

Part 2: INSIGHTS REPORT

THE STATE OF **NET ZERO**

Shifting the Funding
Focus: building the
capabilities, skills &
resources to mobilise
private capital.



Insights Report: The State of **Net Zero**

Shifting the Funding Focus: building the capabilities, skills & resources to mobilise private capital.

Achieving national zero targets by 2050 is going to require an investment of £1.4 trillion, with at least 75% of that investment needing to be met by the private sector. A 2023 report published by PwC and Innovate UK 'Local Net Zero Projects' suggested that at least 50% of a £544 billion investment need for local net zero projects would need to be from private investors. Yet, work involved in the drafting of this report showed that 0/40 local authorities engaged within the current two-tier local government structure had even engaged with private investors, lenders or financial institutions to fund investments in net zero and climate programmes.

The current public funding programme is not working, it is not building the capabilities, skills and resources of local authorities to mobilise private capital. How can we fix this?

Who is this report for?



Local authorities

Local authorities within the current two-tier local government structure that are based within the East of England and South East who play a vital role in decarbonising places.



Policymakers

Those that can direct public funds towards key policy goals to ensure that a regional disparity in net zero funding is avoided, enabling the delivery of national net zero targets.



Private funders

Highlight to private investors, lenders and financial institutions that there are £ billions of investment opportunities in the East of England and South East.

Executive Summary

Currently the vast majority of local authorities within the two-tier local government structure are completely dependent upon public grants to decarbonise. Funding programmes are failing to build the capabilities, skills and resources across local authorities to mobilise private capital. If net zero targets are to be achieved a seismic shift in funding approach is urgently needed.

In 2021, the Office for Budget Responsibility estimated that at least 75% of the £1.4 trillion investment need to achieve net zero by 2050 (Committee on Climate Change, 2021) must come from the private sector. Work undertaken through the Innovate UK funded project 'Shift to Net Zero' engaged with forty local authorities from within the two-tier local government structure and revealed that, as of 31st January 2025, none had engaged with private investors, lenders or financial institutions to help fund their decarbonisation programmes. With many of the local authorities engaged setting net zero targets in advance of national targets this is a major concern.

Insights collected show that there is close to a complete dependence upon securing public funding to deliver retrofit and renewable technology investments across public estates, schools, social housing and transport. If a local authority does not receive a public grant then net programmes cannot be delivered at the pace and scale that are needed to achieve net zero targets locally. This is particularly problematic given that the vast majority of funding programmes/schemes are highly competitive, meaning that large numbers of local authorities will miss out on securing funding and will be unable to progress local decarbonisation programmes.

Our belief is that the current funding approach that is offered by central government is actively preventing the mobilisation of private capital to fund local net zero projects, with schemes like the (now defunct) Public Sector Decarbonisation Scheme and Warm Homes: Social Housing Fund completely failing to build the necessary capabilities, skills and resources of local authorities to access private capital or develop pipelines of investments that can be delivered in the absence of public funding.

This report calls for a seismic shift in the government's approach to funding the delivery of local net zero action, moving away from a system that has created a model of grant dependency to decarbonise and instead focus on building the capabilities, skills and resources that are needed for local authorities to work collaboratively with private finance to deliver place-based net zero programmes at scale.

Methodology

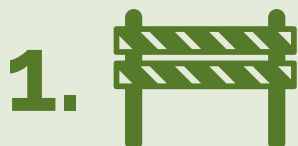
This Insights Report has been shaped through engagement work with local authorities and industry leaders through the Innovate UK funded 'Shift to Net Zero' project, which ran between February 2024 - June 2025. Insights have been captured across a series of events - including roundtables, a national summit and other engagement activities - that enabled both formal and informal discussions with forty local authorities from within the current two-tier local government structure in England and those outside of large cities and mayoral devolved regions to discuss the current state of net zero.

The engagement activities captured a series of key insights that highlighted the significant challenges that local authorities face as they attempt to decarbonise at the scale required to achieve net zero targets locally. The challenges are captured between pages 4-12 in this report, before a series of recommendations around how funding for net zero delivery can be improved by government if they are serious about creating pathways for local authorities to access private finance to decarbonise.

