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He has published a number of books on cities and government, including *Failure in British Government: The Politics of the Poll Tax* (with David Butler and Andrew Adonis), *Paying for Health, Education and Housing: How does the Centre Pull the Purse Strings* (with Howard Glennerster and John Hills) and *The Politics of London: Governing the Ungovernable City* (published in spring 2004).

He also broadcasts and writes for the national press.
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FOREWORD

This is a time of unprecedented change for councils. The Government has slashed funding to town halls and swept away existing structures in local and regional government. This seismic change has left councils reeling, with tens of thousands of jobs expected to be lost, and sustainability officers and green projects an early casualty of the cuts.

Where is this all heading? The Localism Bill promises radical change in the relationship between councils and Westminster – but with no certainty as to what this means either for local environmental measures or delivery on legally binding national commitments such as the Climate Change Act.

Friends of the Earth commissioned Professor Tony Travers to analyse this fast-moving and tumultuous landscape, and set out what it could all mean for local action on the environment.

His findings are stark. Funding cuts without parallel in recent decades could decimate the ability of councils to play anything like their full part on the environment. The removal of central requirements for locally coordinated action on the environment means that local areas that don’t want to do their fair share won’t need to do so. And although climate change and environmental objectives could be taken forward in some places under a new ‘localised’ planning system, it’s just as likely that the Government’s unashamedly pro-growth agenda will foster unsustainable, uncoordinated development.

There are some potential opportunities. Councils could have greater freedom to introduce new financial mechanisms to support and encourage local environmental action. And in theory at least the ‘Big Society’ opens the door for a greater role for communities and environmental groups in leading green local plans. After all, as he concludes, there is no inherent reason why localism should undermine good environmental policy – but the path along which the Government is heading certainly risks doing so.

Above all, the Government is failing to demonstrate that its radical new approach will deliver on nationally binding commitments such as the Climate Change Act. Councils are critical to action on the environment and need to play a leading role in helping to meet the UK’s national carbon budgets. Low-carbon, resource-efficient and sustainable economies and communities should be the norm.

But leaving action only to the most motivated local areas will not deliver the change we so urgently need.

There is still time for the Government to introduce measures to protect the environment, act on climate change and sustainable development, and bring about the development of low-carbon local economies nationwide.

Friends of the Earth is calling for two flagship Government Bills to be amended.

We are calling for sustainable development to be a principal aim of the Localism Bill. And for the Energy Bill to require every council to develop a local climate change strategy – leading action for clean energy, low carbon travel and energy efficiency in our communities to help meet UK Climate Change Act commitments.

Andy Atkins
Executive Director
Friends of the Earth England, Wales and Northern Ireland
INTRODUCTION

The Coalition Government has made sweeping changes to the landscape of local government since May 2010. This report sets out the most important changes that have taken place and evaluates their implications for local government work on the environment – including the most urgent issue of our time, climate change.

SECTION 1
COUNCILS AND THE ENVIRONMENT – THE CHANGING CONTEXT

In the past 12 months, Britain has seen a change of government and a move towards far greater clarity about the future pattern of public expenditure. The Coalition Government has made clear its commitment to maintain the previous administration’s policies towards the reduction of carbon emissions. Local government, although expected to face significant expenditure reductions, will also be offered new powers as a result of the Government’s determination to pursue ‘localism’. There are both threats and opportunities facing councils as they decide the future path of their policies towards the environment. The Government has also published details for the reform of almost all parts of the public sector. In particular, it is intended to break up large institutions such as the National Health Service, while shifting power away from traditional government institutions towards non-statutory and voluntary ones.

A number of policies have been revised as a result of the change of government in May 2010. The key differences are as follows.

