

Response to the BEIS Net Zero Review

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About the Association of Town and City Management

The Association of Town & City Management (ATCM) is a not-for-profit membership organisation dedicated to promoting the vitality and viability of town and city centres. It has over 200 members including key stakeholders in town and city centres across the UK and Ireland. Most of these are town and city centre management practitioners and active initiatives functioning as partnerships, some with several hundred contributing members. They develop and implement shared visions, strategies and action plans for hundreds of district, town and city centres throughout the UK and Ireland. ATCM has been operating since 1991 and can offer a significant body of experience in the field of place management.

ATCM's membership consists of a mix of publicly funded town centre managers, Business Improvement Districts (BIDs), Community Interest Companies (CICs), Town Teams and more. They span across the private, public and voluntary sectors and, as a collective, do not have a sector specific agenda. Instead, they are focused on the promotion of healthy places for the benefit of all stakeholders.

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Introduction

Considering the challenges around energy security and repeated warnings from bodies such as the IPCC regarding progress on net zero, now is the right time to review our approach. This matters to us as a trade body whose members are the guardians of high streets, town centres and city centres because these locations are hubs of community and commerce. They are

where consumers and businesses come together and where so much of our economic trade takes place. The economic performance of our high streets, town centres and city centres is indicative of the performance of the whole UK economy.

However, they are also locations that play a huge role in the consumption of energy and the release of carbon emissions. In fact, according to the UK Green Building Council, if surface transport is included, the built environment is responsible for 42% of all greenhouse gas emissions for the UK. Furthermore, the role of asphalt in the built environment exacerbates extreme weather events. Flooding and heatwaves are more likely and more intense in the built environment. Both are highly disruptive to the normal functioning of an economy.

This topic matters to us. It is at the heart of business resilience and impacts energy use, private sector investment and consumer spend. Therefore, we will respond directly to the overarching questions within the consultation.

1. How does net zero enable us to meet our economic growth target of 2.5% a year?

We have come to the conclusion that, in the medium to long-term, growth will no longer be achievable without first achieving net zero. This not about choosing between the two. Growth and net zero have become co-dependent.

We arrive at this conclusion from observing the multiple impacts of extreme weather events across the globe. It is increasingly clear that failing to reach net zero will result in economic contraction due to both the direct and indirect challenges for businesses that are the result of climate change.

The direct impacts of climate change are obvious. We have seen significant damage done to business properties, homes, and key infrastructure from intense heat, wildfires, flooding and storms. Take the Pacific North West region for example, an area with a mild climate not too dissimilar from the UK. The heat dome of June 2021 saw temperatures reach close to 50°C which led to roads melting and railway lines buckling.

Or, there is the City of Lismore in New South Wales. This Australian city suffered two separate freak rainfall events leading to extreme flooding just one month apart in early 2022. With such

extreme weather events so close to each other and not long after intense wildfires, insurance providers have withdrawn policies protecting property or made premiums so high they are effectively unaffordable. Such conditions do not provide a viable environment for business investment and will undermine any aspiration for economic growth.

It's not just the direct damage from climate change that could threaten UK economic growth in the future. There are many indirect impacts as well, and arguably, for the UK, it is already undermining our economy today. Extreme weather events such as those in the North West Pacific region, Australia and many other regions, are hurting us at home. Food producing regions are struggling to keep pace with demand with crop failures increasing and livestock endangered. The IPCC published a [report](#) on the potential impacts of extreme weather events with natural and human systems already being pushed beyond their ability to adapt to these changes, causing irreversible damage to food security. The [House of Lords](#) argues that this is a major contributory factor in the inflationary pressures we see in the UK today. This is having multiple, negative impacts on our economy including disruption to supply chains, squeezed household budgets, drops in consumer spending, falls in living standards and wide-ranging discontent from workers whose pay cannot keep pace with inflation, leading to strikes.

