemic has resulted in a huge expansion in government spending. Some of this has been to fund schemes that cover the whole of the UK such as furlough and support for the self-employed, but a large proportion has been for devolved services such as health care and business support. Amounts devolved services, which IFG estimate to be £9.5 billion for Scotland in 2020-21, have largely been calculated using the Barnett formula.

As Barnett allocates new resources on a proportional basis across the four nations, the devolved nations' historic advantage should have declined in percentage terms over time, a process known as "Barnett convergence". In practice, convergence in Scotland is happening more slowly than expected. One reason for this is that although Barnett consequentials are calculated using up-to-date population estimates, there is no adjustment to the baseline to take account of the relative decline in Scotland's population compared to England, so the amount of baseline funding *per person* tends to increase year-on-year. A second reason is that during periods of austerity, as experienced over the last decade, if cuts are applied equally on a per capita basis, convergence tends to be reversed or slowed down.

Another factor outside the Barnett mechanism works to Scotland's advantage. Direct expenditure by the UK government on reserved functions, such as demand-driven benefits, tends to redistribute funding from more to less productive parts of the country, and IFG shows that benefit spending in Scotland was 6 per cent higher per person in 2018-19 compared to that in England. A justification for this is that demand-driven benefits are higher in Scotland because there is greater need.

The report looks in some detail at various attempts over the years to equate funding allocated under Barnett with estimates of need. The conclusions are that:

- variation in public spending across the UK cannot be explained by reference to underlying need
- all three devolved nations appear to be funded above their level of need – but the data is uncertain

The report finds that there is no clear rationale for the variation in spending across the UK. There is evidence that the devolved nations do have somewhat higher spending needs from poorer public health and lower economic activity but not to the

extent to fully justify their higher levels of spending per person. The report argues that there is a clear need to replace the Barnett formula with a needs-based system, but acknowledges that such a change would be "both technically complicated and politically combustible".

How Barnett works in practice

The mechanistic features of the Barnett formula should, in theory, take the politics out of the allocation of resources. In practice, there is still considerable scope to argue about some of the inputs. The process of calculating Barnett consequentials is relatively straightforward where services are fully devolved, but the "comparability percentages" mentioned above are not easy to determine and although representations are considered, the Treasury has retained the final say. Adding to the complexity is the need to take account of the effect of devolving different powers to different administrations, in particular, tax-raising powers, which require further adjustments to take account of income raised.

The report quotes a couple of examples to illustrate some of the problems. The most up to date is that for the HS2 rail link between London and the north of England. The Treasury has classified this as an "England and Wales" project so it generates Barnett consequentials for Scotland and Northern Ireland, but not for Wales.

Another issue that can cause difficulties is that the UK government sometimes exercises discretion to allocate spending completely outside the Barnett mechanism, in what are termed "formula bypasses". One example that worked to the advantage of the devolved nations is the direct allocation of around £375 million for City Deals and Growth Deals, and at the same time allowing Barnett consequentials to reflect similar spending in England.

A more serious example is the disagreement of how European structural and investment funding (ESI) is to be replaced following Brexit. Over the last ESI funding round, the devolved administrations were allocated about 36 per cent of the UK's total, much higher than their population share of 16 per cent. Under the replacement UK Shared Prosperity Fund, it appears that UK ministers will have wide discretion over spending on devolved policy areas such as economic development, providing infrastructure, supporting cultural activities and education and training. Apart from the obvious impact on spending autonomy, the added concern is that UK government may opt to allocate resources into UK-wide schemes which would reduce Barnett consequentials and risk wasteful duplication between programmes being run in Whitehall and in Holyrood.

The fact that there is no formal requirement to account for decisions about bypassing Barnett is a source of frustration for the devolved administrations which, the report argues, is being exacerbated by political differences and poor relations at ministerial level between UK government and the devolved administrations.

Two other issues with the current system have been highlighted by Covid-19:

- **Devolved autonomy over spending decisions is constrained in a crisis** – Barnett provides the devolved administrations with extra resources only when UK government chooses to spend more in England. The report argues that having to wait for Whitehall to make decisions has made it more difficult for Scotland, Wales and Northern Ireland to respond proactively to the Covid-19 crisis.
- **Limited fiscal flexibilities** – Barnett works to insulate devolved budgets from falls in tax revenue that affect the whole of the UK, but they lack flexibility to respond to demands for higher spending, because of limits on borrowing and constraints on transferring money between years.

The Treasury has recognised some of these constraints through the announcement in January that the technical conditions for a "Scotland-specific economic shock" had been met. This has given Scottish government the power to double its borrowing to £600 million a year and to withdraw unlimited funds from its reserves (usually limited to £250 million a year). Greater flexibilities have also been introduced on transferring funding between years.

IFG's recommendations

The report recognises that Barnett has survived so long because of the political difficulties of replacing it. Any new system would inevitably create winners and losers, and all three devolved nations would be likely to lose under a reformed system, but the current arrangements are "hard to explain or justify". The report calls for greater clarity, more independent scrutiny and strengthening of dispute resolution arrangements, but the main recommendation is that the Treasury and devolved administrations should jointly commission a new assessment of spending needs for each part of the UK. The long-term objective should be to "move towards a system that shares out resources in line with a clearly stated set of funding principles which are applied consistently and transparently to devolved governments across the UK".

Council tax reform

IPPR Scotland's short paper on council tax reform looks at a different but related

aspect of Scotland's finances which will also contribute to the success or failure of Scotland's economy in the years ahead.

IPPR Scotland anticipates that in order to begin recovering from the pandemic, the next Scottish parliament will need to be a tax raising one. Scottish parliament is likely to need to raise significantly more tax revenue just to ensure that spending cuts in Scotland are no worse than in the rest of the UK. Whilst some of this extra income may come through income tax, the paper argues that it is important to look at how wealth and property can be taxed more effectively, and to focus particularly on how council tax could be reformed.

The paper repeats the familiar criticisms of council tax: that it is out of date, it does not reflect the current property market, it is regressive in terms of both value and income and, in Scotland, does not raise enough money. Three priorities are identified:

- the council tax gap between Scotland and the rest of the UK should be closed
- no one in poverty should be asked to pay council tax
- a fundamental reform of council tax should be a priority for the next Scottish parliament.

Those priorities have led IPPR Scotland to develop five recommendations for the next Scottish Government:

1. Commit to closing the tax gap in council tax revenues (worth between £600 million and £900 million per year) between Scotland and the rest of the UK.
2. Implement higher increases on bills for properties in higher bands throughout the next parliament. Increases of 3 per cent (plus inflation) for Bands A-D and of 4 per cent, 5 per cent, 7.5 per cent and 10 per cent (plus inflation) for Bands E, F, G and H respectively each year of the parliament could raise an extra £380 million per year by 2025-26.
3. Extend the council tax reduction scheme so that no one in poverty is asked to pay council tax by the end of the parliament. If in place today this could cost up to £300m per year.
4. Introduce primary legislation to reform or replace the council tax within the first year of the new parliament. Reform should take the form of a new percentage value tax introduced alongside the ongoing council tax system or replacing council tax altogether.
5. Work with councils to test and introduce new local taxes in the next parliament, to build a basket of taxes at the local level in Scotland. These could include a local inheritance tax, local green taxes and other (unspecified) behavioural

change taxes to "promote fair work, just transition and to narrow economic inequalities".

Comment

Although they serve very different purposes, there are several parallels between the two systems. Both have been around for about forty years, both have been widely criticised for producing unfair results and for both, successive governments have failed to heed repeated calls for reform.