**Spending Review 2010 published**
In October 2010 the Government published its spending review for 2011-12 to 2014-15. The central budget for the Department of Energy and Climate Change (DECC) is planned to fall by 18 per cent in real terms by the end of 2014-15 and for the Department for the Environment, Food and Rural Affairs (DEFRA), by 29 per cent. Local government grants will fall by 27 per cent and Department for Communities and Local Government (DCLG) net capital investment by about 70 per cent.2 Taken together, these spending plans mean that all parts of the public sector with responsibilities for the environment and climate change will sustain above average real term spending cuts. In addition, councils will have to cope with the reforms brought about by the Localism Bill which will radically alter councils’ responsibilities and transfer some powers to neighbourhoods and communities (see below).

**Environmental measures were included within CAA3, providing a stimulus for councils and other local partners to work together towards the delivery of particular objectives.**
Councils have generally welcomed this reduction in the regulation they face, though for those lobbying for particular policies such as progress on cutting carbon, there will be less guidance from the centre than in the past. However, performance improved during the years the policy was in place, and CAA had the merit of highlighting issues, such as environmental performance, where it’s widely agreed progress is needed.

**Many local government targets abolished**
According to DECC, in July 2008 101 out of 152 local area agreements (LAAs) contained targets against the then-existing National Indicator 186 (NI 186) on reducing per capita emissions of CO₂ from local authority operations, while 35 LAAs also included targets against National Indicator 185 relating to reducing emissions of CO₂ from local authority operations.

“It is hard to see how local government capital spending on services such as waste disposal, environmental protection and the retro-fitting of inefficient buildings will not fall sharply over the next four years.”
Other indicators covered issues such as usage of public transport, households in fuel poverty, and adaptation to the impacts of climate change. Along with the CAA, all of the national indicators have now been abolished. It now appears there will be few or no targets of this kind facing local government during the life of the Coalition Government. Councils will be free to determine their own targets, or to have none.

The target regime was very new and it is too early to say for certain what effect it had. The ambition of the targets themselves varied hugely – on NI 186, only one-fifth of the targets chosen exceeded emissions reductions that national programmes were expected to deliver anyway. However early research suggests that the very existence of the indicator elevated the profile of local leadership on carbon reduction, in many areas prompting “concerted action for the first time”.

**Regional Development Agencies (RDAs) abolished**

RDAs were the previous government’s policy response to the different rate of economic growth from region to region. Latterly, they inherited the task of preparing regional spatial strategies (see below). RDAs allocated resources in pursuit of economic development and environmental objectives, though they did this in the context of developed policies in relation to the environment and climate change. As relatively new bodies (created in 1999) they tended to be innovative and willing to pick up new ideas. Their abolition will see resources for economic development transferred to sub-regional ‘local enterprise partnerships’ (LEPs – see opposite). Government regional offices and regional climate change partnerships have also been abolished.

LEPs will not cover all of the country and will have access to significantly lower resource levels than RDAs – about £400 million per annum in total. In 2010 the nine RDAs had a combined budget of over £2 billion per annum.

**Regional Spatial Strategies abolished**

Regional Spatial Strategies (RSSs), which had the force of law, were originally created for regional assemblies, though the previous government latterly handed this responsibility to regional development agencies when they assumed many of the roles played by assemblies. RSSs generally included a number of provisions relating to the environment and climate change, notably concerning issues such as climate change reduction targets and policies, the nature and density of development, transport and waste management and the broad location and potential for renewable energy. The abolition of RSSs has clearly removed the possibility of using an enforceable planning framework to deliver environmental objectives. In planning terms alone it is yet to be seen how the Localism Bill and the development of a new National Planning Policy Framework (see Section 2) will set out how the
Government expects action on climate change to be retained through the new planning system, which is intended to flow from neighbourhood and local levels to the national. Regional economic and housing strategies have also gone, which included low-carbon economic and energy policies.

**Local Enterprise Partnerships (LEPs) initiated**

LEPs are the Coalition Government’s new sub-regional agencies intended to take the place – in some but not all areas – of RDAs. LEPs will be bottom-up, business-led partnerships with councils and the voluntary sector which can bid for resources from the new Regional Growth Fund. LEPs are focused almost entirely on the creation of improved economic conditions and new businesses.