There is also evidence to suggest that climate change is impacting energy production following heatwaves in countries like France, which led to cuts to output from its nuclear power stations (see [here](#)), and China, which culminated in the closure of hydrogen power stations (see [here](#)). This has been problematic for the global supply of energy.

Labour shortages are also undermining our economy. This too, is influenced by our climate with the use of fossil fuels being blamed for poor air quality, a changing climate, and increased potential for the spread of insect-borne diseases. [The 2022 Global Report of the Lancet Countdown](#) states that heat exposure led to 470 billion potential labour hours lost globally in 2021 with associated potential income losses of US\$ 669 billion in total. The Health Foundation has already made clear what poor health for the UK can mean for our working population. They state that 1.7 million 50 to 69 year olds, who could otherwise work, are economically inactive due to long-term health conditions (see [here](#)). The Lancet Countdown makes it clear that the use of fossil fuels is linked to poor health outcomes.

Contrast all these problems with a world where we achieve net zero, creating a productive economy which can deliver strong business investment with lower prices for food and energy, functional supply chains where businesses can trade, a stable climate creating security for property and infrastructure, and a healthy workforce reducing labour shortages and

contributing to supply-side reform. This is the only scenario where economic growth of 2.5% in the medium to long-term is feasible. This is why the Imperial College of London's Grantham Institute highlights the co-benefits of climate change mitigation in a [paper](#) which claims we can improve health, reduce unemployment, boost our economy and fight climate change all at the same time.

2. What challenges and obstacles have you identified to decarbonisation?

Decades of poor planning have contributed to the high level of carbon emissions many of our towns and cities are responsible for today. Rather than supporting density with our built environment, bringing together the high-quality co-location of residential and mixed-use commercial space, we chose the path of urban sprawl to suit the car locking commuters into a car dependency that is difficult to break. Not only have we created a largely car dependent society, but this urban sprawl has also contributed to the direct loss of bio-diversity and green space and undermined health outcomes.

These challenges are being exacerbated today in England where Permitted Development Rights, rightly intending to bring more homes into urban centres carries the unintended consequence of doing this via the eviction of businesses, reducing employment space and services and failing to create the high-quality co-location which should be striving for.

Furthermore, fragmentation of ownership and governance in our towns and cities creates a challenge in reaching net zero. Mayors, different local government tiers and departments, landlords, businesses and residents all have different interests, powers, priorities and spheres of influence. Developing a shared vision and realistic plan for a net zero transition does not happen by accident and can difficult to achieve.

For example, we know that non-domestic buildings can be used for power generation through solar panels. The hefty initial investment can be outweighed by the long-term savings in comparison to a dysfunctional fossil fuel market and could benefit all types of businesses from shops to offices. However, we know that one thing holding back this investment will be that business occupiers are not in a position to make that investment in the property when they only rent the space they use, while landlords whom the onus falls upon would not benefit from the subsequent energy savings.

Funding is also a problem. Hundreds of local authorities have rightly declared a climate emergency. However, their response to this emergency can be held back by an inability to fund change. We need to acknowledge the role local authorities can play in net zero and ensure they are adequately empowered to support the transition.

3. What opportunities are there for new/amended measures to stimulate or facilitate the transition to net zero in a way that is pro-growth and/or pro-business?

Town and cities that deliver green and blue infrastructure on a big scale can provide significant opportunities for economic growth through net zero, climate resilience and the creation of an attractive environment that can act as an anchor for inward investment. Initiatives like urban greening, living walls and rains gardens can cut emissions, reduce the risk of flooding, cool buildings in the Summer, [support mental health and wellbeing](#) and create a pleasant environment which brings workers back into the office.

Local authorities have a role to play in this transition which can be demonstrated where the funding has been made available.

Take Stockton-on-Tees Borough Council who are currently in the process of using the Future High Streets Fund to create an urban park on the waterfront, anchoring the town centre on green and blue infrastructure with significant community benefits and inward investment opportunities.