For council tax, the political scars of Mrs Thatcher's poll tax policy run deep. The arguments that council tax is regressive and fails to take adequate account of changing property markets are unanswerable but, after the turmoil of poll tax, the political reality is that council tax works, it is relatively easy to collect, and it is local authorities rather than governments that take the flak for annual increases. It is not surprising, therefore, that council tax reform has not been a priority for either Westminster or Holyrood.

For Barnett, the difficulties are slightly different but no less intractable. It is clear that Barnett delivers greater spending per person in the devolved nations than in England, and that greater spending is not correlated with any realistic assessment of need, but it does serve a political need. From Scottish government's perspective, Barnett generates good levels of funding, which helps keep taxes down, so why seek reform? Equally, Westminster's priority is to maintain the Union, so why seek to further alienate Scotland, particularly when calls for reform remain relatively muted, even south of the border?

Of course, the argument is more nuanced than that. Focusing on spending per person figures at national level ignores variations between regions, and it may be when measures of need are taken into account, the outputs of Barnett are distributing funding fairly. The trouble is, nobody really knows.

The IFG report and the IPPR Scotland paper both help to highlight the need for change but, as we struggle to recover from the economic shock of Covid-19, it is hard to see reforms to Barnett or council tax being political priorities for Whitehall or Holyrood. Remember, developing measures of need are not easy; English councils are still waiting for the results of the "Fair Funding Review" which began way back in 2016.

The debates on both systems will no doubt continue, but perhaps the best we can hope for is that a new Scottish Government commits to a radical review of council

tax, to create a more equitable system, perhaps supported by other local taxes, that could make sure there is medium and long term financial stability for Scottish councils through both pandemic recovery and Scottish independence, if indeed the later becomes a reality.

Related Briefings

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[Swift Read: Scottish Government Consolidated Accounts 2019-20 – setting the scene for council finances in 2021-22](#)

[Spending Review November 2020: Highlights for Scottish local government](#)

[Moving towards a sustainable economic recovery for Scotland](#)

Briefing: Shaping a just and fair transition through UK City Deals: best practice and future opportunities for place-based climate mitigation

Published: 15 June, 2021

Author: Connor Smith, LGIU Associate

Location(s): England & Wales, Global, Ireland, Scotland

Topics: Climate action and sustainable development, Communities and society, Economy and regeneration, Transport and infrastructure

Summary

Despite well publicised and crucial national and international climate targets and agreements, there is growing concern that the imperative and urgency of immediate and tangible climate action is lacking. Attention is increasingly turning away from national plans to subnational institutions and actors, particularly local authorities, and the roles that they may be able to play in driving and delivering climate action in their areas. Through engaging with new, **original work** which explores the climate action credentials of the City and City Region Deals, this briefing will seek to highlight key trends, best practice and future opportunities for place-based climate change mitigation. This briefing will be of interest to officers and councillors around the world who aspire to drive social, environmental and economic success in their local areas.

Briefing in full

Introduction

This is the first of a series of briefings covering original work conducted by researchers from The University of Edinburgh School of Geoscience who have been exploring the climate action credentials of the City and City Region Deals. Further details concerning the scope, reach and format of the City Deal programme have already been discussed in a previous LGiU briefing that can be found **here**.

Landscape

Despite crucial **national** and **international** climate targets and agreements, there is **growing concern** that the imperative of immediate climate action is lacking. Central governments are struggling to transition their economies away from fossil fuel dependency to the extent, and at the rate, which is required to keep the global average temperature from rising more than **1.5C** beyond the 1990 baseline level. Within this context, attention is increasingly turning to subnational institutions and actors, **particularly local authorities**, and the roles that they may be able to play in driving climate action in their areas. There is evidence to demonstrate an appetite from local government for place-based climate action (by the end of 2020, **319 out of 404** local governments and eight combined authorities had declared a Climate Emergency), however recent studies suggest that delivery is lacking with **only 62%** of authorities having designed a climate action plan since declaring an emergency. By sharing **research findings** we will explore the climate action credentials of the City Deal programme: this first briefing will consider key trends, best practice and future opportunities for "climate change mitigation" – **defined by the UN Environment Programme** as "efforts to reduce or prevent emission of greenhouse gases... [including] using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behaviour".

This briefing should be of interest to officers and councillors around the world who aspire to drive social, environmental and economic success in their local areas.

Mitigation: key trends in the City Deals

Climate change mitigation was identified across a significant number texts (19 out of 35) and recognised as fundamental or important for 11 City and City Regions showing significant diversity between deals. Often, ambitions consisted of running

low-carbon pilots, for example a **district heating** or **smart energy network**. Others involved technical or business cases designed to attract or justify future investment in climate change mitigation initiatives. Meanwhile, some Cities and City Regions centred their climate ambitions around energy efficient housing and/or public buildings, including both low-carbon new-build developments as well as existing stock retrofit. Emission reduction programmes were also included as deal outcomes whilst findings highlighted efforts by some Cities and City Regions to leverage their geographical proximity to the ocean to engage in marine renewables and offshore engineering. Ambitions for sustainable transport were also cited; however, whilst improvements to public transport featured often, active travel was less of a priority being limited to only a few Deals. Nevertheless, despite many individual exemplar initiatives, taken as a whole, the City Deals did not demonstrate enough joined-up thinking as there was a failure to consistently link climate change mitigation with other priorities, particularly the need for good quality, affordable housing. Thus, in failing to embed a holistic, climate action ethos at local and regional levels, the programme in the UK (to date) constitutes a missed opportunity.

Findings also showed that all Cities and City Regions that did prioritise climate action (with the exception of Cardiff Capital Region), were drawing on one or more of the following six factors to narrate, explain or justify their climate action ambitions:

- overcoming barriers or tackling issues
- building on past projects or current initiatives
- taking advantage of geographical specificities/ natural resources
- leveraging, or building upon, existing material assets
- leveraging strong partnership with, or existing investment by, private sector
- leveraging existing knowledge-based assets

In Deals where climate change mitigation is fundamental or important, the most common factor is building on past projects or current initiatives (cited by 9 out of 11), followed by taking advantage of geographical specificities or natural resources (cited by 6 out of 11). In deals where climate change mitigation features less prominently, overcoming barriers or tackling issues is by far the single most important factor (cited by 6 out of 8). It could be argued that most factors relate to existing assets and therefore represent continuity in regional policy making, whilst overcoming barriers or tackling issues is more problem-driven and could potentially represent a more disruptive approach or innovative policy within the regional context. On the other hand, the Deals that embrace multiple factors, have the potential to represent more joined-up thinking

Table 1: Six key factors behind the climate action ambitions found in the City Deals.

Region	Building on past projects or current initiatives	Taking advantage of geog. specificities / natural resources	Leveraging or building upon, existing material assets	Leveraging strong partnership with, or existing investment by, private sector	Overcoming barriers (e.g. to growth) or tackling issues (e.g. fuel poverty)	Leveraging existing knowledge based assets
Deals where Climate Change Mitigation is fundamental or important to strategy						
Birmingham	✓					
Manchester	✓	✓	✓	✓		✓
Liverpool		✓			✓	
Leeds	✓					
Newcastle	✓	✓	✓	✓		✓
Nottingham	✓		✓			
Stoke-on-Trent	✓				✓	
Tees Valley	✓	✓	✓			
Stirling & Clackmannan-shire	✓				✓	✓
Tay Cities	✓	✓		✓	✓	
Swansea		✓	✓		✓	
Deals where Climate Change Mitigation featured but was not fundamental or important to strategy						
Sheffield						✓
Greater Brighton				✓	✓	
Plymouth & the South West					✓	
Hull & Humber		✓			✓	
Greater Cambridge					✓	
Inverness & Highlands					✓	
Edinburgh and South East					✓	
Cardiff Capital Region						

*table revised as of 02/07/21

Mitigation: best practice and avenues for future development

What do the findings from the City and City Deals research tell us about best practice and avenues for future development? First and foremost, there are clear opportunities for greater joined-up thinking. Climate change mitigation should not exist in a vacuum; done properly, it can and should help to achieve wider societal benefits including improved housing, transport and, more broadly, human wellbeing.