In the consultation paper on the new Regional Growth Fund (RGF) the Government stated: “The needs and priorities of each place will be different and the fund should be flexible enough to respond to this. For example, some areas may prioritise investment to help bring people back into the labour market, improve skills or attract new employment opportunities. Other areas, particularly those where there are significant existing barriers to growth, may prioritise investments in transport or housing. And others may prioritise investment in low-carbon and environmental sectors.”

Where possible, this should be demonstrated in bids to the Regional Growth Fund. Thus, there was an explicit recognition of the possibility that LEP partners might bid for funding to expand the low carbon and environmental sector but nothing to encourage all LEPs to integrate carbon reduction into their plans.

“The overall reductions to local government spending have no parallel in recent decades.”

**Impact of scrapping the Regional Strategies**

**Case study: the South West**

The tearing up of the Regional Strategies destroyed significant amounts of environmental policy. In the South West, the strategy had a strong focus on stabilising and then reducing the region’s environmental footprint by (amongst others):

- ensuring that development respects environmental limits and requiring sustainable construction and design as the norm
- requiring the wise use of natural resources
- building a sustainable, low-carbon and low resource-consuming economy – and reducing carbon at least in line with national emissions targets
- minimising the need to travel and encouraging shift to sustainable transport
- meeting national and regional renewable energy, recycling and resource consumption targets.

These overarching ambitions and goals went far beyond those found in most local development documents. Few, if any, of these documents refer to ecological footprints and most do not have long term strategic carbon reduction targets. The requirement for transport demand management is likely to be lost from most areas, as is the principle that sustainable construction becomes the norm.

The Local Growth White Paper stated that “the Coalition Government is committed to developing a sustainable green economy and it is expected that economic growth should be underpinned by environmentally sound principles.”
“There is always a risk that at a time of sudden change there will be so many pressures on councillors and senior officers an issue such as the environment may be sidelined.”
Many local authorities are using planning powers to require renewable energy on new buildings, but it’s unclear how these policies will be affected by the new planning regime.
Opportunities to raise revenues
The author’s 2009 report for Friends of the Earth was optimistic about the possibility of using new revenue-raising opportunities to allow councils to deliver incentives in relation to behaviour affecting the environment and carbon emissions. The Government could also, it was argued, “remove impediments to introducing new charges or taxes that would create incentives for particular behaviour”. The realisation of the pressure on council budgets from 2011-12 onwards has already led many councils to begin the process of reviewing their charging policies and to consider the possibility of arguing for new revenue streams.
Moreover, the coalition agreement between the Conservatives and the Liberal Democrats stated: “We will increase the proportion of tax revenue accounted for by environmental taxes”. It also promised a review of local government finance. There is thus a significant opportunity for councils to argue for additional revenue streams and charging powers, though press coverage of disagreements between Communities Secretary Eric Pickles and Deputy Prime Minister Nick Clegg suggests the former wished to limit the scope of the review to a relatively narrow set of possibilities. Terms of reference for the review were published in March 2011.

The Government has committed itself to a policy of ‘localism’. Local government and other local institutions such as schools, charities and social enterprises are to have power transferred to them from the centre. But out of this commitment to greater local freedom there is an opportunity for councils to make the case for far greater discretion over charging for services and to create incentives for particular behaviour. Nottingham City Council, for example, had...
“Local levies on pollution, airports or vehicle fuel, and other ideas, will be significantly more attractive to councils today than even a year ago because local government faces an existential threat to its central grant support”.

already advanced plans to introduce an off-street parking charge\textsuperscript{15}, while Merseytravel would like to attempt something similar.\textsuperscript{16} Resources produced by an off-street parking charge would be ring-fenced for transport purposes.