It highlights how there is a need to shift the funding focus to one that builds the capabilities, skills and resources of local authorities to access and deploy private capital and away from a system that is making local authorities completely dependent upon public grants to decarbonise. Without doubt, the current approach to funding net zero is failing and needs a comprehensive reset if private investors, lenders and financial institutions are to play their part in financing local net zero efforts.

In the absence of creating a statutory duty for local authorities to deliver net zero, or even setting regional carbon targets that are aligned to devolution, the government must at the very least develop a supportive framework to mobilise private capital and provide far greater clarity to local authorities regarding their roles and responsibilities in delivering the transition.

Key Insights:



Grant dependence is actively preventing net zero progress:

Local authorities have become overly reliant on public grants to fund decarbonisation efforts, which actively prevents the adoption of new delivery models, approaches and funding mechanisms that are required to accelerate the pace, scale and financing of investments.



Compounded by short-term, competitive nature of funding:

The competitive nature of funding programmes, combined by short submission window to complete applications makes matters worse. This approach favours local authorities who have the resources to submit applications or have 'shovel ready' projects to fund.



Short-term delivery windows, fail to build long-term capabilities:

A further issue is that recipients of funding are often expected to realise the funds across a short delivery window. This approach fails to embed long-term skills and capabilities for local authorities to deliver net zero programmes without additional grant funding.



Funding offered by central government is fragmented:

One major criticism of current national funding programmes is that they have become extremely fragmented, with little cohesion and/or consistency. Any follow on funding takes months, if not years, to materialise, which stops any progress in its tracks.

Key Insights:

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Very little certainty in the absence of a statutory duty:

Making net zero a statutory duty would provide the necessary frameworks and certainty that local authorities to prioritise action to decarbonise and establish a more coordinated and long-term delivery outlook. This would help to de-risk investments.



Regional allocation of funding is not distributed evenly:

Key strategic funding programmes for net zero delivery are not being distributed evenly across the country, which has seen some regions (East of England, South East) miss out of funding when compared to other parts of the country.



Lack of standardised approaches is increasing delivery costs:

Without standardised approaches to designing, delivering and financing net zero investments, it will continue to be an uphill struggle to aggregate investable pipelines at the scale required to attract private capital. Approaches need to be consistent.



Need for a clear national strategy for achieving net zero:

Currently the UK lacks a clear and coherent national strategy that outlines the roles, responsibilities and even expectations of different levels of government. This has hamstrung efforts to decarbonise at scale locally and has failed to create pathways to private capital.

Key Insights:



Strict fiscal rules prevent local authorities finance net zero:

Many local authorities operate under strict fiscal rules that limit their ability to borrow or spend beyond certain thresholds - these rules, designed to manage public finances, can hinder the large-scale investments that are needed for net zero.



Despite setting targets, net zero is not a priority action:

Local authorities face multiple demands on limited resources, including social care, education etc. Net zero projects often require a significant upfront investment and without grants, these projects may be sidelined in favour of more pressing / immediate needs.



Long-term paybacks and a risk of technological uncertainty:

The long-term nature of net zero projects, coupled with technological uncertainties, can make them appear risky from a purely financial perspective. This can make it difficult for local authorities to justify investments that fail to yield immediate returns.



Finance available to local authorities is cost-prohibitive:

Funding sources, like the PWLB and National Wealth Fund are seen as too expensive and cost-prohibitive by local authorities. Yet, local authorities are not engaging with private finance to determine whether there are alternative funding models available.



Our Committee has warned time and again of the damage that can be done to delivering policy by the lack of long-term planning and funding from government. There is no more critical area where this is true than on net zero.

Dame Meg Hellier MP

Fragmented approach with no clear long-term national funding strategy

Since its launch in 2020, more than £3.5 billion has been issued through nearly 1,400 Public Sector Decarbonisation Scheme (PSDS) grants up to the end of 2027/28, providing essential funding to local authorities, schools and hospitals to deliver heat pumps, solar panels and insulation. After June's Spending Review the PSDS was dropped, creating huge uncertainty throughout the public sector about how future decarbonisation programmes are going to be funded beyond 2028.

