Local Net Zero Delivery

Progress Report

Nature

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<u>About</u> UK100

UK100 is a network of local authorities that have pledged to shift their communities to Net Zero ahead of the government's legal target. They do this to demonstrate their ambition, make the case for rapid change, and enable a fast and fair transition.

The network provides local leaders opportunities to learn from each other, agree priorities for legislative and regulatory change, engage with national decision-makers and businesses, and develop a better understanding of how to build consent and support for rapid climate action in their communities.





<u>Executive</u> Summary



The power and potential of local authorities (LAs) to design and deliver real progress towards Net Zero against a global backdrop of unpredictable and far-reaching challenges has never been clearer.

This report presents an analysis of the progress made towards delivering Net Zero Nature at a local level in the UK in the past year, and our recommendations for actions needed to enable the pace and scale of delivery required for success.

In May 2021, UK100 produced Power Shift,¹ an in-depth assessment of the powers both held by and needed for LAs to deliver Net Zero. The report outlined the challenges and barriers to progress. Alongside insights from the Climate Change Committee (CCC)² and the National Audit Office (NAO),³ our report emphasised the crucial role LAs have in meeting the Government's climate targets.

Similarly, our Rural Net Zero⁴ report delivered key insights on the challenges in the UK rural context. All of this research and insight will feed into this report.

- ://www.ukroo.org/sites/default/files/publications/rower_onnerpen ://www.nao.org.uk/report/local-government-and-net-zero-in-england/ ://www.uk100.org/sites/default/files/publications/Rural%20Net%20Zero_May%202021.pdf

Global challenges with local consequences

Momentum for nature restoration has gathered on a global stage at both the G7 Summit in Cornwall in June 2021 and COP26 in Glasgow in November 2021. Following the release of the UK Government's Net Zero Strategy in October 2021 and the introduction of the Environment Act in November 2021, 2022 was set to be a year of delivery. However, progress has been slow. Targets for improving the natural environment are important, but action towards delivery is fundamental.

Local authorities can lead the way

Many ambitious LAs have set Net Zero targets that are ahead of the UK Government's 2050 deadline. The 102 (correct at time of writing) LAs that have signed UK100's members pledge have committed "to lead the UK's response to climate change, acting sooner than the government's goal by making substantial progress within the next decade to deliver Net Zero."

Through innovative partnerships and by identifying and scaling successful pilot projects, they are focusing on sectors that urgently need decarbonising - including nature. Giving more LAs the power to go further and faster and build momentum for change will be key to delivering a Net Zero future.

The issues raised in this report both influence and are influenced by cross-cutting issues. This report is one of eight sector-based reports produced to assess progress on Local Net Zero Delivery. There are lots of commonalities and synergies between them which are clearly signposted throughout each of the reports.⁵



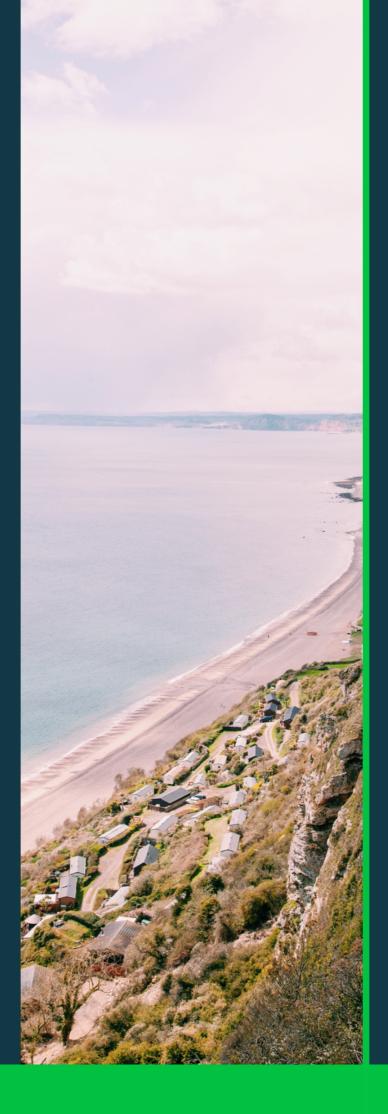
What's in this report?

The research, summarised in this report, aims to:

Assess the progress on delivery of Government commitments

2 Take stock of UK100's research recommendations and identify areas where key developments have taken place and highlight where barriers remain

Share success stories from LAs.