The 2009 report envisaged local levies on pollution, airports or vehicle fuel. It was noted that road pricing and off-street parking charges could already be introduced under existing law. Each of these ideas and others besides will be significantly more attractive to councils today than even a year ago because local government faces an existential threat to its central grant support. Once the economy starts to expand at its trend rate, local authorities would (assuming they had been given the powers to do so) be able to determine local levies of different kinds to top-up their income. But some of the potential taxes and levies could also be used to send beneficial signals about behaviour in relation to the environment.

Another consequence of the pressure on local government budgets will be demands for councils to sell assets and then recycle the proceeds. It’s estimated that authorities have an asset base of £250 billion. If a larger part of this estate were subject to sales and redevelopment there would be opportunities for new developments to embrace higher environmental standards. Local Enterprise Partnerships, particularly in metropolitan areas, would be in a position to coordinate reinvestment with cross-boundary benefits for the environment.

The Government’s commitment to Tax Increment Financing (TIFs) and, separately, to the use of bond finance would also allow a more creative use of local government’s funding capability in the coming years. In September 2010 the Deputy Prime Minister announced that the government was prepared to use TIFs to allow councils to promote growth. TIFs could allow councils to invest in assets that would reduce carbon emissions in such a way as to produce efficiency gains and raise land values and thus, the potential to “capture” increased taxation to pay for future investment.

For example, it could be used for decentralised energy infrastructure, or to provide lower cost and lower-carbon secure energy to new developments. If the Government now allows councils to use TIFs creatively there will be opportunities for local government to take the kinds of steps envisaged in the 2009 report.

The use of bond-raised finance could also be an integral element of local government’s capacity to invest in environmental projects. In the Conservative Party’s document Control Shift, published before the election, it was stated that the party was “looking at ways to allow local authorities to promote and market local bonds to deliver privately-finance local projects, such as a new transport service or business development”.\textsuperscript{17} Local authorities might wish to issue bonds to fund projects designed to improve environmental performance by, for example, reducing CO\textsubscript{2} emissions. Smaller authorities might work jointly, or at the sub-regional level, to issue bonds. Many aspects of the new Government’s approach, notably the commitment to localism, LEPs, TIFs and a willingness to consider bond finance, suggest that entrepreneurial councils could take advantage of the new conditions to deliver environmentally-beneficial projects.

In the context of ‘localism’ the more councils have the opportunity to experiment with such innovatory financial instruments, the greater the chance that others will adopt them. In this sense, localism can be an opportunity – but only if the Government allows genuine freedom over local revenue-raising. Greater freedom to raise revenue could be encouraged in the context of giving greater impetus to improve environmental performance – though this may conflict with the context of greater localism.
The Localism Bill and the Big Society
The Coalition Government is committed to developing the use of not-for-profit organisations, charities, co-operatives, mutuals, trusts and other non-governmental organisations to deliver more of what are currently publicly-provided services. The environmental sector is exceptionally well-developed in this sphere of activity. There is almost certainly an opportunity for not-for-profit bodies working to improve the environment. Environmental charities and trusts could, in theory, take over local facilities and run them in a more efficient and beneficial way. But to do this properly would require adequate funding. In 2011-12, many councils and statutory environment bodies are reducing their budgets, including the funding of voluntary and not-for-profit organisations.

There is an evident potential contradiction here. The evolution of ‘localism’ and the Big Society is likely to be controversial and the terms upon which environmental charities and NGOs could embrace more ‘government’ or statutory functions would have to be fully understood before radical steps could be taken. Localism and the Big Society policy are still only partly developed and not fully-understood, even within Government.

The Government’s intention is that ‘bottom-up’ local activism should be kindled by the Localism Bill. Some aspects of the policy are explicitly designed to drive economic growth. It’s also evident that if there were to be a radical shift of power towards neighbourhood and community institutions there would be a number of consequences. Most importantly, the law will be changed to allow the following:

• A ‘General Power of Competence’
Councils to be given a power to do anything not expressly forbidden by law, thus allowing authorities greater freedom to act for the benefit of local residents and businesses.