For example, in the **Swansea Bay Region City Deal** authorities leveraged local requirements for more and better housing to implement a "Homes as Power Stations initiative". The deal details how it seeks to "undertake an extensive new house build and retrofit programme" which integrates technologies capable of generating, storing and, releasing energy. According to the **deal**:

> "whilst this programme will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations".

This is a tangible example of joined-up thinking: more homes, better homes, climate action, and the development of local supply chains, all whilst leveraging research expertise and high-value manufacturing and construction operations. Furthermore, by enabling electricity generation, storage and release, the Swansea Bay Region deal bring benefits to local distribution systems by facilitating **greater grid balancing** – an important component of the energy transition as we witness greater penetration **of intermittent renewable energy generating technologies**. However, despite all the aforementioned positives and innovation, even this example of place-based climate change mitigation is not beyond improvement. To maximise the wider societal benefits we may also ask: are the homes also adaptable, that is not only climatically resilient but adaptable to the different life stages and needs of inhabitants. Further questions remain, are the homes all within a short distance of well serviced, low-emission public transport? Or just as importantly, pedestrianised areas and cycle routes? Do the homes maximise communal green space and provide a residential environment that is friendly to both human inhabitants and neighbouring wildlife?

Comment

It is nigh on impossible to find a silver bullet solution for all climate change problems; place-based climate change mitigation is no exception and certainly won't solve everything. Nevertheless, there are opportunities at local and regional scales to undertake development in a way that where possible maximises the use of joined-up thinking and the linking of wider societal benefits with climate action (including climate change mitigation); placing greater value on social and environmental outcomes can go hand in hand with economic prosperity and job creation like the Swansea Bay Region "Homes as Power Stations initiative" demonstrates. However,

it is important to note that findings from this research suggests some Cities and City Regions (including but not limited to Swansea) are better placed to meet this challenge than others due to the embedded geographical qualities, capacities and/or existing assets at their disposal; this may make the realisation of joined-up thinking and continuity in policy making more readily attainable. Thus a vital question arises as to the means by which subnational institutions and actors can realise joined-up climate action in their local areas without the advantage of locally and regionally embedded assets. This important question will be revisited in future briefings exploring the pros and cons of deal-making approaches and collaboration versus competition approaches to subnational governance.

To conclude, it is not a foregone conclusion that a 'green recovery' from Covid-19 will be intrinsically fair and just. Decisions will have to be made, and consequences will be felt. Joined-up thinking and the linking of wider societal benefits with climate action (including but not limited to climate change mitigation) can aid subnational decision makers around the world drive social, environmental and economic success in their areas. Having discussed the key trends, best practice and future opportunities for place-based climate change mitigation, the next briefing from this programme of work will consider climate change adaptation at local levels, a vital but less frequently discussed form of climate action.

This briefing series builds on robust academic research, but consists of thought-based pieces: the views expressed are that of the lead author and not necessarily aligned with those of co-authors who contributed to the original report.

Related briefings

Enhanced devolution and 'levelling up' in 2020 and beyond

Scotland's City Region and Growth Deals

A Just and Fair Transition: Introduction into insights from City and City Region Deals Experience

Councils in a Just Transition; local government and partners on the rocky road to net zero

Briefing: Small and connected: innovation as the Faroe Islands lead the way with digital services

Published: 4 February, 2021

Author: Patrick Jowett, LGIU Associate

Location(s): Australia, England & Wales, Global, Ireland, Scotland, South Africa

Topics: Technology, Welfare and equalities

Summary

- October 2020, Faroe Islands launched Talgildu Føroyar, a digital platform aimed at improving the efficiency of public services and modernising welfare systems in the Faroe Islands.
- The platform, available online and as an app, is now seeing local governments begin to move their services online, with citizens provided with their own unique portal to communicate with public service providers more efficiently.
- Designed to be a less bureaucratic, more streamlined and forward-thinking approach to providing public services, the National Digitalisation Programme of the Faroe Islands provides us with lessons for how and why public services should embrace further digitalisation of local government services.
- This briefing is particularly relevant to officers and members reviewing council services in the context of continued and enforced use of the digital environment.

Briefing in full

Background

The Faroe Islands are located halfway between Scotland and Iceland in the Northeast Atlantic and are made up of an archipelago of 18 islands, inhabited by a population of around 52,000 as of December 2020. Around 40% of the population live in the capital, Tórshavn. Despite its small size, the Nordic nation has been making impressive developments in public sector services through a digitalisation project aimed to improve the efficiency of public services, increase social cohesion and modernise welfare.

Since 2015, the Faroese Ministry of Finance has been working on its National Digitalisation Programme, known as Talgildu Føroyar (meaning Digital Faroe Islands), has set out to digitalise services for citizens, industries and the public sector. The programme was launched to the public in October 2020 and has already seen 27 digital services become available, whilst it continues to develop further for future updates.

The Faroe Islands profile: government and society

The Faroe Islands has been a self-governing nation since 1948 and enjoys a high level of autonomy but is not a fully independent nation as, like Greenland, it remains under the external sovereignty of Denmark. The Faroese Parliament is known as the Løgting and has 33 members who represent seven different political parties. The current government is made up of three parties, Union Party, People's Party and Centre Party, and has a majority of one over the opposition. The Faroese government has the right to legislate and govern independently in a wide range of areas, including the environment, education, energy, culture, transport and social security. Areas including military defence, policing and the judicial system remain under the remit of the Danish Parliament, to which the Faroese elect two representatives.

There are currently 29 municipalities across the Faroe Islands, which are run by publicly elected councils. During the 21st Century, the number of municipalities has decreased from 38, due to some amalgamating together in a drive to increase the size of municipalities to help advocate for the decentralisation of more services. Due to the size of the Faroe Islands, most decisions are administered by the national parliament, but municipalities remain in charge of taxing the citizens that live there. Each municipality is also responsible for services relating to elderly care, schools,

public transport and waste. In the last decade, the Faroese government had considered reducing the number of municipalities to under ten, to reflect areas more akin to regions, but has since decided not to force further top-down amalgamation, that leaves any futures decision to merge local councils to the will of the municipalities.

Recently the Faroe Islands has enjoyed high levels of economic growth, allowing for notable investments in education and infrastructure, which has established opportunities for further economic development and helped lower unemployment. Tunnels and bridges are vital parts of the Faroese transportation network with most recently a third underwater tunnel, equipped with an under-sea roundabout, opening at the end of last year after a three-year long building period. The underwater road is 11km long and has connected multiple islands with a 'jellyfish' like design that has **captured international attention**. Three similar construction projects are currently being delivered. Buoyed by opportunities to work in construction, an affluent fishing industry and levels of tourism rising annually pre Covid-19, **the latest figures** show just 296 people to be unemployed in the Faroe Islands, a rate of 0.9%.

The Faroe Islands prides itself in an advanced telecommunications network, with excellent broadband available across all the islands. It was this existing infrastructure that the Faroese Government looked to tap into and develop through the National Digitalisation Project. An online environment for healthcare was successfully introduced in 2004, but Talgildu Føroyar was designed to move the digitalisation agenda away from being done individually by institutions and towards a direction that would benefit the Faroese society in its entirety.