Background

Around the world and in the UK, deforestation, pollution and loss of nature is threatening our global ecosystem. We will only achieve our Net Zero ambitions by acting quickly and boldly to protect and restore nature. We must ensure that we are managing our natural environments to reduce, adapt to and mitigate the impact of carbon emissions and climate change, and to help nature thrive.

Local and combined authorities are leading the way. As the focal point for extensive land use engagement, as well as relationships with farmers and nature-focused NGOs, they are already identifying and optimising the Net Zero benefits of natural capital recovery and Net Zero agriculture.

UK100 has made clear recommendations for faster and more scalable progress towards a Net Zero future. In our 2021 Power Shift⁶ report, we outlined how LAs must play a critical role in restoring our natural environment and using natural capital as an effective way of delivering Net Zero - coordinating funding, and prioritising place-based solutions.

In July 2021, UK100 together with the Mayor of the West Midlands, Andy Street, convened an international climate change summit. The summit launched a communiqué⁷ signed by a group of 32 cross-party Mayors and local leaders from across the UK. It called for a 'Power Shift' from Whitehall so that local and regional authorities can deliver Net Zero with six areas identified as priorities for urgent action. To deliver Net Zero Nature, Mayors and local leaders agreed:

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A clear target must be added to the Environment Bill to reverse the decline in species and habitats by 2030, supported by the appropriate resourcing of Local Nature Recovery Strategies. Legislation and supporting action should be underpinned by progressive incentives and investment models; all aligned with enhanced policy and regulatory frameworks.

6 <u>https://www.uk100.org/sites/default/files/publications/Power 5</u>
7 <u>https://www.uk100.org/publications/net-zero-local-leadership</u>

UK100 also made a series of detailed recommendations informed by our other research activities relating to Net Zero nature.

Key considerations for LAs

- Increasing peat, wetland and grassland restoration, woodland planting and management, and urban trees on Council-owned land, and encouraging it on parish council and other public sector land
- Supporting community woodland and land restoration initiatives
- Prioritising biodiversity net gain (BNG) in Planning Policy
- Green Infrastructure Strategies supported by forthcoming Local Nature Recovery Strategies (LNRS) to deliver carbon sequestration, biodiversity and climate adaptation alongside opportunities for greater access to nature
- Support to develop local balanced land use solutions underpinned by better data
- Developing wider partnerships to deliver land use change and supporting data: National Farmers Union (NFU), the Country Land and Business Association (CLA), agricultural colleges, large landowners.

Key Considerations for National Government

- LAs to be included as a key local stakeholders in the design and implementation of the Environmental Land Management scheme (ELMS) to ensure it delivers locally on Net Zero, land use, adaptation, LNRS and biodiversity strategies
- Properly fund the regulatory agencies to monitor, verify and enforce the outcomes of incentives, and ensure these are in line with Net Zero ambitions
- Develop and regularly review robust, readily available and locally-relevant evidence on the carbon impacts of different forms of land management, based on local expertise, to support local plans to determine the most suitable land uses and carbon sequestration means.

The Environment Act is a positive step in the right direction, turning environmental targets into legally-binding ones.⁸ However, action is needed to ensure that the legally-binding target to reverse the decline in species and habitats by 2030 is achieved. Appropriate resourcing of LNRS is an important first step. Furthermore, we need to make sure legislation and supporting action is underpinned by progressive incentives and investment models. This will all be easier to accomplish if we also have well-aligned policy and regulatory frameworks.

The CCC's 2022 progress report to Parliament identifies the following as a priority recommendation to realise before Q1 2023:9

Set out a Net Zero delivery strategy for the agriculture and land use sectors that brings together how land can deliver its multiple functions including: reducing emissions and sequestering carbon, adapting to climate change, food security, biodiversity, domestic biomass production and wider environmental goals. The strategy must clearly outline the relationships and interactions between the multiple action plans in development (e.g. including those for peat, trees, nature, plant biosecurity and biomass), be spatially and temporally targeted, and aligned with action in the devolved administrations.

In relation to trees and woodland, it also suggests that in 2023, the Government needs to ensure that funding and incentives are set at the correct level to meet the UK Government afforestation target of 30,000 hectares per year by 2025,10 and illustrative Net Zero Strategy targets of 40,000 hectares and 50,000 hectares by 2030 and 2035 respectively.¹¹ Further clarity is required regarding funding beyond 2025. This should also address wider objectives for land such as climate adaptation and nature conservation.