• Community ‘right to buy’
This power is intended to allow local people to save local assets (such as pubs or post offices) threatened with closure, by allowing residents to bid for the ownership and management of community assets.

• Neighbourhood plans
Probably the most radical part of the legislation, this will give local people new rights to influence the development of the communities in which they live, though such neighbourhood planning would need to conform to councils’ local plans, where these exist.

As far as the neighbourhood plans are concerned, it is almost impossible to predict how extensively such powers will be used, or to what effect. There is as yet no guidance as to how the plans will be put together, and preparing them will be expensive, potentially creating a process that excludes some communities. In addition, the Bill gives the Secretary of State significant powers of intervention. Regulations made by the Government may make provision (a) restricting the provision that may be included in neighbourhood development plans about the use of land, (b) requiring neighbourhood development plans to include such matters as are prescribed by regulation, and (c) prescribing the form to be taken by neighbourhood development plans. The legislation also requires that the local planning authority must publish each neighbourhood development plan in such manner as may be prescribed by regulations made by the Secretary of State.

Neighbourhood plans will have to conform with the council’s local plans for the area where these have been drawn up, and would need to be subject to independent adjudication or inspection of some form. It’s possible that this new process could allow the private sector far greater opportunities to become involved in individual decisions. But it’s also possible there could be more obstruction of development. Climate change objectives could, presumably, be pursued by neighbourhoods, but it’s possible that they may not ‘conform’ with council plans – and climate change and sustainable development is not on the face of the Bill, so any neighbourhood plans addressing this would need to have locally determined this as a priority. Much further clarification is needed to understand how these new powers and duties will affect planning, and the role of new neighbourhood planning in supporting climate change-related initiatives.
In this sense, the legislation expressly allows for the Government, should it so wish, to regulate for particular objectives (eg. environmental concerns) to be taken into account within the new regime, though there has been little indication of such a desire thus far. Equally, environmentally-focused bodies will be free to put themselves forward with a view to take over control of local planning at a neighbourhood level. It is not clear what would happen if groups with competing ideas came forward. Nevertheless, there is an opportunity that the environmental well-being of a community could be pursued at a very local level within the terms of the Localism Bill. These new processes are likely to work better in rural areas, where parishes generally exist, than in more complex urban ones where there are rarely parish-type structures.

It is impossible to predict the full or detailed impacts of the many Localism Bill reforms. A major Parliamentary inquiry is considering the potential wider impact of localism. But a number of possible consequences of localism appear likely, notably a reduction in the willingness of central government to issue guidance to local authorities about particular policies. Existing planning guidance is being withdrawn, to be replaced with a National Planning Policy Framework (NPPF), due to be published in July 2011. It’s impossible to know yet how much encouragement this document will give to policies in relation to the environment and sustainability – but Ministers have confirmed that the NPPF will be inherently pro-growth. In launching the new policy last autumn, Communities Minister Greg Clark stated the framework would be “used as a mechanism for delivering Government objectives only where it is relevant, proportionate and effective to do so”. It seems likely that central guidance will be kept to a minimum.
“Localism need not undermine good environmental policy, but there must be a risk it might do so.”

The Government has a number of policies to break-up traditional power structures, for example in health and education. In addition, it is proposing to decentralise decision-making away from government – although in some areas tensions are apparent between the localism agenda and Ministerial oversight. Neighbourhood and community institutions are expected to take greater control over governance at the most local level, but there is no evidence yet as to how this will occur or what its impacts will be. For national bodies, it’s likely to become harder to transmit policy from the centre to localities. The government appears – except in relation to a small number of issues – unwilling to regulate for planning policy at the local level. This is true in relation to house-building, economic development and the environment. As a result, it seems likely that policy in relation to the environment will need to be delivered at a lower level within the political system. This challenge will be very great in relation to issues such as carbon reduction, where there is a risk that neighbourhoods will find it hard to co-ordinate their behaviour in relation to what is a ‘global’ issue.