Similar issues have arisen with flagship net zero delivery programmes, like Innovate UK's Net Zero Living Programme and the Department for Energy Security and Net Zero's 'Net Zero Accelerator Programmes'. There is no clear and obvious succession planning to key strategic, national funds to deliver net zero. This is compounded further by the lack of a coherent national strategy that clearly sets out the roles and responsibilities across all levels of government in the transition to net zero, and how it should be financed. For example, the Treasury has recently intervened to block the Department for Education from approving all Power Purchase Agreements for solar installations in schools without providing an alternative method to finance these projects.

This 'stop-start' nature of key net zero funding programmes and the fragmented approach adopted by central government is having a hugely detrimental impact upon the longer-term delivery of local authority-led decarbonisation programmes. It erodes confidence, removes stability and erases confidence in decision-makers from adopting new approaches to decarbonise at the scale needed to attract private capital.



For local authorities located within the East of England and South East, the painful truth is that the 'levelling-up' agenda has had a hugely detrimental impact upon their ability to develop their capabilities to decarbonise at scale.

Ibex Earth (State of Net Zero, 2025)

Short-term, competitive funding pots are preventing local net zero action

Local authorities within the two-tier local government structure are far less likely to secure public funds due to their short-term, competitive nature than large cities or mayoral/combined authorities. It is a funding system that favours larger, well-resourced local authorities, those who can commit to writing funding applications or developing initial pipelines of projects that secure funding. Local authorities that miss out on securing public grants are not able to deliver retrofit or renewable projects beyond an ad hoc basis or what the capital expenditure budget permits.

This is particularly challenging for local authorities based within the East of England and South East due to a clear regional disparity in the allocation of key national strategic funding programmes for net zero. This funding disparity was identified in Part 1 of the State of Nature Report and looks as though it could get worse due to the government's commitment around the future distribution of national funding through its commitment to 'Power up Britain'. Without the adoption of a sensible approach to the regional allocation of national funding programmes there is a very real risk that regional 'net zero laggards' are created, who fall well behind better resourced regions.

There is pressing need to move away from short-term, competitive funding pots and rethink how national funding can support all regions to accelerate efforts to decarbonise and support the delivery of national, regional and local net zero targets. The central premise is that funding must be allocated fairly and proportionately across regions.



The current global approach to city development and decarbonisation is heavily reliant on public funding; but unless the model is transformed so that the majority of the investment required comes from the private sector, funding this transition will be impossible.

Green Finance Institute, 2023

Grants fail to build the capabilities and skills to decarbonise at scale

Meeting local net zero targets demands innovative new models and approaches to accelerate the pace, scale and financing of decarbonisation programmes. This is particularly with regards to how local authorities can help to create pathways for private investors, lenders and financial institutions to fund the transition. Paraphrasing the Green Finance Institute, unless the funding model is transformed from one that is heavily reliant and dependent on public funding, to one that enables most of the investment to come from the private sector, funding this transition will be impossible.

Current public funding approaches focus on highly competitive, short-term funding schemes that demand a quick turnaround in project delivery. They completely fail to build the long-term capabilities, skills and resources of local authorities to develop investable pipelines of projects that can be used to attract private capital. Even funding programmes, like the Public Sector Low Carbon Skills Fund, are used to secure short-term support from the private sector to develop investments, as opposed to developing in-house capabilities, skills and resource to develop and deliver longer-term investment programmes.

Funding has to shift to supporting the development of a local authorities' capabilities, skills and resources to decarbonise at scale and work collaboratively with the private sector to mobilise private capital. This a current major failing in funding programmes that are being offered centrally and the government has the opportunity to rectify this when it replaces the Public Sector Decarbonisation Scheme in 2028, or how it allocates the budget promised to decarbonise social housing, a £13.2 billion commitment.

Reliance on public grants is stopping the mobilisation of private capital

Insights from the 40 local authorities engaged in this report indicates that the near complete reliance on securing public grants to decarbonise is preventing essential work to mobilise private capital. Current public funding programmes have created, and are continuing to create, a barrier to private capital. To deliver net zero programmes at scale and unlock private capital, this reliance on public grants must be addressed.



