

Net Zero review

EDGE response to Call for Evidence

October 2022



the EDGE

the Edge is a built and natural environment think tank and network. It is multi-disciplinary in a landscape remarkable for its abundance of single-discipline institutions. Started as a means of creating a shared space between the architectural and engineering institutions, the Edge is a voluntary group with no staff and multiple stakeholders across the built and natural environment professions. We encourage cross-disciplinary debate and campaign for change that will improve outcomes for society.

This response has been generated by the core membership of the Edge to represent views from across built and natural environment perspectives.

The Net Zero Review – Call for evidence

*"The BEIS Secretary of State has commissioned an independent review of the government's approach to delivering its net zero target, to ensure we are delivering net zero in a way that is pro-business and pro-growth. See the **Terms of Reference** for further information on the Review.*

The review will consider how our approach to net zero can:

- *deliver maximum economic growth and investment, driving opportunities for private investment, jobs, innovation, exports, and growth right across the UK*
- *support UK energy security and affordability for consumers and business and the need to rapidly increase and strengthen UK energy production and supply*
- *minimise costs borne by businesses and consumers, particularly in the short-term*

The review will assess the economic co-benefits associated with different policies and how we can drive down the cost curve for net zero technologies. It will consider innovative approaches and ways of delivering our target that ensure the government maximises the economic opportunities presented by net zero."

Questions

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

Edge Response:

Net zero provides a clear long-term policy environment that will generate beneficial economic activity and growth through a much needed decarbonisation programme that reduces both demand and cost. This will, in turn, produce much sought after exportable skills and trade opportunities for UK service providers.

The UK has huge potential for renewable power generation as a result of its geography. If exploited and combined with increased development in energy storage capacity this could lead to the extraordinary triple win of economic growth, energy security and net zero electricity production.

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

Edge Response:

The major obstacle for UK businesses is uncertainty over policy objectives. A strong cross-party consensus has been forged over the net zero objective. Potential doubt sowing through hesitation and indecision will disrupt business plans and dissipate high levels of already committed and planned investment in the built environment sector.



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?

Edge Response:

Government needs to work with the design and construction sectors to ensure that regulations and incentives are put into place that reward good practice and penalise bad.

Investment in our built environment, a sector responsible for approximately 40% of carbon emissions, not only is a substantial economic multiplier, capable of producing nearly 3 times the economic impact as the sum invested (Building 6/9/22), it also is a major employer of skilled labour and creates a product with an exceptionally long beneficial life. Targeted investment in eradicating carbon emissions from our built environment will reduce our dependence of fossil fuels, improve living and working conditions, help to mitigate against global heating and result in economic growth. The harm will come from deciding not to invest in the change required.

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

Edge Response:

Policy certainty and stability is the primary ask but there is a wide range of individual, if interlinked, measures that government could undertake to support decarbonisation, including:

- A tax on products and services that emit carbon and other pollutants should replace VAT at a revenue neutral rate. This will encourage unnecessary and wasteful energy use and carbon emissions
- Ensuring that the tax regime and incentives encourage renewable sources of energy rather than fossil fuel production, use and waste
- Requiring the retrofit of existing buildings as a default position for building owners, including through the tax system (i.e. tax on building retrofits should be lower, not higher, than that on new homes)
- Leading by example by cutting carbon emissions to zero in its own estate and procuring buildings and services on the basis of energy performance guarantees
- Providing low or zero interest loans for energy efficiency improvements with suitable payback periods
- Ensuring regulations, including building regulations, are forward thinking, focused on high levels of performance and implemented with sufficient certainty and notice to allow proper preparation and training
- Ensuring that the planning system can react swiftly and intelligently to proposals for carbon reduction from both businesses and householders
- Requiring the full reporting of energy used by buildings using standard and comparable metrics
- Requiring major property owners to develop and maintain accessible 10 year investment plans for zero carbon retrofit measures
- Ensuring power and fuel grids are able to provide adequate zero carbon energy where it is required but also to enable waste energy recovery, sharing and reuse



- Reworking the way energy is charged for to ensure that property owners can afford a base amount but with the price rising rapidly with usage over a set level.
- Ensuring education is available at all levels of society in the skills and understanding necessary for delivering a successful net zero economy
- Investing in research and dissemination on effective energy saving

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

Edge Response:

Decarbonisation of the UK's poorly performing houses and homes at speed and scale can be achieved – we have the knowhow - and would have major benefits not only for the health and wellbeing of the population but also for the UK's security, economy and productivity

This will require cross-government and party working and co-ordination, with clearly set out deliverables and timescales

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

Edge Response:

Energy security and net zero go hand-in-hand in the form of reducing overall demand and increasing local generation. Net zero delivers energy security. We have missed opportunities over this in the past, for example when the Code for Sustainable Homes programme and the target of 2016 for Zero Carbon Homes were cancelled, and we must not do so again. These programmes set out clear routes to net zero which the housebuilding industry creatively responded to and geared up to meet. Their abandonment greatly damaged confidence in the industry that government was serious about meeting agreed standards.

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

Edge Response:

The UK has consistently led on the environment, not least over its net zero policy. A strong interest in building and infrastructure performance in the UK has historically provided opportunities for consultants and manufacturers to sell their services and products overseas and it is essential that they do the same for action on carbon. This will only work if the UK government continues to insist on delivering ambitious standards at home in the UK.

the Edge will also be giving in person evidence to the Review in collaboration with the Construction Industry Council