The existing local government performance framework, which contained a number of provisions on local action on carbon reduction and environmental protection, has been abolished. The Government has not yet demonstrated how its new system will deliver on legally binding commitments such as the Climate Change Act. Indeed, there is a risk of a ‘free-rider’ problem, where people may feel that good environmental practice is a waste of time because other areas do not take action.

It is almost certain there will be sharply reduced budgets in relation to the environment and carbon reduction at the local government level from 2011-12 until at least 2014-15. These services and their providers will be faced with disproportionate reductions compared to the public sector as a whole. Such constraints on expenditure might be thought to present a good opportunity for common-sense efforts to reduce waste and bring greater efficiencies, notably in relation to the environment. But other policies, in particular the possible fragmentation of parts of the public sector, may make concerted action hard to achieve.

Localism need not undermine good environmental policy, but there must be a risk it might do so.
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1. The DECC resource budget will fall by 18 per cent. The capital budget will go up by 28 per cent; this is mainly to be spent on nuclear decommissioning, carbon capture and storage and the renewable heat incentive (RHI). (http://www.decc.gov.uk/en/content/cms/news/csr_html_releases/csr_html_releas.aspx)

2. Defra’s resource budget will fall by 29 per cent and its capital budget by 33 per cent. (http://www.defra.gov.uk/news/2010/10/20/comprehensive-spending-review/)

3. CAA brought together the monitoring of local services by a range of separate watchdogs into one process of assessment. Areas covered included the strength of the local economy, housing, and the quality of the environment. (http://wwwauditcommissiongovuk/)


5. DCLG: Local Area Agreements abolished. (http://wwwcommunitiesgovuk/newsstory/newsroom/1740503)

6. The Local Area Assessment regime only began in 2008. The first tranche of targets were set for the period 2008-2011.


8. Regional Climate Change Partnerships were semi-formal groupings of regional bodies such as RDAs and relevant national partners such as the Environment Agency: (http://wwwenergysavingtrustorguk/nottingham/Nottingham-Declaration/Events-resources/Regional-Partnerships)

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18. The Government says that councils that ‘disproportionately’ cut funding to third sector organisations may have their responsibility for funding voluntary organisations removed: (http://thirdsectorcouk/News/MostRead/1065248Government-consults-details-statutory-force-threat-councils/)


20. DCLG: Right to Buy: (http://wwwcommunitiesgovuk/publications/localgovernment/righttobuyconsultation)


23. Communities and Local Government Select Committee: (http://wwwtinyurlcom/local1sm)


25. For example, the Government has said that it will remove the rights of councils to charge for rubbish collections: (http://wwwtelegraphcouk/news/politics/8199244Localism-Bill-bin-taxes-scraped.html)
LOCAL ACTION ON CLIMATE CHANGE

FRIENDS OF THE EARTH

The sweeping changes facing local Government could be devastating for local action on sustainable development and the environment. Two vital Government Bills must be strengthened.

The Localism Bill must be amended to ensure that the planning system is fair, green and genuinely sustainable. And Friends of the Earth is calling for the Energy Bill to:

• Ensure that all councils cut emissions in their local communities to help meet the UK Climate Change Act
• Bring in a legal minimum standard of energy efficiency for privately rented homes is introduced so that no-one has to live in a home so cold it is a health hazard
• Introduce the Warm Homes Amendment to ensure the Government has a joined-up plan to meet fuel poverty and carbon targets.

Friends of the Earth is:

• the UK’s most influential national environmental campaigning organisation
• the most extensive environmental grassroots network in the world, with around 2 million supporters across five continents, and more than 77 national organisations worldwide
• a unique network of campaigning local groups, working in more than 230 communities throughout England, Wales and Northern Ireland
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