Small Under £1 million

- Capital Expenditure, Invest-to-Save Programmes
- Community Energy Investments
- Public Grants (namely, Public Sector Decarbonisation Scheme; Warm Homes; Social Housing Fund)
- Other Grants (e.g., Foundations; Sport England; Arts Council England)

Small - Medium £1 million - £5 million

- Public Grants (Public Sector Decarbonisation Scheme; Warm Homes; Social Housing Fund; Innovate UK/UKRI; Government Departments)
- Other Grants (e.g., National Lottery; Ofgem, large foundations)
- Public Works Loan Board

Medium £5 million - £20 million

- Strategic Public Grants (e.g., Net Zero Accelerator Programme, Green Heat Network Fund)
- National Wealth Fund
- Public Works Loan Board
- GB Energy

Large Over £20 million

- Institutional Investors (pension funds, insurance companies, sovereign wealth funds)
- Private Equity (venture capital, growth equity, infrastructure funds)
- Debt Financing (green/sustainability bonds, bank loans, project finance)
- Impact Investment (SRI funds, climate funds)
- UK Municipal Bonds Agency





Devolution provides a fantastic opportunity to reset and rethink national funding programmes and schemes, determining how public funding can be better deployed to mobilise private capital at scale.

Ibex Earth, 2025

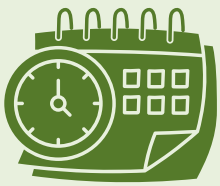
Our belief is that devolution can be the catalyst in the seismic shift in the funding approach and focus that is urgently needed if local authorities across regions are to accelerate the pace, scale and financing of local net zero projects. With the right funding, technical, legal and financial support, strategic authorities would be able to set standardised investment frameworks and data requirements (e.g., energy data) to streamline project development across multiple local authorities, making projects more investable, scalable and strategic.

Unitary authorities, with multi-year funding streams available, would be able to develop pipelines of standardised investments to bundle projects across a diverse range of net zero asset classes (e.g., retrofit renewable generation, energy storage). The investments and associated benefits could be packaged in a way that resonates with private investors, lenders and financial institutions, helping showcase returns, reduce risks and enable investments at scale to reduce overall transaction costs.

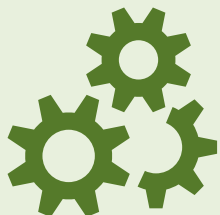
The remainder of this report sets out a series of recommendations on how government funding programmes and schemes should be changed in order to build the capabilities, skills and resources of local authorities to develop investable pipelines of net zero at scale, whilst identifying how private capital can be mobilised to fund the pipelines and step away from current funding programmes and schemes that are preventing private investors, lenders and financial institutions from playing their part in the transition.

Insight: There is a need to replace the current competitive, short-term funding model, which is preventing long-term planning and delivery of local net zero projects across most local authorities. Multi-year funding programmes are essential to building the stability and confidence across local authorities that is needed to accelerate progress in net zero delivery and deploy new funding models.

Recommendation(s):



1. Multi-year funding programmes that cover 5-year periods and provide funding certainty and stability that would enable local authorities to plan the delivery of long-term local net zero programmes.



2. Simplification of central government funding streams and programmes, focusing on streamlined processes to secure funding and remove 'stop-start' policies that erode confidence in long-term project delivery.



3. Regional funding allocations that provide a fair and equitable distribution of central government funding, linked to devolution deals or the development of regional energy action investment plans.

Insight: For local authorities to deploy new delivery approaches and funding models that mobilise private capital there is an urgent need for central government to shift its funding approach to building capabilities, skills and resources within a local authority to develop ambitious pipelines of projects that are attractive to private investors, lenders and financial institutions.

Recommendation(s):



4. Focus on building the in-house capabilities, skills and resources that are required for local authorities to design and develop ambitious pipelines of local net zero projects that can mobilise private capital.



5. Provide technical, legal and financial assistance to support local authorities fully develop investable pipelines of projects and access private capital to finance project delivery.



6. Adopt the European Local ENergy Assistance (ELENA) model in the UK to ensure local authorities have the necessary capabilities, skills and resources to accelerate local net zero delivery.





