

Sir John Armitt
Chair
National Infrastructure Commission

4th February 2022

Dear Sir John,

I am writing to you in response to the NIC's call for evidence on the 2nd National Infrastructure Assessment (NIA). Having reviewed the findings in your baseline report we have decided to respond on the key areas where you have identified more work needs to be done. Our response focuses on the role local government can play to help improve progress.

1. emissions from electricity and heat are still too high, as the electricity sector will need to reduce emissions to near zero by 2035, and little progress has been made so far on heat decarbonisation, although the technologies to do so already exist

Our homes, workplaces and publicly owned properties are responsible for 17 per cent of all UK GHG (Green House Gas) emissions. Most of these emissions are created from burning fossil fuels for heat. As a result, making current and future buildings more energy efficient and heated from lower carbon sources are important routes to net-zero.

The scale of the task to decarbonise the country's buildings is huge. The CCC (Climate Change Committee) estimates that the combination of energy efficiency measures and low carbon heating methods required in homes to meet net zero will cost £250 billion by 2050 (funded by a combination of public, commercial and household investment). For context, the investment needed to complete Phase One of HS2 is around a fifth of this figure.

Councils are taking action to decarbonise buildings in their areas. They are retrofitting public sector buildings and council-owned housing. They are promoting the benefits of retrofit within their communities and trialling innovative new retrofit approaches. They are building low carbon council houses and using the planning process to implement higher energy efficiency standards than the minimum required by building regulations.

Through our own research we contend there are five reasons why councils are best placed to deliver further programmes to decarbonise buildings:

1. Local knowledge. Councils know the state of their local housing stock and the characteristics of their local population. This means councils can tailor retrofit schemes to take account of local factors such as tenure, housing type and deprivation.
2. Experience. Councils have been involved in energy efficiency schemes for low-income households for many years, for instance, through referring their residents to energy suppliers as part of the Energy Company Obligation.
3. Trust. Vulnerable households can sometimes trust councils more than they trust private companies, some of which are associated with sub-standard work.

4. Leadership. If residents are to be mobilised to change behaviour to support net-zero then local authorities have a clear role to play in making national policy locally relevant.
5. Ability to forge local partnerships. Local authorities can act as intermediaries to drive innovative, partnership approaches to retrofit.

Our analysis illustrates the type of value councils can deliver in two areas:

1. Retrofit of fuel poor households and council-owned homes. The Government counts a household as 'fuel poor' if its residual income is below the poverty line after accounting for fuel costs, and lives in a home that has an energy efficiency rating below EPC Band C. Council-owned homes are the homes that are rented directly from councils. Some (but not all) council-owned homes are classed as fuel poor.
2. Heat pump installation. Part of the Government's plan to tackle fuel poverty is increasing energy efficiency by installing heat pumps (where appropriate).

Fuel poor households and council-owned housing are occupied by those unlikely to be able to pay for energy efficiency measures. By giving councils the certainty and means to invest in retrofit programmes, local supply chains will be bolstered and 'pump-prime' local retrofit and low-carbon heating markets for the households that are able to pay. These more developed supply chains will support higher quality and lower cost retrofits and installations

For more on this, please see: <https://www.local.gov.uk/publications/delivering-local-net-zero#buildings-councils-retrofitting-homes>

2. emissions from transport have not been declining, despite improvements in engine efficiency, and, although electric vehicle charge point numbers are increasing, the pace needs to pick up to enable a transition to electric vehicles in the 2020s and 2030s

Councils are keen to see reduced transport related carbon and other harmful emissions and are implementing a [range of measures](#) to achieve this. Modal shift to zero emission travel and mass transit are key as the transition to electric vehicles alone will not be sufficient in meeting the country's climate change ambitions nor tackling other problems such as congestion. A focus on the output of decarbonising car journeys should be fully contingent upon its potential within a wider outcome of decarbonising journeys, and the economic, social, public health and financial benefits of reducing the carbon intensity of travel rather than via internal combustion engines.

Progress towards effective support for EV (Electric Vehicle) uptake is being hampered however by insufficient and lack of long-term funding certainty, including revenue support. This is symptomatic of problems for local authorities in all forms of transport as set out in a recent NIC paper. The roll out of chargepoints is a key factor in the transition to electric vehicles. Councils are already promoting and delivering more public chargepoints and are ready to deliver many more, but [a range of barriers](#), including the lack of a national EV charging infrastructure strategy addressing issues such as capacity support, funding ambition and flexibility, difficulties in engaging DNOs (district network operators), and market immaturity, hamper more rapid progress. Councils are concerned there is no articulation of the vision for the future for EV charging and a lack of clarity over the role authorities were expected to play in delivering EV charging infrastructure.