The digitalisation project: Talgildu Føroyar

As a small nation, the prosperity and efficiency of local community life is very important to the Faroese. The Digitalisation Project was spurred on by the idea that common and shared digital solutions can make processes more effective, according to programme director Nicolai Balle. During its development, Talgildu Føroyar was championed as an opportunity to decrease government costs, reduce bureaucracy and improve the efficiency of communication between government and its citizens. Whilst the project is coordinated at the federal level, it has relied heavily on the impact of local governments, as municipalities are responsible for taxation and the majority of public service delivery, so it is with this level of government that citizens will interact in a majority of situations. Prior to the implementation of the project, only the two largest municipalities in the Faroe Islands offered any digital services.

The founders of Talgildu Føroyar have stated their admiration for a similar project in Estonia, **as reviewed in a previous briefing,** and took inspiration from its successful implementation. By promising contracts to Faroese companies, it was anticipated that large investments in a previously underfunded IT sector may help increase job prospects for young, highly educated Faroese citizens who had typically moved abroad in search of such job opportunities, which had contributed to a widening age gap and aging population.

The programme was divided into four individual projects; creating a unique e-ID for each citizen that consists of a digital identity and signature, providing digital services, profiling citizens' basic data and creating an infrastructure that allows data to be copied onto all relevant databases. All these projects were designed to simplify administration and give citizens more control over their data, making it easier to trace where it is stored and track how it is used. The Faroese Government focused on ensuring communication between citizens, public service providers and governments should be easy for people to make, which in turn would help drive up trust and efficiency in national and local government activity. Digitalisation law was also updated, to establish and detail the rights and responsibilities of both citizens and the public sector.

Talgildu Føroyar has been funded as a partnership between the public and private sector, with 60% of its funds coming from central government, 17% from municipalities and 23% from private companies, **according to official statistics**. The total budget is 150 million DKK, around £17.8 million, with around £15 million spent prior to the initial launch.

Talgildu Føroyar in practice

Talgildu Føroyar launched for the public in October 2020 and currently offers 27 digital services, including options for citizens to apply for building permits, student grants or pension payments, which are all administered by municipalities. The platform even includes a genealogy registry that dates back to the 12th century, which makes genetic information from the Genetic Biobank of the Faroe Islands fully accessible, allowing for citizens to explore their ancestry. The Faroese Vehicle Administration, Department of Social Services, Faroese Tax Authority, The Environment Agency of the Faroe Islands and the Tórshavn Municipality are the other service providers currently available on the system. Once finalised, the platform is expected to offer secure access to banking, health information and more taxation options, as well as legally binding digital signature services across all facilities. There are ambitions to include a business portal with a business registry to

allow local businesses to take advantage of the system in the future.

Having one platform for all these services was seen as a major opportunity to streamline public service. One major guideline of the programme was to create a platform where information only needs to be submitted once. Talgildu Føroyar includes a data exchange layer which shares data needed by multiple services on the platform between one another, to stop the requirement of data entry on each individual service. This was implemented to increase security, decrease duplicate work and eliminate the potential of having data mistakes when information is entered over different registers.

The platform that gathers services from public institutions and municipalities is called **Vangin**. Available online, as an app and through a USB to upload onto a computer, Vangin is designed to make it easier, faster and safer to manage affairs connected to services provided by public institutions and municipalities. It also provides a mailbox to contact local authorities, to encourage keeping all conversation recorded within the platform.

At the local level, 15 of 29 municipalities have joined Talgildu Føroyar and have begun to move their services onto the programme, which covers 38,000 of the population and it is anticipated that the other municipalities will follow suit. Tórshavn Municipality already provides a range of its services on the platform, including permits, applications for childcare assistance and applications for short- and long-term care for senior citizens, which includes residencies, occupational therapy and physiotherapy.

Digital security has been of paramount importance throughout the development and implementation of the Digitalisation Programme. Each user of the service must verify their identity online and is provided with a unique, personal digital key through service provider **Samleikin**, where citizens can make their legally binding digital signature, to be used for all future transactions within the programme. The service is available to everyone over the age of 15 with a Faroese P-tal, a personal identification number assigned at birth or given when granted with a residence permit. Over 9,700 people have received their unique e-IDs and began using the system, with leaders of the project hoping to supply a digital key to around 35,000 citizens throughout 2021.

Comment: Talgildu Føroyar – an idea for 2021?

The rollout of Talgildu Føroyar is still in its relative infancy however it can already serve as a reminder that the digitalisation of services is inevitable and should be a

paramount consideration in the future of delivering public services. It is interesting to note that municipalities and citizens have been an intrinsic part of development and delivery. The Faroe Islands have focused efforts to make local government services easier and more efficient for citizens to use.

With that in mind, it would appear likely that Talgildu Føroyar will successfully and quickly streamline public services, removing bureaucracy and supporting decision making between local authorities and citizens. Not only is that likely to save money which can be redistributed elsewhere but it could also improve the trust in, and efficiency of local services governments and municipalities provide. From that perspective, even if a system like Talgildu Føroyar is not directly transferrable to domestic local governments here, there are lessons to share from prioritising digitalisation in the future potential of local government services, through streamlined and cohesive digitalisation programmes similar to Talgildu Føroyar.

Related briefings:

Big switch on – digital progress by local government

12 steps for digital inclusion

Making it easier for people to access public services securely and to agreed standards

Briefing: Supply chains, land use planning and the circular economy

Published: 10 February, 2021

Author: Jeremy Gill, Senior Associate & Partner, SGS Economics and Planning

Location(s): Australia

Topics: Climate action and sustainable development, Economy and regeneration, Housing and planning, Transport and infrastructure

Summary

- In this briefing, SGS Economics and Planning's Jeremy Gill explores the importance of understanding supply chains in order to effectively integrate circular economy goals with land use planning and economic development.
- Local governments have a unique advantage due to their role in household waste removal that they can leverage in the development of a circular economy. At the same time, as custodians of land use strategy, local governments have an important role to play in enabling the circular economy.
- To assist interested local governments, this briefing outlines a series of steps they can follow to develop their circular economy aspirations. This is part of a series of briefings looking at the concept of a circular economy, with earlier briefings available **here**.
- This briefing will be of interest to councillors, CEOs, and those working in the areas of economic development, land use planning, and municipal waste.

Briefing in full

Local, state and national governments are increasingly developing circular economy strategies. This recognises the urgency of the problem that a **linear economic model** has created and is gradually developing policy momentum.

For local governments and industries, the development and then implementation of a circular economy strategy is often focused on waste reduction and diversion, education, and community engagement in recycling programmes (such as food banks and fashion recycling). These are incredibly important facets of the transition toward a circular economy. However, local government has the capacity to expand their contribution toward a circular economy through their role as custodians of land use strategy and planning policy.

To effectively realise the translation of a circular economy strategy to a circular economy realisation requires local governments to understand firstly waste stream processes and supply chains, and then their land use implications, if they are to create meaningful and lasting change. Councils already have a strong relationship with waste, being responsible for collecting, disposing, and (in some cases) processing waste. This gives councils incredible insight and leverage in the development of circular economies, but in order to advance this transition, planning for circular supply chains must be integrated with land use planning and economic development.

This briefing outlines why local governments need to understand waste and production supply chains and their spatial implications, and outlines some potential steps to aide strategic and statutory planners, economic development officers, community engagement and waste management teams (among many others) in translating circular economy policies into spatial outcomes.