⁸ https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted 9 https://www.theccc.org.uk/publication/2022-progress-report-to-parliament/
10 https://www.gov.uk/government/news/thousands-of-trees-to-be-planted-in-englands-towns-and-cities 11 https://www.gov.uk/government/publications/net-zero-strategy

Progress



This section of the report offers us an opportunity to take stock of the past 12 months and highlight the main areas where developments have taken place. A more thorough analysis of what these developments mean is provided later in the report.

What's happened?



At the G7 in Cornwall, leaders agreed a Nature Compact to halt and reverse biodiversity loss by 2030, and tackle deforestation, marine litter and illegal wildlife trade¹²

The Government published its Net Zero Strategy

- The Environment Act was enacted
- COP26 Glasgow Leaders Declaration on Forests and Land Use
- The Government consulted on its BNG approach¹³
- The Government published its Nature Recovery Green Paper¹⁴

The Government launched a stakeholder consultation on the 2030 Strategic Framework for international climate and nature action

There have been some positive indicators of progress in line with our recommendations over the last 12 months.

Net Zero Strategy

The Net Zero Strategy stated that the Government would take a systems approach to Net Zero policy delivery, which:

The Net Zero Strategy also announced the introduction of approximately 50 LNRS, which will cover the whole of England with no gaps or overlaps. These LNRS will map both existing valuable habitats and proposals for creating or improving habitats, and help prioritise action for nature's recovery.¹⁶ It is positive that the preparation and delivery of each strategy will fall to local leaders, creating a significant new environmental leadership role for LAs, but this is a role that will need to be adequately resourced, in terms of financial support, skills and capacity to deliver.

In its England Trees Action Plan¹⁷ the Government committed to produce guidance for LAs to develop their local tree and woodland strategies, and to help fund planting through several Nature for Climate Fund grant schemes. Alongside the LNRS, this will empower LAs to better oversee local forestry policies.

The Government's response to the Levelling Up, Housing and Communities Select Committee report on Progress on Devolution in England¹⁸ elaborated on the details of the LNRS roll out - including that an appropriate LA will be appointed by the Environment Secretary to lead its production, coalescing local partners to create a long term, practical strategy for their local environment.

considers the environment, society, and economy as parts of an interconnected system, where changes to one area can directly or indirectly impact others. This will help to ensure we design policy to maximise benefits, account for dependencies, mitigate conflicting interests and take account of learning as we go.15

¹² https://www.gov.uk/government/publications/g7-2030-nature-compact/g7-2030-nature-compact

¹³ https://www.gov.uk/government/consultations/consultation-on-biodiversity-net-gain-regulations-and-implementation

¹⁴ https://consult.defra.gov.uk/nature-recovery-green-paper/nature-recovery-green-paper/supporting_documents/Nature%20Recovery%20Green%20Paper%20Consultation%20%20Protected%20Sites%20and%20Species.pdf

¹⁵ https://www.gov.uk/government/publications/net-zero-strategy 16 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033990/net-zero-strategy-beis.pdf

¹⁷ https://www.gov.uk/government/publications/england-trees-action-plan-2021-to-2024 18 https://www.gov.uk/government/publications/progress-on-devolution-in-england-government-response-to-the-select-committee-report/government-response-to-the-levelling-up-housing-and-communities-select-committee-report-on-progress-on-devolution-in-england

Each strategy will agree priorities for nature's recovery, map the most valuable existing areas for nature, and map specific proposals for creating or improving habitat for nature and wider environmental goals. It also stated that LAs already have the powers and responsibilities to deliver Net Zero. These are discussed in more detail in the local powers progress report.¹⁹

The Environment Act 2021

This legislation was enacted in November 2021. It provides the Government with powers to set new binding targets for priority areas, which include air quality, water, waste reduction and biodiversity.

The Environment Act requires the Secretary of State to set a target that will, if met, "halt the decline in the abundance of species" by 2030.²⁰ As with all targets for priority areas, this biodiversity target – and progress towards it – must be regularly reviewed. Alongside this, the minister must prepare an environmental improvement plan for a period of at least 15 years, and update Parliament annually.

The act establishes a new watchdog - the Office for Environmental Protection (OEP), which will monitor and enforce environmental law, acting objectively, impartially and independently of the Secretary of State. It must report annually.