3. asset maintenance issues undermine performance in some sectors, including ageing and leaky water pipes and potholes in local roads

Well-maintained and resilient highways lead to fewer potholes and structural failures occurring, avoiding the knock-on impacts on road users' safety and well-being, as well as costs of vehicle damage and additional costs to businesses. [Industry](#) points to a £10 billion backlog of road repairs on our local roads. However, they are reliant on funding from central government. Long-term stable funding enables councils to plan a long-term programme of preventative repairs more effectively. An unexpected reduction in funding from £1.65bn in 20/21 to £1.25bn in each of 2022/23, 2023/24 and 2024/25 have resulted in preventative programmes being cancelled and will lead to more expensive maintenance and repairs, such as filling potholes, in future. The cost of construction has also increased significantly, reflecting global supply problems. Future capital allocations should consider the significant inflation rates in highways construction and maintenance costs with current all construction (new work and repair & maintenance) inflation [running at 5.5% per year](#). Otherwise, this will greatly erode councils' investment power in maintenance measures.

4. more than five million properties are currently at risk of flooding in England, including more than three million at risk of surface water flooding

Councils are well placed to lead a local approach to flood defence, using their local knowledge to ensure that money is directed towards projects that best reflect local needs, including protecting key roads and bridges to keep residents and businesses moving. We are calling for funding for flood defences to be devolved to local areas and sit within a new national framework for addressing the climate emergency.

The current funding model for flood and coastal erosion risk management is overly complicated and not designed to deliver local priorities. The complexity of the process for applying for Grant in Aid (GiA) and local levy funding can result in a situation where it is not justifiable, from a resource perspective, to seek contributions from these sources. This is particularly the case for small schemes when the actual amount needed is relatively modest. Securing contributions to develop schemes as well as securing contributions to maintain schemes are time and resource consuming. There is a general feeling by potential private sector contributors that maintenance should be the responsibility of the Environment Agency, which makes it difficult to obtain contributions from other sourcesⁱ. Allowing local authorities to self-assure small projects would be far more beneficial for smaller scale projects and local priorities. In areas that experience regular and/or severe flooding events the grant formulas would need to reflect these local circumstances to ensure access to enough funding.

Nationally, the successful delivery of flood and coastal erosion risk management and property flood resilience is only going to be successful with increased cooperation and cross border partnership working. The Environment Agency and the water companies need to factor in more frequent and senior engagement with local authorities into their business model immediately. Long term plans should be developed with local authorities both directly impacted and neighbouring and need to be flexible enough to respond to local flooding issues when they occur.

Furthermore, the Government's new National Adaptation Plan 2023-2028 should address flooding and local authority role and response, and work to support councils to develop their local own local adaptation plans.

5. serious pollution incidents from water and sewerage have plateaued at an unacceptably high level and 32 per cent of water bodies in England do not have good ecological status due to continuous discharges from sewage, and seven per cent due to stormwater overflows

Councils have a range of concerns about the continued pollution of rivers. For some councils this is a serious and immediate issue.

Environmental law designed to protect fragile natural habitats has stopped all planning decisions on new development in certain river catchment areas, having a range of impacts on councils' ambitions for places and communities. It is also a challenge to local plan led development. This is a significant and growing concern for the 30 or so councils currently affected by these directions which are working on providing solutions locally, such as wetland offsetting, but this is difficult and an 'end of pipe' solution that does not stop pollution at source. The collective impact of these moratoriums on planning is likely to be more than 60,000 homes and therefore an economic cost measured in billions.

The challenges facing areas vary. For some areas there are challenges with water shortage which impacts development and also increase pollution severity, as pollution can represent a larger proportion in the overall water system.

There is an urgent and immediate need to put in place the infrastructure, partnership and regulatory incentives to address pollution at source and supporting councils to continue supporting sustainable development for the benefit of the wider economy.

6. recycling rates have plateaued and emissions from waste have begun to rise again, while the total waste generated in England is also increasing

Councils and households are working together to increase recycling rates, and councils are ready to take on the challenge of improving recycling rates further. While increased recycling is important, the key is removing waste in the first place, this means targeting producers. Manufacturers of packaging products are continuing to create and sell packaging that cannot be recycled and will be put in the recycling bin by people in good faith. The burden then falls on councils to not only collect it and dispose of it, but to pay the extra cost of disposing of it.