A circular economy strategy requires an understanding of supply chains

Planning for a circular economy requires a good understanding of how industry supply chains operate. In a linear economy, raw materials are processed, turned into products, sold to consumers – and eventually, they become waste. In a circular economic model, that waste becomes the 'raw' material that is reconstituted and recreated as another product. In both models, each stage of the supply chain takes in 'inputs', undertakes a value-adding process and creates 'outputs'. This appears as a flow of products and processes, and this flow analogy has defined the language

used to describe this process. 'Upstream' and 'downstream' are used to describe those activities that take place prior to and after a particular processes respectively. So, for instance, an aluminium smelter will take raw materials from 'upstream' mining processes as inputs, and provide aluminium to a 'downstream' canning factory.

Understanding this supply chain process is important because there are substantial benefits to be gained by minimising the transport process between supply chain stages. These benefits come in the form of reduced transport costs, which in turn reduce the environmental footprint of transportation. Precincts that accommodate multiple stages of a supply chain process can also benefit from shared infrastructure, improved business-to-business relationships, and can create economies of both scope and scale that can lift precinct-wide productivity.

Where the circular economy comes into this is in two broad ways. Firstly, precincts themselves can become circular economy precincts, with decentralised water and energy production and distribution (where water is captured, used and recycled onsite, and where localised renewable energy generation powers certain precinct activities), active transport networks, and environmental conditions aimed at reducing their environmental footprints. This approach is increasingly taking shape in major precinct developments (for instance the **Parkes Special Activation Precinct** in Regional NSW) due to its tangibility.

Circular economy thinking also looks to co-locate businesses that are part of the waste recovery and product manufacturing sectors. In this way, a precinct may have a waste recovery facility that sorts waste into bio-solids, plastics, metal and construction waste. Downstream businesses that specialise in processing these recovered materials may benefit from directly locating next to such a facility, in order to take these products as inputs into their own processes. So, a plastics recovery business may take recycled materials, sort it and break it down to plastic pellets (or even constituent chemicals) which are then ready to be used by a nearby plastics manufacturer. In this example, the precinct itself enables the development of a circular economy supply chain that supports new and established businesses *and* diverts waste away from landfill and back into the product stream.

A circular economy requires an awareness of spatial implications

It is important therefore that local governments understand how supply chains work so that they can recognise what type of industries may be able to be developed or

leveraged in their local economies – and particularly, in industrial and enterprise precincts. Despite this, an understanding of supply chains alone will not translate into the development of a circular economy.

It is essential that the land use requirements of these interdependent businesses are understood so that land use planning controls (and other regulatory instruments) can be optimally set to facilitate the development of local circular economies.

To do so requires an understanding of both the locational and operational characteristics of such industries. Locational characteristics are factors such as where a certain businesses needs to locate itself in order to operate. As discussed above, close co-location is an obvious advantage to establishing a circular economy precinct, but there are likely to also be access requirements that will attract certain industries. For instance, if a municipal government is to establish a waste recovery facility, it must do so in a place that garbage trucks can easily access and, ideally, in a place that doesn't incur significant time costs by being far from where waste is collected. In a regional area that wants to establish itself as a regional waste recovery and manufacturing region, access to regional highways and even inter-modal terminals along freight lines may be important.

Waste by its very nature can create negative amenity impacts (such as smell) and so such a facility may need to be buffered by other uses to avoid creating land use conflicts with residential areas.

Operational characteristics reflect how a certain business operates. Businesses may be noisy, require frequent truck movements, operate 24-hours-a-day, or need certain built form types in order to operate: these too shape how and where certain businesses may operate.

This understanding – not just of the initial point of contact with waste, but also of the downstream industries that may wish to co-locate – has direct planning and environmental management implications that local governments must recognise and account for when developing circular economy strategies.

Working towards a realised circular economy strategy

Each municipality, precinct and jurisdiction will have different systems in place that need to be set appropriately to facilitate the transition towards a circular economy, or the establishment of a circular economy precinct. What follows is a series of steps that, regardless of location, are useful for local governments to consider when looking to implement circular economy aspirations:

- **Understand waste stream process**. Local governments are already at the front lines of waste collection. Understanding what is in household and commercial waste streams, and what and how much of this can be diverted from landfill, is an essential first step – and one that many councils have already embarked on.
- **Understand the likely upstream and downstream processes that you wish to target**. To build a local economy around circular economy principles, it is important that local governments understand what type of businesses or land uses they may wish to target. This entails understanding the supply chain processes downstream of waste recovery, and whether enterprises are involved in business-to-business or business-to-consumer channels, as this will shape how precincts may be structured and what is permitted in them.
- **Understand which industries are in your precincts, their existing specialisations, and local supply chains**. Many industrial precincts will already have a diverse range of manufacturing and other functions and are highly likely to have a deep network of existing business supply chains. It is important to understand who is already operating in your precincts as there may be a cluster of businesses whose expertise and supply chain knowledge (and purchasing power) can be leveraged. Some businesses may already taking innovative steps in their own business processes from a circularity perspective that can be built on at a wider precinct level.
- **Identify other partners**. Outside of industrial precincts, there may be a raft of businesses and institutions that could complement the transition to a circular economy precinct. A local university may have an innovative chemical engineering faculty or a local Vocational Educational Training facility may have a highly regarded manufacturing course. These wider links are vital in pulling in the necessary mix of skills to drive circular economy innovation and expertise.
- **Identify gaps and opportunities, and what is needed to facilitate them (including barriers to entry for potential new industries).** Engaging with potential future businesses, waste companies, and local manufacturers will help to articulate any opportunities that may be able to be built upon. They may also recognise any constraints that exist that may inhibit the establishment of certain industries.
- **Understand the potential land use conflicts that may occur**. The diversity of operations that exist within a circular economy framework means there are likely to be potential land use conflict risks that arise if not properly accounted for. Understanding what these are and how they can be mitigated is vital if new industries are to be attracted to a region.
- **Review planning and building controls and environmental regulations**

to ensure they are optimised. Often, planning controls (such as permitted land uses and built form requirements) can inhibit the operability of certain industries. This may be intentional, ensuring that the most suitable mix of land uses is directed to the most suitable places. However, planning controls often reflect prior assumptions of land use or built form needs, and may prohibit certain uses from operating in precincts where they may be a vital link in the establishment of a circular economy. Regulatory barriers may also exist that prohibit certain uses in opportunity precincts where innovative methods to mitigate negative impacts are now in place and make older regulations redundant. Engaging with businesses to understand their built form, operational, and land use needs is essential to ensure that planning controls are optimally set to accommodate the right mix of industries, but not industries that pose a threat to these priority operations.

- **Develop a strategic view of the physical structure of your precincts**. Certain businesses will require particular lot sizes, locations, buffer zones, and infrastructure to effectively operate. (Recall the prior example of a waste processing facility.) Developing a long-term view for how a precinct may operate will help to shape relevant planning controls, direct infrastructure to the appropriate places, and to articulate a clear vision for incremental development of the precinct to council, infrastructure providers and businesses.

- **Understand shared infrastructure requirements and opportunities**. Many of the benefits of a circular economy are in the efficient sharing of infrastructure. Planning a precinct to accommodate a circular economy vision may require direct infrastructure between multiple lots (such as sharing of decentralised recycled water through a closed-loop system) or the ability for an adjacent land use to directly receive inputs from a neighbour. Infrastructure and land use distribution must be strategically planned for to maximise these operational benefits and minimise costs.