As well as including a few more details on roles and responsibilities within the LNRS, the Environment Act also elevates the BNG plan. This stipulates that a "development may not begin unless a biodiversity gain plan has been submitted to the planning authority and the planning authority has approved the plan." A developer must prove their project will increase 'biodiversity value' by at least 10%, although this can be purchased through biodiversity credits. The Government is also applying BNG to development consent for nationally significant infrastructure projects.²¹

The Act also explains how Natural England is responsible for improving the conservation status of any species or site that it chooses, and this involves "managing the impact of plans, projects or other activities on the conservation and management of the protected site." LAs must cooperate with Natural England to help prepare and implement locally-relevant species conservation strategies.

- 19 https://www.uk100.org/publications/local-net-zero-progress-reports
- 20 https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted

Global commitments

Following on from the momentum of the 'Nature Compact' signed at the G7 Summit in Cornwall in June 2021, COP26 saw 141 countries endorse the Glasgow Leaders' Declaration on Forests and Land Use. It committed them to halt and reverse forest loss and land degradation by 2030. The signatories of the Declaration:



Emphasise the critical and interdependent roles of forests of all types, biodiversity and sustainable land use in enabling the world to meet its sustainable development goals; to help achieve a balance between anthropogenic greenhouse gas emissions and removal by sinks; to adapt to climate change; and to maintain other ecosystem services.²²

22 https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/



²¹ https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted



Highlights: What's going well

• New target in Environment Act: The Government's proposed target is focused on "Halting the decline in our wildlife populations through a legally binding target for species abundance by 2030 with a requirement to increase species populations by 10% by 2042."23 Whilst this fulfils the ask made in the UK100 Local International Net Zero Delivery Summit in July 2021, it is worth noting that the OEP have described proposed targets as unambitious and lacking in urgency and they recommend that the targets are revised to reflect this.²⁴



²⁴ https://www.theoep.org.uk/report/oep-response-consultation-environmental-targets



Opportunities: What we'd like to see more of/what has potential

- More action on COP26 commitments: While the targets around protecting and enhancing natural environments made at COP26 were positive, we need to see more evidence of action - and fast
- **Potential of LNRSs:** The Government's proposed LNRS presents an exciting opportunity. If well executed, they allow for a cohesive, comprehensive and locally-appropriate approach to nature recovery with blanket coverage across the UK. But the Government must act swiftly, it is committed to designating an LA to lead production, this must be completed as a priority so that LNRS can begin to be deployed nationwide
- ELMS: ELMS brings together a number of schemes to reward farmers and landowners for helping achieve nature recovery and Net Zero emissions by 2050 clear and coherent and benefits must be fairly distributed
- Building the case for funding: The UK Infrastructure Bank (UKIB) said in its Strategic Plan that it will consider its role in natural capital funding in due is actively included in the long term. More details on this can be found in the finance progress report²⁶
- International leadership: Spearheading both the Nature Compact and the Glasgow Declaration, the UK Government has positioned itself as an international leader on nature recovery and there is potential for this to translate to innovation in delivery. In March 2022, the Government consulted on the 2030 Strategic Framework for international climate and nature action. In their consultation document they suggested that the consultation exercise would enable a cohesive Government plan on advancing international action on mitigation, adaptation and nature that spans departments and involves the UK leading by example.27

- this has potential to make a big impact, but plans for implementation need to be

course.²⁵ UK100 will continue to engage with UKIB to advocate that this support

²⁵ https://www.ukib.org.uk/strategic-plan

²⁶ https://www.uk100.org/publications/local-net-zero-progress-reports/finance



Challenges:

What could be going better

- **ESS approach:** Avoiding a 'developer's charter': UK100 responded to the Government's consultation on its BNG approach.²⁸ The proposed approach suggested by the Government leaves potential for unhelpful, unnecessary exemptions or other opportunities for developers to avoid taking action - in the short and long term and these areas need urgent rectification if BNG is to succeed
- Place-based decision making: Inevitably, there will be conflicts and tradeoffs when it comes to choosing how best to use land. It is essential those choices are made locally, rather than through a one-size-fits-all approach. This relates to urban and rural contexts, as well as the development of important new infrastructure, such as carbon capture and storage and offshore wind. Engaging LAs in LNRS will be a part of ensuring this takes place, but the principles need to extend to factor in biodiversity and Net Zero considerations in all developments.



Gaps:

What's missing?