Business Improvement Districts also have an important role to play through extensive local business engagement that can bring different stakeholders together and help overcome fragmentation. In Swansea, the BID is leading on a crowdfunding initiative to undertake a feasibility study for a [solar urban farm](#) in which a wide range of city centre businesses could share the benefits.

The reduction of car dependent societies carries additional benefits. With less space required to be dedicated to supporting car use (such as parking), space can be used for other activities that can drive economic interactions. Research from Living Streets suggests that investing in better walking environments increases high street footfall and can boost retail sales by 30% or more, supporting growth.

4. What more could government do to support businesses, consumers and other actors to decarbonise?

Strategic planning reform is needed. We need to encourage the centralisation of investment with commercial uses and housing in urban cores where possible to create density. This will allow efficiencies in terms of energy use, stronger economies and innovation through agglomeration and reduce car dependency and the contribution of surface transport to carbon emissions. This action, overtime, will allow us to break our car dependency and to build the environments suitable for walking, active travel and public transport.

Planning policies need to go further than climate change mitigation. They will also need to take adaptation into account to provide businesses with certainty and increase investment. This means identifying the climate vulnerabilities associated with areas of land earmarked for development ensuring new buildings and infrastructure will be resilient to a changing climate and landscape.

To overcome challenges such as fragmentation and funding, the UK Government also need to consider how Town Centre Investment Zones as envisioned by the British Property Federation could be used to help drive the transition. Providing tax and planning incentives could accelerate development only if four conditions are met:

- the investment strengthens existing urban centres and does not displace economic activity;
- property owners work in partnership with each other;
- property owners work in partnership with others (local government, communities, and businesses); and
- proposed development aligns with net zero and climate resilience aspirations.

These conditions are important as they could support a collaborative journey to net zero.

5. Where and in what areas of policy focus could net zero be achieved in a more economically efficient manner?

The most efficient way to accelerate net zero transition is to empower the local partnerships that can do the heavy lifting and have a tangible impact on outcomes. This would allow us to overcome the challenges around fragmentation.

One cost free solution to turbo charging local partnerships is for the Department for Levelling Up to complete and implement its review of BIDs to modernise the relevant legislation. BIDs are hampered by archaic rules which govern their democratic procedures. Modern legislation will give them and businesses more clarity on the tasks at hand such as net zero. Look at schemes such as the [Camden Green Loop](#), linking neighbourhoods, green space and vacant buildings to connect local communities to services and jobs blending growth and net zero aspirations. Or Canterbury BID's [training for businesses](#) to support them in understanding carbon emissions and their possible journey to net zero.

Another cost free solution could be to ensure funds for regeneration, such as the UK Shared Prosperity Fund, pivot around schemes which accelerate the transition to net zero. All infrastructure and development schemes should be assessed for their alignment with net zero obligations before proceeding. This need not cost the UK Government additional money and setting clear rules would provide long-term certainty for the private sector.

6. How should we balance our priorities to maintaining energy security with our commitments to delivering net zero by 2050?

There should no need to balance the priorities of energy security and net zero. We can achieve both by ensuring our towns and cities consume less energy and use renewable sources for the energy we will still need. Businesses are already clear that this is the only credible route forward.

A survey on the adequacy of the Energy Bill Relief Scheme conducted by Love Hastings BID which has been shared with businesses across the UK, threw up an unexpected finding. In an open question as an addendum to the survey asking what else businesses would like to see, half of all respondents stated that government investment in renewables was critical. This is without prompting and was not intended to be part of the survey. The fact that businesses

were keen to raise this issue regardless is an indication that the private sector now links net zero with energy security.

7. What export opportunities does the transition to net zero present for the UK economy or UK businesses?

Our towns and cities are a source of pride. Their history, heritage and prestige on the international stage makes them significant drivers in the visitor economy. Ensuring they are clean and environmentally friendly can be a huge boost to tourism. Post-pandemic, as we continue to rebuild our visitor economy, a net zero strategy for towns and cities is worth pursuing if it delivers clean, attractive and vibrant destinations that cement the UK's standing in a competitive global travel market for business and leisure travel.