- **Build awareness of industry structures within and between precincts**. Finally, businesses need to know what other businesses do and how they may be able to do business with them. In large precincts, there may be many local supply chains already in operation, but there may be keystone businesses that are not aware of the opportunities that present themselves if they can share recovered resources and infrastructure, or develop supply chain relationships. Precinct stewardship is therefore important and can fall in the remit of local government through economic development officers or the establishment of precinct governance arrangements.

Resources for local government

- The **Australian Circular Economy Hub** (ACE) is promoting improved metrics and procurement to promote a circular economy and has a number of useful resources in their **knowledge hub**, including various state and federal policies, case studies, and research.
- NSW Circular has identified what it sees as the **key sectors that will catalyse the Australian circular economy**.
- The CSIRO offers a number of useful **resources**, including information on battery materials research, and their circular economy roadmap to help Australia recycle and reduce materials such as plastic, paper, glass, and tyres.

Comment

This article is not intended to be an absolute guide to the successful implementation of a circular economy strategy – what it *is* intended to do is raise awareness of the need for understanding of the link between supply chains and land use outcomes as local governments embark on circular economy strategies. The steps identified in this briefing seek to highlight the breadth of expertise and thinking required to start incorporating circular economy aspirations into economic development and land use planning at the local level.

As discussed in the recent **Infrastructure Australia review of COVID-19 impacts**, the pandemic saw an increase in household waste, increased contamination of recycling, and supressed commodity prices. The review identified these impacts as the potential catalyst for waste reform, and that these "**shifts put households at the centre of the circular economy**". This federal focus on circular economy suggests that those local governments able to move forward with the type of analysis discussed here will be well placed to participate in the shift towards circularity, and enabling supportive infrastructure and employment opportunities.

This is part of a series of briefings looking at the concept of a circular economy. Earlier briefings include:

- **The Circular Economy: a new life for waste and a new economic model**
- **The Circularity Gap: An opportunity for local government leadership and practical change**
- **In Conversation – Circular Economy: How to value waste and support innovation**

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Briefing: Supporting affordable housing delivery for a fair and just recovery: lessons from Europe

Published: 18 May, 2021

Author: Patrick Jowett, LGIU Associate

Location(s): England & Wales, Global, Ireland, Scotland

Topics: Housing and planning, Welfare and equalities

Summary

The pandemic has severely impacted all facets of the housing sector, emphasising a lack of available and affordable housing in some areas and creating uncertainty around construction and development. Across Europe, local governments have responded with short term measures to protect tenants, with some also committing to long term policy developments designed to increase the availability of affordable housing. Investments in new or existing infrastructure, as well as a commitment to social housing, are key policy areas that local government can support when leading an increase in available, affordable housing, a key part of delivering a local recovery from Covid-19. This briefing will be of interest to officer and politicians working in housing, planning, communities and finance roles.

Briefing in full

Background: the risks to affordable housing

The pandemic caused an immediate rise in uncertainty across the whole housing market, halting construction activity and causing tenants and mortgage holders to suffer from adverse income shocks, leaving many people finding it difficult to pay their rent or mortgage. Across Europe, local government adopted immediate policy measures designed to protect those in need. For example, the city of Athens implemented a rent reduction of up to 40% for tenants who had stopped working and a freeze in social housing payments – this was also adopted by the Portuguese cities of Lisbon and Sintra. A moratorium on evictions was practiced across Spain. Other measures focused on providing financial assistance, e.g. the Brussels municipality provided bonuses to vulnerable tenants. The French city of Nantes invested one million euros to create a rent payment fund, designed to help tenants that live in low-cost or private housing that had lost their job due to Covid-19 to continue to be able to pay their rent.

Despite the immediate measures designed to protect tenants and stabilise the housing market in the first months of the pandemic, **data from the European Conference on Housing Policy** found that house prices and rents continued to increase across Europe. **According to the OECD**, more than a third of low-income renters spend over 40% of their disposable income on housing and are therefore classified as overburdened by housing costs. This data shows that rather than creating a new issue, Covid-19 has exacerbated an existing problem that many local authorities face. Factors including population growth in urban areas, mass and unregulated tourism, precarious work contracts and the privatisation of social housing all contribute to decreasing levels of affordable housing. Covid-19 also highlighted that those in poor quality or overcrowded accommodation, or those without accommodation at all, face both elevated health and safety risks including the risks from poor housing and domestic violence.

The long-term impact of Covid-19 is expected to intensify existing investment trends and would see the gap between those that profit from housing and those that need affordable housing widen. Local authorities are unable to control financial or housing markets, however there are areas of housing policy within their remit that can contribute towards increasing the availability and affordability of the housing market. Examples from across Europe show how local government can implement measures to adjust the quantity, quality and affordability of housing, mainly by participation in new construction projects that increase the affordability and availability of inclusive

or social housing or through initiatives that look to repurpose existing infrastructure.

Investment in construction and social housing

Cities regularly play an important role in the administration of social housing policies, although it is often a shared competence with national levels of government. Key policy areas for local government include construction plans to increase social and affordable housing. After the start of the pandemic, the city of Barcelona announced plans to build 2000 housing units in the next year. The city has since mandated two further regulations, one that states at least 30% of all newly built homes and major renovation projects must become protected housing with a ceiling on rental prices and a second that gives the City Council preferential purchases rights on any plots of land and building for future construction projects.

In December, Spanish municipality of Malaga announced plans to build 1000 affordable social rental homes before the end of 2023. Funding has come from the European Investment Bank, who have pledged to loan up to 70 million euros to finance the city's social housing projects. Malaga's social housing stock currently consists of around 4000 units owned by the Malaga Municipal Housing Company and the city boasts the highest investment in public housing per capita in Spain. The municipality has said the new housing will be aimed at vulnerable groups, including victims of gender-based violence, older people and single-parent households. At least half of the new units will be allocated to households in the lowest income brackets. The construction is also expected to create 600 local jobs.

The city of Vienna boasts one of the largest social housing programmes in Europe: 60% of Viennese citizens currently live in social housing, of which 25% is housing administered by the municipality. In June 2020, Vienna announced plans for 1000 new apartments across seven municipal housing sites, which will be built in currently disadvantaged neighbourhoods and are expected to include the construction of pedestrian zones and green spaces. The apartments will be administered by the Municipal Housing Company of Vienna and will comply to certain criteria set out by the municipality that are designed to keep housing affordable, including a maximum gross rent of 7.50 euros per square meter and the exclusion of any deposit paid when the rental contract is signed. Any rent increases in Vienna are also fully balanced by energy savings to achieve housing cost neutrality.

Vienna's commitment to inclusive and affordable social housing has seen the city rank top in **most liveable city survey** for years. The maximum income threshold for social housing is set much higher than in most countries, at around £42,000 for a

single renter and £62,000 for a couple, which allows for better social integration. Rents are at a much lower percentage of income compared to what many privately-renting Europeans pay. The average one bed flat in Vienna equates to 20% of a monthly wage, compared to upwards of 40% in London and Paris.

Initiatives using existing property and buildings

When new construction projects are too costly, too time-consuming, or outside the remit of local government, city councils can look to repurpose existing property to create more affordable housing. One key focus is often empty properties. It is estimated that around 11 million housing units are empty across Europe, with Spain topping the list at an estimated 3.4 million. Last year, the city council of Barcelona imposed a new measure that forced companies to rent out empty apartments. The policy mandated that if a minimum one-year tenancy was not found within one month of a property being vacant, the city had the right to purchase the property for 50% of the market price, to turn into permanent public units.