Bristol, Manchester, Cambridgeshire, Oxfordshire and West Yorkshire all feature in discussions around the cities and regions making the most progress on net zero. What do they have in common? For one, they all received ELENA grants to accelerate progress locally.

Ibex Earth, 2025

ELENA - European Local ENergy Assistance - has provided in excess of €330 million of grant funding since 2009 and has generated an estimated investment of around €11.2 billion due to the leverage factor that forms part of the grant. The funding is used to acquire the necessary technical, legal and financial assistance that can help a local authority to overcome delivery barriers by:

- increasing the level of local technical expertise that is available
- focusing on bundling / aggregating projects to achieve scale and impact
- providing access to financial expertise to develop investable pipelines

ELENA covers up to 90% of the technical, legal and financial support costs needed to prepare, implement and set up/attract financing for the investment programme. Project development costs are highlighted as one of the biggest barriers for local authorities to deliver decarbonisation programmes, with this funding addressing that barrier head on.

A key component of ELENA funding is that recipients need to deliver investments based on a leverage factor, providing an excellent return on investment for public funds. A total of eleven projects in England had received ELENA funding (including its predecessor Intelligent Energy Europe's Mobilising Local Energy Investments (MLEI) programme), securing €20.57 million and delivering €643.8 million in projects (nb. this figure excludes what was delivered in the MLEI projects) - a 31.3 leverage factor on the initial grant!

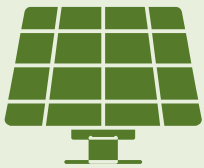
It is no surprise that each recipient of an ELENA grant has gone on to be considered as one of the leading cities and/or regions in the country in terms of net zero progress. There is a clear argument to adopt this funding model to replicate its success by building the capabilities, skills and resources of local authorities to develop investable pipelines of projects that can both attract and mobilise private capital. Devolution presents a clear opportunity to establish a similar funding model in England.

Table A: Recipients of ELENA funding in England:

Project	Local Authority Lead	Funding Source	Value of Projects Delivered
South West Energy Unit (2018 - 2022)	Bristol City Council	ELENA Technical Assistance Programme - €1.5m.	€42.55 million
Energy Accelerator (2018 - 2021)	West Yorkshire Combined Authority	ELENA Technical Assistance Programme - €2m.	€58.15 million
Birmingham Energy Savers (2012-2015)	Birmingham City Council	ELENA Technical Assistance Programme - £1.3m.	€38.8 million
OxFutures (2012 - 2016)	Oxfordshire County Council, Oxford City Council	Intelligent Energy Europe - Mobilising Local Energy Investments, £900k.	Not known
Cambridgeshire MLEI (2012 - 2016)	Cambridgeshire County Council	Intelligent Energy Europe - Mobilising Local Energy Investments, £700k.	Not known
Greater Manchester Low Carbon Delivery Unit (2015-2019)	Greater Manchester Combined Authority	ELENA Technical Assistance Programme - €2m.	€56 million
RE:NEW (2014 - 2017) RE:FIT (2011-2015) & Decentralised Energy	Greater London Authority	ELENA Technical Assistance Programme - €3m, €2.9m & €2.9m.	€102 million (RE:NEW); €107.7 million (RE:FIT) & €142.6 million (DE).
Bristol Retrofitting - Innovative Tech. for Everyone (2012-2016)	Bristol City Council	ELENA Technical Assistance Programme - €2.3m.	€64 million
Cheshire East Energy Programme (2017-2021)	Cheshire East Council	€1,07m	€32 million

Insight: If funding programmes continue to provide grants for technologies that provide clear paybacks over a 5-8 year period then it will stifle the adoption of new delivery mechanisms and funding models that can finance those investments. Grant programmes need to create clear pathways to private capital, as opposed to creating a dependence upon public grants to decarbonise.

Recommendation(s):



7. Stop providing full (100%) grants for solar PV and other technologies that offer a clear and quick financial payback, unless the funding is deployed as an enabler to unlock private capital (leverage factor).



8. Adopting a repayable grant model or offering lower interest options than those currently available on the market for financing the initial up-front costs would create greater financial accountability.