- There is no **clear funding commitment** to Net Zero Nature in the the Government
- Connecting Net Zero with the Environment Act: We need to better • integrate how we deliver Net Zero targets with key components of the Environment Act, including BNG and the Nature Green Paper. A lack of joined-up thinking will miss opportunities for co-benefits and slow overall progress
- Close the enforcement gap: The new OEP is welcome, but we need more detail and clarity on how this watchdog will enforce new and upcoming environmental legislation. In particular, there are potential gaps in enforcement if the OEP defaults decisions on climate to the CCC, an with this capacity, so there needs to be clarity to ensure that crossovers and gaps are identified and roles and responsibilities are clearly articulated.

28 https://www.uk100.org/sites/default/files/2022-04/UK100%20public%20BNG%20response%20%20%282%29.pdf

Environment Act, and the CCC's 2022 progress report highlights long term funding for land use, agriculture and nature as a priority recommendation for

organisation that has no regulatory power. OEP is the designated organisation



Devolved administrations

As well as looking at the UK Government, it is important to reflect on the progress from the devolved administrations - this is especially important in the context of Nature - which is a devolved responsibility.

Scotland

Scotland is helping to fund extensive replanting projects through the Low Carbon Fund.²⁹ The fund has already helped create 22,000 hectares of new woodland in the last two years, as well as restoring 25,000 hectares of peatland since 2012. The Scottish Government is taking a proactive approach to using nature-based solutions to both reduce and mitigate climate change, recognising for example, that:

Coastal towns can be protected against flooding with sand dunes and marram grass, and woodland restoration can improve soil quality and reduce soil erosion.

Wales

Wales is setting impressive nature recovery targets. It has committed to increase woodland creation rates, supporting a total of 43,000 hectares of new woodland by 2030 and 180,000 hectares by 2050.³⁰ By 2025, the Welsh Government has promised that 3,000 hectares of peatland will be on a recovery pathway. Similarly, Net Zero Wales outlines how the Welsh Government will "support communities to create 30 new woodlands and connect habitat areas."

29 https://www.snp.org/net-zero-by-2045/

Northern Ireland

In March 2022 Northern Ireland announced its Future Agricultural Policy. Delivery and incentive details are to be developed, but of particular note is the intention to develop a Farming with Nature package to protect and restore habitats and species.31

31 http://aims.niassembly.gov.uk/officialreport/report.aspx?&eveDate=2022-3-24&docID=372037



³⁰ https://gov.wales/sites/default/files/publications/2021-10/net-zero-wales-summary-document.pdf



Overarching Themes

We have identified three overarching themes which apply across all the progress reports in this series. By identifying blockers and sharing successes in these key areas, we can achieve the step-change we need.

Partnerships

Nature doesn't have boundaries, so it is imperative our institutions and governing bodies work closely together to ensure a cohesive approach to nature recovery. In particular, UK100 emphasises the need for LAs to work with local stakeholders such as NFU, CLA, agricultural colleges and large landowners.

And significantly, if LNRSs are to be delivered in the cross-cutting way described in the Net Zero Strategy, LAs will need to work together to ensure that natural habitats are connected. By working in partnership, LAs can create wildlife corridors and restore areas of land that cross boundaries, avoiding a piecemeal and patchwork approach to nature recovery.

Finance

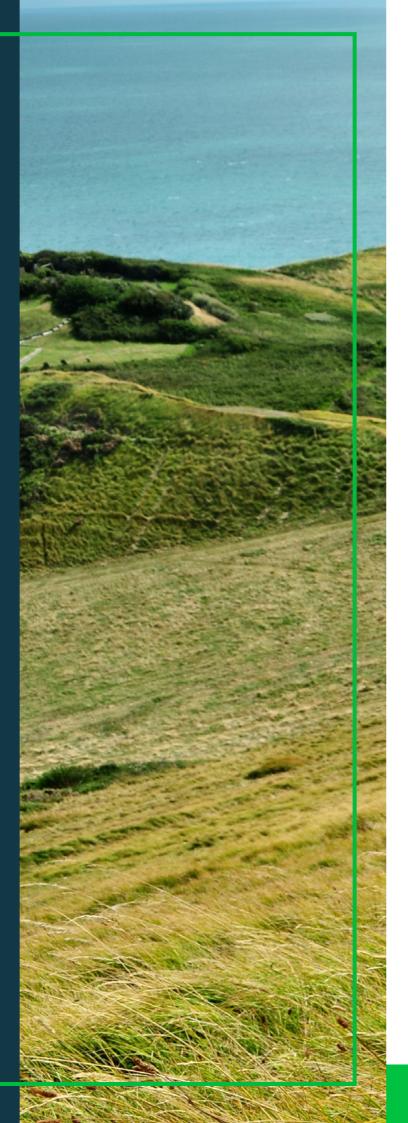
There is currently a lack of planning or strategy to provide the funding required to deliver against the Environment Act's nature and biodiversity targets. As the CCC explain in their 2022 report, despite the UK's ambitious afforestation targets,³² there remains uncertainty about delivery due to long term funding concerns and non-financial barriers.