Riga has looked to solve its issue of degraded buildings and a shrinking population by encouraging rehabilitation activities on existing buildings. The Latvian capital recently established the Commission for the Inspection of Degraded Buildings which has the authority to increase property tax by up to 15 times on buildings that are classified as degraded. The threat of a steep tax increase has encouraged major renovation activities focussing on increasing available housing.

The Spanish city of Mataró launched a programme entitled 'Yes we rent!', which is based around the creation of tenant cooperatives who work together to repurpose empty properties. The city council decided to focus on reactivating the more than 3,500 empty flats across the city and have offered incentives to owners of empty properties to give the empty flats to the affordable housing scheme. Tenant cooperatives across the city are now working together to repurpose these previously privately owned flats and have begun to rent them out at below-market prices. In November 2020, the city began looking at how to expand their idea to neighbouring municipalities.

The Belgian city of Ghent is piloting a project that focuses on renovating homes of vulnerable homeowners. The project involves a recurring fund financial system, where the municipality gives money to low-income homeowners to renovate their property, so it meets the minimum standards of the Flemish building code. A key focus of the renovations is to improve energy efficiency to help make the owner's housing costs more sustainable. If the property value rises after investment, the

capital gain is given back to the city, to be used as contribution for other renovation projects in the scheme. The system is designed to give low-income homeowners an opportunity to improve the cost efficiency of their property without relying on their own finances, and in turn can protect low-income homeowners from falling into the rental market.

Looking ahead to affordable housing as a tool to 'build back better'

Most countries were quick to adopt temporary measures to respond to the Covid-19 crisis, however there is yet to be a general trend towards greater investment in social, public and affordable housing in the UK. However, as the UK and Ireland move into a recovery phase, the re-prioritisation of supply-side housing measures could be a key policy that could allow for cities and towns to build their local economy back strongly in the aftermath of Covid-19.

To strengthen the housing sector in a way that benefits all actors, social and affordable housing is key, as it provides both a direct boost to construction activity and increases the supply of sustainable housing which can promote mobility and economic activity. Examples of existing local government construction plans from Spain and Austria suggest that this is a positive way to strengthen local job opportunities.

All future housing projects will also need to consider the climate crisis, as buildings are collectively responsible for 40% of Europe's energy consumption and 36% of greenhouse gas emissions, according to the European Commission. Therefore, parallel projects that make buildings environmentally safer and improve the housing stock's carbon footprint are key considerations for future housing projects, which could help citizens move out of energy poverty and allow cities to work towards carbon neutrality. Such recommendations have recently been outlined in an **open letter** signed by local and regional representatives across Europe.

Comment

To increase the availability of affordable housing, one key consideration will be to review the current mix of housing and consider a move towards more investment in social housing. England has moved from 31% of households in social rented accommodation in 1980 to 17% in 2019, while in Ireland a similar 15% of households in the country are currently in receipt of some form of social housing support. The lower than historic levels of availability for housing support has forced more people on lower incomes to look for housing in the private rental sector – often comparatively more expensive, less secure and often lower quality compared to

social housing. Examples from local areas of Austria and Spain which have a continued commitment to affordable, long-term and inclusive social housing have shown that local government can increase the availability of affordable housing when given the autonomy and finances to control and prioritise its housing stock. A reconsideration of social housing would require a change in the central government's attitude to the housing market. **Research from Shelter** found that a mass social housing programme would pay for itself over 40 years by simply reducing the cost of housing benefit. In Scotland, the new Scottish National Investment Bank might have a role to play.

Local government can also collaborate and partner with local organisations, housing and health foundations and local communities to address the issue of unaffordable housing. The examples of affordable housing projects from Ghent and Mataró were derived from innovative ideas that city councils have worked together with local experts, charity workers and industry stakeholders to get off the ground. In some instances, this can also open a door to new funding opportunities.

The aftermath of Covid-19 presents public authorities with an opportunity to address gaps in social protection systems and augment them with good practices. Affordable housing would appear a good place to start, as any measures that look to improve housing quantity, quality and affordability are likely to have wider benefits of promoting social cohesion and integration, as well as supporting local economic recovery and potentially delivering for the transition to net zero.

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Briefing: Swift Read: What does Holyrood 2021 election result mean for local communities?

Published: 27 May, 2021

Author: Professor James Mitchell, LGIU Associate

Location(s): Scotland

Topics: Democracy, devolution and governance

Summary

Professor James Mitchell outlines what the recent Holyrood election result will mean locally, highlighting the prospect of an independence referendum as likely to dominate politics for the years to come, the surprising lack of debate in the election regarding the economy and the pandemic's role in paving the way for functional, fiscal and community empowerment going forward.

Briefing in full

All politics is local

Tip O'Neill, the great Speaker of the American House of Representatives, suffered only one defeat in his long career in politics. In 1935, in his first election, he failed to win a seat on Cambridge City Council, Massachusetts. The lesson learned stuck with him throughout his life and became his best known comment, 'All politics is

local'. While politicians, at least those doing their job properly, engage with the voting public, an election often involves more intense and wider public engagement. Elections are normally two-way affairs with candidates and parties not only offering themselves and policies to the electorate but also, crucially, the electorate gets to offer views in return. As O'Neill remarked, 'People like to be asked'.

Holyrood 2021 was unusual in that this relationship was more imbalanced than normal. Candidates had fewer opportunities to engage directly face-to-face with the electorate, making it more of a one-way process than normal. Voters knew what the parties were offering through media and the numerous leaflets dropping through the door but did not get the opportunity to interrogate politicians and offer views to parties to the extent normally witnessed, leaving exchanges more to opinion polls that provided precision but lacked nuance, to report on voters' preferences and attitudes.

There was no lack of politicians telling us on social media what they were 'hearing on the doorstep' and, as usual, it more often sounded like they heard what they wanted to hear or else each party managed to engage with highly selective sections of the electorate. It was refreshing to read the tweet from a party activist who reported having been told by a number of voters to go away (though the words reported were more direct).

So, if all politics is local, how will this manifest itself over the next five years? The prospect of an independence referendum will certainly overshadow the coming years. So long as a referendum is imminent, Scottish Government might be reluctant to take the bold, brave steps that might be necessary to make long term gains in outcomes. The political capital gained by its electoral success is likely to be banked by the SNP to be used in a referendum, rather than to make necessary but difficult decisions that might have short term costs in popularity.

The political agenda for Scottish Government in the Holyrood system is a battleground as competitive as any election. Issues have to fight for attention, resources and priority. Of course, parliaments and government can handle more than one issue at a time but Parliamentary, Ministerial and official time is as finite as other resources. Electioneering might give the impression that resources are infinite but delivering public policy outcomes has strict limitations. There may have been fierce disagreement between the parties but they were united in one crucial respect according to an independent assessment of the manifestos. They all exhibited a '**disconnect from the fiscal reality the next Scottish Government is likely to face**'.

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To paraphrase Mario Cuomo, another well known US politician, this was less a case of campaigning in poetry and governing in prose so much as campaigning in an alternative universe to the one that would have to be governed.

It's the economy, stupid

New fiscal powers, introduced under Scotland Act, 2016, means that Holyrood now raises a larger share of its income. Scotland receives a comparable decrease in the grant from UK Treasury, but this fiscal arrangement means that the revenues available are now dependent on the health of the Scottish economy. Previously, the Scottish grant depended on the health of the UK economy as a whole. There had been no incentive in terms of available financial resources, to prioritising economic growth. Of course, a weak economy brings massive problems and demands on public services which alone ought to be incentive enough to ensure that the economy is never far from the minds of decision-makers. Now in Scotland, there can be no doubt that a healthy and growing economy will be of vital importance. This ought to be a major concern not least as Scottish growth rates have been well below those of the UK, averaging 1.8 per cent over the last five years compared with the UK's 2.4 per cent.