It is important that the Government considers recent financial pressures on local government when introducing changes to waste processing systems. Not only has the pandemic had a devastating societal impact with councils spending more to safeguard communities, millions of people have also moved from working in offices to working at home, increasing the amount of material councils are collecting from the kerbside. It will be important to assess how levels of household waste change over the coming years as the pandemic eases in order to adapt and plan services.

Councils need more clarity on how waste services will be funded under the proposed Extended Producer Responsibility (EPR) reforms. It is imperative that producers fully fund both the current waste collection and disposal costs as well as costs associated with increasing the recycling rate. The funding arising from the EPR should flow in its entirety to local government.

How waste is collected should continue to be determined locally. Current approaches reflect a range of local factors. Most people are not constantly on the move and do not have to negotiate different local systems. Residents need to know what can be recycled, which is dependent on

producers making this very clear on packaging. The current differences in the collection service consider local geography and housing types and the investment in and availability of sorting and reprocessing infrastructure. It is important that this continues.

7. urban transport connectivity is poor in many places, and the largest urban areas tend to have the worst connectivity, as congestion slows down journeys

Local authorities need support from central government in terms of policy, funding, and political support to tackle road congestion. Improving bus services or walking and cycling will require reallocation of road space in congested areas from cars – in the short-term at least worsening congestion. Demand management tools can also play a role in tackling congestion. The government understands how politically difficult making drivers pay more is, reflected by the freeze on fuel duty increases since 2010. It should consider financial support or match-funding to encourage local authorities to take up Workplace Parking Levies, Congestion Charges or Clean Air Zones, for example. Government must grapple with the issue of existing motoring taxes and the potential of EV uptake to generate more congestion, factoring these wider costs into the purchase and running costs of such vehicles.

Local authorities have worked at remarkable speed to develop Bus Service Improvement Plans (BSIPs) for the Department for Transport to help people switch from their cars or have greater option at lower cost by bus. Local transport authorities have delivered BSIPs that will achieve the vital outcomes set out in the National Bus Strategy. This is expected to cost around £7bn to deliver while government will now only fund £1bn to support the Strategy. Spending on buses is treated as purely revenue but creating a service level that the public can begin to rely on and switch to is a form of infrastructure spending which pays off over time – protecting service levels today reduces revenue costs in the future.

Walking and cycling are receiving welcome support, but central government must provide clear and consistent political support for local authorities making tough decisions about road space.

Big urban areas are receiving clear and long-term single pot support through the City Region Sustainable Transport Settlement, building upon the Transforming Cities Fund. City regions are developing capacities for transport planning and delivery that Transport for London developed over decades. In the rest of the country, as a recent report from the NIC made clear, local authorities are unable to improve transport connectivity effectively due to low levels of funding delivered by short-term pots of funding accessed via competition. Money spent bidding is not spent building or improving, and budgets that stretch no further than a year create a dependency on external consultants rather than the development of permanent internal capacity.

In addition, we want to set out concerns that councils have on mobile and broadband coverage, despite this being an area of infrastructure identified in the report as performing well:

- We have found that there is often a disconnect between the level of coverage mobile network operators claim to provide and the real-life experience of their residents. We are hearing from local authorities that the ongoing cost of data and higher levels of unreliability severely reduce the viability of 'stop gap' interim solutions. It is also evident 4G solutions

may not always be effective in rural areas due to lack of coverage, which further reduces options available to communities.

- Despite the baseline report highlighting the Government has made significant progress on the delivery of Gigabit capable broadband we continue to be concerned by the Government's intention to manage this programme centrally. We believe that the success of the Superfast Broadband Programme demonstrates how councils' local knowledge and expertise can make all the difference to a well-managed roll out. Councils are well placed to act as a central contact point between government, internet service providers (ISPs) and communities. Long-term funding would help councils maintain and resource broadband and highway teams to support future delivery and enable councils to support with local delivery and to spur on demand, including £30 million a year to put in place local digital champions so councils can effectively respond to surges in local rollout activity.

I hope this letter helps the NIC with their second NIA. As you know councils have a crucial and pivotal role to play in the delivery of local and regional infrastructure investment and ensuring that infrastructure is delivered cost-effectively, is resilient and contributes to tackling climate change. If it would be beneficial, the LGA would be happy to engage in further discussion with the NIC in support of the national assessment.

Yours sincerely



Cllr David Renard

Chair of the LGA's Economy, Environment, Housing and Transport Bo

¹ Council's role in the future allocation of flood and coastal erosion risk management funding. (Unpublished) Report prepared by Risk & Policy Analysts, for the Local Government Association.