The Government needs to explore new mechanisms to incentivise and streamline private investment. The UKIB should be crucial in this respect, but is still considering how to map out what this proposition might look like. UK100 believes nature-based solutions need to be clearly recognised as an area into which the Bank will allocate funding and advisory support and will continue to share the insights of our members in this respect.

In the same vein, it's essential that LAs can access adequate, non-competitive funding to effectively develop and implement their LNRS.



WECA has created a $\pounds 50$ million Green Recovery Fund to help meet their 2030 ambitions for Net Zero and nature recovery. Their first interventions will be a retrofit accelerator, which will provide retrofit assessors and co-ordinators to stimulate the retrofit market, plus support for electric vehicle (EV) infrastructure and a Community Pollinator Fund.



Frameworks and Governance

At the moment, there is too much disconnect between Net Zero and nature recovery, despite the two areas being very much interdependent. UK100 proposes much greater integration, and we suggest that Defra's position within the new Local Net Zero Forum could be key to delivering this. We need more details on how the roles and responsibilities will be determined and also how this will ensure that cross-departmental working can operationalise in this significant overlap without leaving gaps or replicating efforts. This is discussed in more detail in our local powers progress report.33

It is also important that LAs are supported by a strong framework to enable the cross-boundary approach to developing and delivering their LNRS described above.

³³ https://www.uk100.org/publications/local-net-zero-progress-reports/local-powers



Analysis

We're on the right track

The Environment Act is a good step forward, enshrining in law many of the protections and targets that will allow nature in the UK to thrive. In Defra's words, the Act "will help deliver the government's vision of leaving the environment in a better state than it was found and will drive forward ambitious environmental improvements by successive governments that protect and enhance our natural world."³⁴ However, these targets are - by necessity - not far in the future. Almost across the board, we need to see greater detail and urgent action from the various bodies that are tasked with delivering them.

We need to remove silos

We need to identify and strengthen the links between the Environment Act and Net Zero targets. By aligning frameworks, partnerships and financing, we stand a much better chance of delivering against both. At the moment, we are not only missing many opportunities, but allowing certain issues - such as fulfilling climate change goals - to fall between the gaps. We need greater clarity on roles and responsibilities, and we need to make sure enforcement bodies (like the OEP) have the teeth they need to hold organisations to account. As outlined above, UK100 believes Defra's position within the new Local Net Zero Forum could be key in delivering this.

We need to incentivise financing through co-benefits

The UK Cities Climate Investment Commission (CCIC)³⁵ report demonstrated how we need to incentivise private investment in green infrastructure projects by effectively monetising their co-benefits, such as carbon sequestration, biodiversity enhancement, flood prevention and community wellbeing.³⁶ ELMS is an example of how the Government is currently pursuing this - creating real revenue streams that enable the repayment of upfront investment. More innovative financing models could be piloted through the UKIB but nature is not currently a priority investment proposition for the bank. UK100 will continue to advocate for inclusion of naturebased solutions in the UKIB offering in the longer term. Because the CCC is clear that we currently don't have the long term strategies or funding for agriculture, land use and nature that are urgently required for nature recovery and Net Zero.

³⁴ https://consult.defra.gov.uk/natural-environment-policy/consultation-on-environmental-targets/#:~:text=Environmental%20targets%2C%20a%20key%20commitment,and%20enhance%20our%20natural%20world.