As the latest data, three months ago, shows the Scottish economy is 7.4 per cent lower than at pre-pandemic levels (cf 7.8 per cent for UK economy). Different sectors have been hit differently, with the hospitality sector hit especially hard. Given some of the debate on the finances of local government over the last few years has focused on a 'tourist tax', this last year has been a salutary lesson in not putting all eggs in one basket. The case for a basket of a country's own resources allied with adequate grant has been highlighted. One of the big issues that requires far more attention than it has been given to date is how various parts of the public sector can contribute to ensuring the Scottish economy is capable of making the necessary contribution to provide tax revenues required for public services. A prosperous economy is a prerequisite for providing sufficient funds for public services and it is also the best means of tackling deep-rooted problems. The best preventative policy is full, secure and well-paid employment. Local authorities role in this respect might have been diminished over many years, indeed decades but they still have a strong role to play as major employers and through local enterprise work. Harnessing local expertise and the flexibility required to meet diverse needs and opportunities by local partnership working with local government will be vital. To quote James Carville, yet another US politico, 'It's the economy stupid' but not in terms of winning elections but determining the parameters in which policy is made over the coming years.

Local government has spent so long in rear-guard actions trying to protect what it has that perhaps some places have lost sight of the opportunities to contribute to economic development. Local economic levers are a key part of local authorities' toolkit in tackling inequalities and councils for example North Ayrshire are taking a community wealth building approach to the economy. One of the most remarkable features of this election was the absence of serious debate on the health of the Scottish economy and the future of local government. This is surprising given devolved structures but clearly vitally important. These issues are ones that local authorities will need to entrench themselves in given the impacts locally but also the knowledge they can bring to the debate.

Pandemic and aftermath

The pandemic cruelly exposed weaknesses and taught lessons. The mantra we hear is that we should 'not go back to normal' which, allied by the commitment to prioritising the pandemic recovery from all of Scotland's 129 MSPs, suggests we are about to enter a new era of cooperation, aligned focus and radical change. This sounds good but it is not too cynical to suggest that we are about to see a widening of the rhetoric-reality gap in Scottish politics. Within hours of the polls closing, the pandemic had predictably been pushed aside as debate from all sides focused on whether the election granted a mandate for another independence referendum.

The pandemic has certainly been the priority for local authorities over the last year and more. Whether it has been carrying on providing services we take for granted in this challenging environment, adapting to the challenges imposed by social distancing and online working, or stepping in to assist people with needs caused by the pandemic, the pandemic has highlighted that all politics is indeed local. One of the most remarkable lessons that the new Parliament should heed has been the facilitative role played by local government in allowing communities to come together. We have learned much about harnessing the vitality in our communities, online working and the importance of collaboration that could be built upon for the future.

Politicians and officials in London and Edinburgh have set the framework during the pandemic but delivery has necessarily been local. The pandemic's legacy will also be most evident in our communities. That legacy is far from clear, but the immediate and evident social and economic scarring is likely only to be the tip of the iceberg. We do not know the long term impact on people of being cooped up with little opportunity to socialise (other than that this will vary considerably between households and individuals). The pandemic's impact has, of course, been felt

across all public services, in every community and in such a variety of ways that it will take time to assess its full impact and lessons learned. A key challenge for the new Parliament will be to explore this experience and learn lessons in collaboration with local authorities and other organisations that are based in our communities.

Adult social care has been one of the urgent matters highlighted during the pandemic. Amidst the din of electioneering, there was the sound of consensus on a National Care Service (NCS). This meant that there was less debate on what could become one of the most important developments over the next five years. Debate will be needed, as the translation of NCS into a workable scheme is fraught with many difficulties. NCS deliberately invokes comparison with the NHS. Just as there were fierce debates on the form the NHS would take, we can anticipate debates on the form of the NCS. The role of voluntary hospitals, municipalisation, centralisation, regulation, pay and salaries were just some of the issues to be resolved with big beasts in the Attlee cabinet disagreeing strongly on these topics. It is difficult to identify a Herbert Morrison making the case for municipalisation or a Nye Bevan driving through a centralised system but we will need careful consideration of options. The report by Derek Feeley provides a base for discussion. There are many dimensions that will need careful consideration including the unanswered question of resources.

The pandemic has created new challenges and often exacerbated and exposed existing ones and inequalities lie at the root of many of these challenges. Viewed from the outside, the election would give the impression that there will be a real effort to tackle inequalities given the rhetoric. Tackling inequalities will require bold policies. Whether the reality matches the rhetoric will be tested over the coming years.

Local communities

Scottish Government revenue spending in 2021-22 is over £50bn. The trend has been that an increasing share is devoted to the NHS with local government losing out in relative terms. The SNP has followed the long-established pattern of forcing local authorities to make cuts in public services and this seems set to continue. Local politics arose during the election when *Glasgow Life*, the City Council's Arms Length External Organisation (ALEO), announced that that the pandemic had 'forced significant changes' resulting in five venues not scheduled to reopen when lockdown ended. Reaction was swift and coming during the election campaign gave protests added weight. Services that authorities are statutorily obliged to provide are inevitably protected leaving other services extremely vulnerable. There is little

prospect that this is about to change.

There is a new commitment to 'bring together a cross section of people from across our country to discuss topics such as reform of Council Tax'. After a succession of enquiries and reports on this topic, it is now proposed to let the people decide for themselves. Citizens Assemblies have become the dumping ground for difficult issues. What has been absent is not a lack of ideas but a lack of political will and leadership. At the end of the day, any reform will involve losers and winners and in matters of taxation clarity often only emerges once the policy is in place. Governments fear losers' wrath and the added dimension of uncertainty as to who will be the winners and losers makes this an area that many governments fear to tread. Given the overhanging referendum question, it seems most likely that the only novelty to emerge will be the manner in which the fudge occurs.

The local governance review during the last parliament was put on hold during the pandemic and looks set to be relaunched at some point in the future. Scottish Government is committed to fiscal, functional and community empowerment locally and any one empowerment without the others would not improve local democracy significantly or alter the current grossly imbalanced central-local relations. There are some suspicions that the SNP might risk undermining local democracy under the cover of 'community empowerment'.

The SNP manifesto states that Scottish Government will pass a Community Wealth Building Act to 'require local authorities and public bodies to spend in their local communities' under the headlining 'Keeping Power Local'. SNP's discovery of community wealth building is welcome and had been proposed by COSLA in its submission to the Local Governance Review though some reflection might have led to measures to incentivise community wealth building rather than legislation *requiring* action. There is no lack of appetite amongst local authorities to procure locally and removing impediments would be welcome.

Comment

Scottish local communities have shown remarkable resilience and vitality during the pandemic. The potential for Scotland on display, facilitated by local authorities, has created an opportunity for a critical juncture for reflection on our governance arrangements. The pandemic has made the case for functional, fiscal and community empowerments. The prospect of another independence hangs over debates and the difficult economic and fiscal context add to challenges. Governing, as we will once more see, is very different from campaigning. However, we live in an

era in which campaigning has merged with governing. Next year's local elections will be no doubt be assessed in terms of the popularity of the SNP Government in Holyrood. The prospect of an independence referendum will insinuate itself into elections where it does not belong. This in turn will undermine any appetite for bold decision making and much-needed reforms. The referendum risks overshadowing other issues in modern Scottish politics, dominating, overshadowing and killing off so much of importance that lies underneath.

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