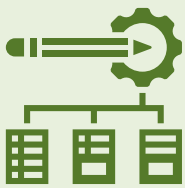


9. Grants must be used to unlock private capital otherwise the status quo of the public sector being dependent upon public funding to decarbonise will not change and private capital will not be mobilised.



Insight: Through the creation of standardised investment frameworks (e.g., contract templates, financial models, project development approaches), blending concessional funds with private capital to de-risk projects, enhance returns and make investments more attractive, can also help to reduce the overall transaction, administrative and capital costs of large-scale decarbonisation programmes.

Recommendation(s):



10. Create standardised investment frameworks for local authorities to help to reduce transaction, administration and capital costs and accelerate the pace, scale and financing of local net zero action.



11. Establish regional finance frameworks that connect local authorities with private investors, lenders and financial institutions and help identify routes to mobilise private capital.



12. Ensure standardised approach to data collection and sharing with the private sector to ensure accurate asset-level data, risk reduction and improve lender confidence to reduce transaction costs.

Insight: A clear and concise strategy for financing net zero is urgently needed from the national level that will steer local authorities in how they can overcome existing fiscal barriers to financing net zero that could include setting new regional carbon budgets, whilst setting out which innovative financial approaches should be considered as the most effective to mobilise private capital.

Recommendation(s):



13. Greater steer from central government regarding how local authorities are expected to overcome fiscal challenges (particularly around borrowing and debt limits) to finance net zero delivery at scale.



14. Devolved areas responsible for delivering regional carbon budgets with renewal of funding settlements dependent upon meeting regional carbon budgets or securing an agreed amount of private investment.



15. Identify innovative finance approaches that would mobilise private capital and reduce pressure on the public purse, e.g., bill-repayment models, carbon credit models and sustainability bonds.

Could sustainability bonds provide a funding solution for local net zero and climate action?

New funding mechanisms, such as bill-repayment models, carbon credit models and green mortgages are making it possible to fund retrofit and renewable technology investments outside of traditional approaches. Yet, the topic of sustainability bonds has not received as much widespread attention, despite the volume of finance it could provide to deliver environmental, decarbonisation and social objectives across a region.

Sustainability bonds are issues where proceeds are used to finance or re-finance a combination of green and social projects or activities. These bonds can be issued by companies, governments and municipalities and could provide an extremely useful funding mechanism for devolved and devolving regions due to the scale of investments that could not be achieved through the current two-tier local government structure.

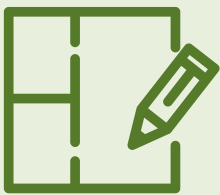
A recent issue of a sustainability bond by the German State of North Rhine-Westphalia (July 2025) had an issue volume of €1.25 billion and a fixed rate of interest of 2.35 per cent, maturing in July 2030 - a rate far lower than that offered through sources like the Public Works Loan Board or the National Wealth Fund.

The bond was issued for the financing and / or refinancing of projects and activities that promote environmental or social purposes, including affordable basic infrastructure; access to essential services; affordable housing; employment generation; renewable energy; energy efficiency; pollution prevention and control; environmentally sustainable management of living natural resources and land use; clean transportation; sustainable water and wastewater management and climate change adaptation.

Sustainability bonds could provide a great funding mechanism to deliver local net zero projects, helping to finance renewable energy generation, private wires and heat networks, energy storage and flexibility systems, building energy efficiency and retrofits, EV infrastructure and public transport and mobility services.

Insight: Multiple bodies, including the Local Government Association, ADEPT, District Council Network and London Councils, have all called for a statutory duty on climate change. Whilst this has largely been ignored by central government, this approach would ensure far greater accountability, provide certainty and form a much more predictable framework for long-term net zero progress.

Recommendation(s):



16. Establish a statutory duty for local authorities to achieve net zero emissions, rather than relying on voluntary commitments alone, creating greater accountability on senior decision-makers.



17. Embed climate outputs in all devolution deals by ensuring that local authorities are properly resourced, roles and responsibilities of local authorities are clearly understood and regional targets set.



18. Need for a clear and coherent national strategy for achieving net zero, outlining the specific roles and responsibilities of different levels of government (to include a framework for mobilising private capital).