³⁵ UK CCIC became known as Cities Commission for Climate Investment - 3Ci in July 2022 36 https://cp.catapult.org.uk/news/uk-cities-climate-investment-commission-report/



Recommendations

Now that we have targets in place, we need to better integrate to enable their delivery. Integrating nature into Net Zero and vice versa will avoid gaps and repetition and take better advantage of opportunities to deliver against both sets of targets

- Create public and private funding streams LAs need dedicated, long term, non-competitive funding for nature-based solutions. And private investors need support and confidence to realise the value of nature and take advantage of the potential for growth and jobs through nature recovery
- Ensure a place-based approach we need to make sure the different needs and opportunities presented by urban and rural nature restoration are recognised and optimised for within LNRS and other nature recovery schemes.



Glossary of terms

3Ci	Cities Commission for Climate Investment - formally CCIC
BNG	Biodiversity Net Gain
CCC	Climate Change Committee
CCIC	UK Cities Climate Investment Commission
CLA	the Country Land and Business Association
Defra	Department for Environment, Food and Rural Affairs
ELMS	Environmental Land Management scheme
EV	electric vehicle
LA	Local authority
LNRS	Local nature recovery strategies
NAO	National Audit Office
NFU	National Farmers Union
OEP	Office of Environmental Protection
UKIB	UK Infrastructure Bank
WECA	West of England Combined Authority

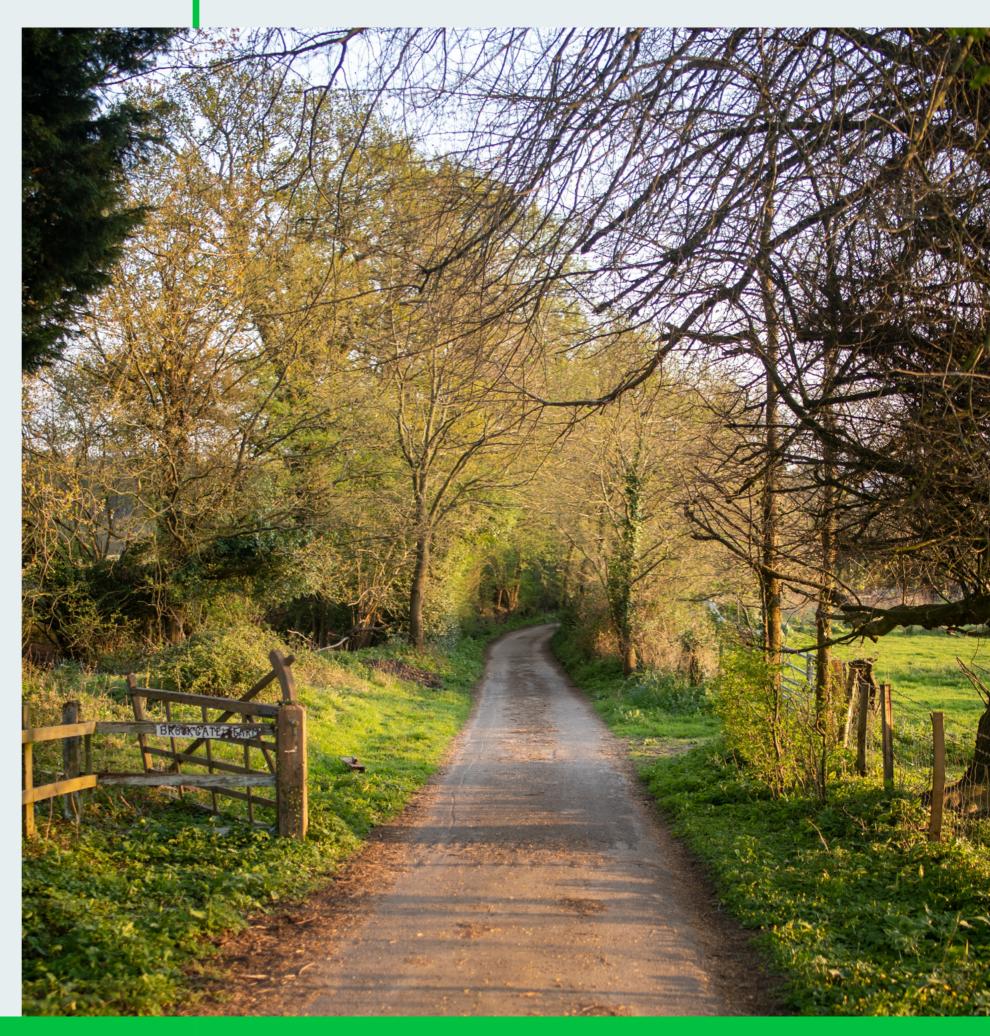






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