

# Climate Check

## An analysis of the government's delivery of its low carbon commitments

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### Executive summary

September 2011

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A report by Christian Aid, Greenpeace, Green Alliance, RSPB and WWF.



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Full report available online at [www.green-alliance.org.uk](http://www.green-alliance.org.uk).

Drafted and edited by Amy Persson and Hannah Kyrke-Smith, Green Alliance, in conjunction with Christian Aid, Greenpeace, RSPB and WWF.

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### Acknowledgements

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# Executive summary

This report is an assessment of the Coalition's progress against the low carbon commitments set out in its programme for government 16 months ago (the Coalition programme).<sup>1</sup> The analysis has been undertaken and produced by five of the UK's leading environment and development organisations.

The low carbon section of the Coalition programme begins with recognition of the scale and urgency of the challenge and a commitment to an ambitious response:

“The government believes that climate change is one of the gravest threats we face, and that urgent action at home and abroad is required. We need to use a wide range of levers to cut carbon emissions, decarbonise the economy and support the creation of new green jobs and technologies. We will implement a full programme of measures to fulfil our joint ambitions for a low carbon and eco-friendly economy.”<sup>2</sup>

This is followed by some very significant commitments to the UK's low carbon transition, which lie at the heart of the government's promise to be 'the greenest ever' and should increase the UK's economic resilience by decreasing the nation's dependency on fossil fuels. The scale of the climate challenge and the UK's increasing vulnerability to fossil fuel price volatility means that new policies will be required during the course of this parliament, but this analysis restricts itself to an assessment of existing policy.

The report assesses both the quality of the policies that underpin the government's low carbon commitments in the Coalition programme, and the timeliness of their delivery. Overall performance is plotted on a quadrant which is divided into three colour zones:

**Green = good progress – the government is delivering good quality policies at an appropriate speed**

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**Amber = moderate progress – the government is making some progress but this is at risk of being undermined by poor policies and/or delays**

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**Red = failing – the government is failing to make any progress or is designing policies so poorly they will not deliver against the stated commitments**