Conclusion: Backing the transition

If we are serious about accelerating the pace, scale and financing of local net zero action then there is an urgent need for central government to move away from short-term, competitive funding schemes and instead shift the focus to building the capabilities, skills and resources across local authorities to both access and deploy private capital to decarbonisation programmes at scale.

This report has highlighted the need for a seismic shift in the approach offered by central government around how they engage, collaborate and fund local authorities to deliver and finance local net zero projects. It must use the transformative devolution agenda and provide consolidate, long-term funding for strategic authorities, where they seek it. The shift must focus on building capabilities to access private capital, skills to build and develop pipelines of investable projects, and resources to deliver and finance large-scale decarbonisation programmes, whilst ensuring that funding awarded is linked to leveraging a set amount of private investment.

Overall, with the right support, including adequate funding, outlining clear roles and responsibilities of local government, and developing a supportive national policy framework to mobilise private capital, the creation of strategic authorities through devolution provides significant potential to accelerate the delivery of place-based decarbonisation programmes. Devolution can empower local authorities to step-up local efforts by facilitating a more coordinated, tailored and efficient approach, which would certainly be supported through the adoption of a statutory duty or establishing regional carbon budgets, with renewal of funding settlements conditional on strategic authorities meeting agreed emissions targets.

In June 2025, the Chancellor reaffirmed the government's £13.2 billion commitment over five-years to deliver the flagship Warm Homes Plan, whilst we also await confirmation to what will replace the Public Sector Decarbonisation Fund post-2028. These two schemes could represent the last opportunity to link public grants to leveraging private finance to contribute meaningfully to achieving local net zero targets and enabling local investors, lenders and financial institutions from bridging the funding gap in the transition. The government must take the opportunity to integrate private capital into national funding programmes, and provide local authorities with the necessary frameworks, capabilities, skills and resources to mobilise that funding locally.



1. Multi-year funding programmes that cover 5-year periods and provide funding certainty and stability that would enable local authorities to plan the delivery of long-term local net zero programmes.



2. Simplification of central government funding streams and programmes, focusing on streamlined processes to secure funding and remove 'stop-start' policies that erode confidence in long-term project delivery.



3. Regional funding allocations that provide a fair and equitable distribution of central government funding, linked to devolution deals or the development of regional energy action investment plans.



4. Focus on building the in-house capabilities, skills and resources that are required for local authorities to design and develop ambitious pipelines of local net zero projects that can mobilise private capital.



5. Provide technical, legal and financial assistance to support local authorities fully develop investable pipelines of projects and access private capital to finance project delivery.



6. Adopt the European Local ENergy Assistance (ELENA) model in the UK to ensure local authorities have the necessary capabilities, skills and resources to accelerate local net zero delivery.



7. Stop providing full (100%) grants for solar PV and other technologies that offer a clear and quick financial payback, unless the funding is deployed as an enabler to unlock private capital (leverage factor).



8. Adopting a repayable grant model or offering lower interest options than those currently available on the market for financing the initial up-front costs would create greater financial accountability.



9. Grants must be used to unlock private capital otherwise the status quo of the public sector being dependent upon public funding to decarbonise will not change and private capital will not be mobilised.

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Insights Report: The State of **Net Zero** - Our Recommendations



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About the Report:

This 'Insights Report: The State of **Net Zero**' is the second in a series of publications by Ibex Earth's 'Creating Sustainable Cities' initiative that explores the current state of net zero delivery in England. The aim of the series is to highlight the need for central government to shift the focus of its strategic funding programmes for net zero delivery to one that develops the capabilities, skills and resources for all local authorities in England to develop investable pipelines of projects that attract private capital and help to remove the burden on the public purse to decarbonise our cities and towns.

About the Author:



A former city-lawyer, Chris Livemore is the founder of Ibex Earth and has close to two decades worth of experience in delivering sustainability programmes for his clients across the public, private, third and academic sectors.



An international award winning, not-for-profit sustainability consultancy, established in 2008 to instigate long-term, sustainable change for our planet. We support our clients achieve their environmental objectives.

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An initiative that works with cities and towns in the UK to co-create and implement sustainable solutions to common urban challenges. Since 2018, the initiative has secured over £53 million of grant funding to help create more sustainable cities.



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