The UK Net-Zero Strategy – one year on: ICE Presidential Roundtable Summary

September 2022

Background

Published in October 2021 ahead of COP26, the UK's net-zero strategy set out policies and proposals for decarbonising all sectors of the UK economy. In July 2022 the UK Government lost a high court case which deemed the net-zero strategy unlawful as it doesn't sufficiently detail how it will meet emission reduction targets in line with the Climate Change Act.

This ICE online roundtable, chaired by ICE's President Ed McCann, brought together Fellows, infrastructure professionals and other experts from the UK and other countries to review progress against the strategy and to share their insight on what needs to happen next to hit the 2050 net-zero carbon target.

Recap: Worldwide, infrastructure can be linked to around 70% of carbon emissions, both directly and indirectly. In the UK, that figure stands at around 55% but excludes some of the emissions produced elsewhere.

Key discussion points

- Despite the current energy crisis, the global commitment to decarbonisation is sticking. Policy discussions by governments are focused on accelerating the deployment of more clean energy, improving energy efficiency, and improving resilience against future volatility in fossil fuel prices.
- There has been a rapid shift in the last two years across the construction industry in the understanding of the decarbonisation challenge and the appetite and means to do something about it.
- There appears to be a strong willingness among the public to change, but a lack of understanding about how. More work is needed to 'co-produce' solutions with the public to address what is holding them back from making net-zero-aligned shifts in behaviour.

The emerging global commitment presents the UK with opportunities to learn more quickly

There is an overall commitment to net-zero targets, including at the global level. This gives the UK the opportunity to learn from other countries. This is a useful learning opportunity as the new UK government reviews the strategy following the high court ruling.

At the time of COP26 held in the UK, 70% of the world's emissions were covered by net-zero pledges.

Following COP26 and additional pledges, an analysis conducted by the International Energy Agency suggested that if all COP26 pledges were met then the best case scenario would see global warming kept to within 1.8 degrees Celsius above pre-industrial levels, by the end of the century.

This was the first-time policy ambition by governments took the global trajectory below 2 degrees.

Political commitment to decarbonisation is sticking
Despite the current energy crisis, this global commitment to decarbonisation is sticking. Policy discussions by governments are focused on accelerating the deployment of more clean energy, improving energy efficiency, and improving resilience against future volatility in fossil fuel prices.

Strong political alignment about the importance of transitioning to net-zero remains.

Up until now, there has been a strong consensus across UK political parties in favour of "doing the right thing" and this has given a stable policy environment for the UK civil service to develop proposals.

The challenges
Progress has been made in policy and across the construction and infrastructure delivery sector. But one area where a real focus is needed is on whole-life carbon assessments across government departments.

The Infrastructure and Projects Authority has been effective in making the case but will need support from the construction industry to spread the message.

User demand challenges also present difficulties.
The road transport sector needs to reduce its emissions by two-thirds – this is primarily around vehicles on roads, so we need a plan on how to reduce tailpipe emissions quickly.

It is difficult to see how this can be done without reducing demand, and new road schemes need to think about how to manage the network effectively rather than just improving capacity.

But there is no political appetite to meet this challenge and to consider road pricing.

Public support is present – but not being harnessed
There is a huge change needed to get the public to recognise what doing something about climate change means for them.

This is about public involvement rather than trying to force public acceptance. This is the only way to get sustainable long-term change. A co-production approach is needed at the local level, given the direct impact of schemes, to explore what is stopping people from doing things such as choosing cleaner transport options.

Not enough is being done to include the public, despite climate being the third highest priority for the British public according to recent polls.

In the near term, we need to challenge all policies on climate to properly understand the whole life deflationary effect on the cost of living.

For example, if we properly address the imbalance between supply and demand in energy, to bring onstream more clean energy capacity quickly, it could have a deflationary effect.

Changing behaviour should be at the core
The net-zero strategy did not give enough emphasis to behaviour change, ultimately behaviour is what drives emissions and so behaviour change should be at the centre of everything.

"The strategy is very focused on changing technologies, but it is actually about people – it starts with people's purpose and finishes with their behaviours and everything else is about enabling those changes."

This will take in more than just talking about solutions, and will need other experts on managing transitions included in the conversation.

Rapid delivery of the transition is critical to achieving the 2050 net-zero target
We need to double down on delivery. We're not "doing enough quickly enough".

There are whole new industries required. For example, we need to insulate 28 million houses across the UK.

We also need to accelerate the Low Carbon Concrete Routemap and Modern Methods of Construction to reduce the amount of concrete and other materials being used.

We also need to come up with practical plans to make this happen. This isn't just about energy, although that has been in the lead as it is crucial to the decarbonisation of other sectors, but about a plan to decarbonise the entire economy.

This is the kind of detail that is missing across the board.

This magnifies itself at the civil service level where too much focus is on policy and not on framing the issue as being about wider societal outcomes, not just the specifics of carbon.

We need to help financiers match money to projects/problems
While there will be government investment, we also need private finance, where there is no shortage of money.

To unlock those funds, we need policy and regulatory frameworks to allow money from infrastructure funds to flow.

There is a real desire and pressure to invest in clean technology, but funds need projects to invest in from small district heating projects all the way up to bigger ticket items, so a clearer pipeline of projects is necessary.

Funds are facing this pressure as there is an increasing expectation that all their investments are being made in infrastructure projects that look after the environment.

This has become a real market differentiator and the bar is “moving up all the time and is being driven by stakeholder pressure and communities”. This is being driven by society and not governments.

It is important to have a funding scheme and strategy that matches funds at the small and local levels as well.

“Local authorities want to get on with net-zero but are hamstrung by the annual funding model they have, where projects have to be completed within a financial year.” This is a piecemeal attack on the problem. They need sustainable funding over the long term as this is a long-term problem.

Without addressing this we may “make some progress on attacking the business as usual but won’t address some of the systemic issues that underpin emissions generation.”

Questions to take away

- What’s the best approach to matching infrastructure funds with smaller local projects? Are there exemplars of good practice?
- How can we get the construction industry and build environment to collaborate more to address this challenge, particularly around scope 3 emissions?
- How do we get the public truly behind some of the solutions that are needed? There was a lot of talk about people changing behaviours after the pandemic, but now we are seeing a return to normal in some areas.
- What mechanisms and frameworks would help to maintain policy consistency on this problem over the long term? Could we learn lessons from the approaches used to develop fiscal policy and control on the spending of public money, to develop controls on the ‘spending of carbon’?