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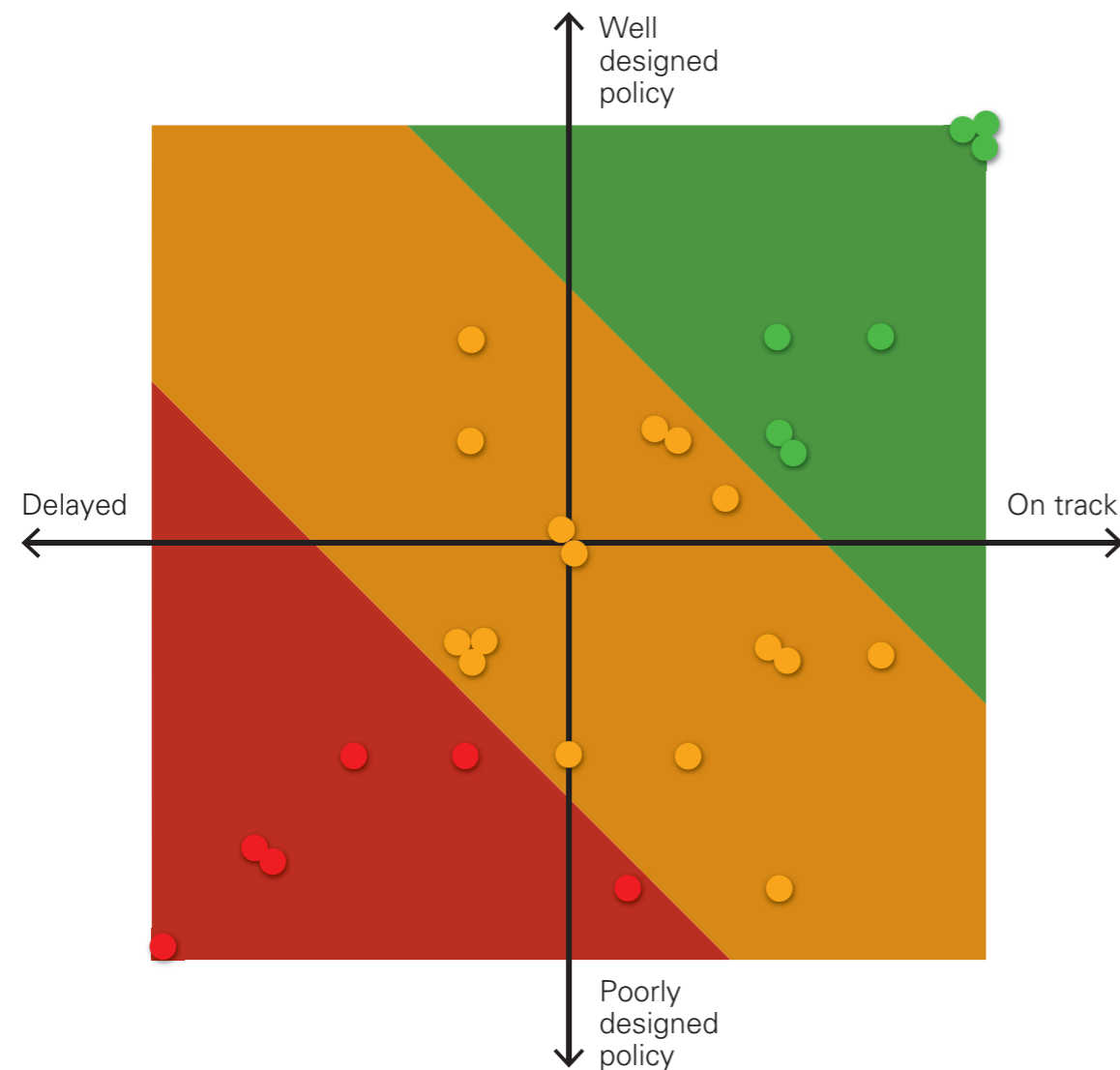
## The results

## Overall government progress

● = 6    ● = 16    ● = 7

Our assessment finds that there are seven policies which have either been delivered successfully or where good progress is being made. Moderate progress has been made for the majority (16) of the Coalition programme's low carbon commitments.

Nine of these are at risk of not being delivered effectively because of poor policy design or lack of ambition and five have been delayed. Government has failed on six policies which have either been dropped or where no significant progress has been made.



## Green – good progress: 7 commitments

The government has delivered good progress on seven of its 29 low carbon commitments. Some very good decisions underpin this progress and have been taken by the Coalition government in challenging economic circumstances. They include: the government's acceptance of the Committee on Climate Change's (CCC) fourth carbon budget recommendation; the introduction of the Renewable Heat Incentive; positive engagement on moving the EU to a 30 per cent emissions reduction target by 2020; good progress on supporting aspects of low carbon transport; and the cancellation of the third runway at Heathrow.

One decision in particular is worth expanding on. On 17 May 2011 the government accepted the CCC's recommendation to reduce UK emissions by 50 per cent (from 1990 levels) during the fourth carbon budget period (2023-2027).<sup>3</sup> This was a historic decision, which means the UK has the most ambitious legislated emissions reductions targets anywhere in the world, will reduce its exposure to fossil fuel price volatility, and can influence global climate negotiations from a position of domestic strength.

The fourth carbon budget decision was a key moment and should have sent a strong signal about the UK government's commitment to the low carbon transition. The decision was undercut, however, by the very public interdepartmental battle that preceded it which made the resistance of ministers in Her Majesty's Treasury (the Treasury) and the Department for Business, Innovation and Skills (BIS) to stretching emissions reductions targets very clear. Ultimately the Prime Minister intervened but the perception of divisions within government over the importance of the low carbon transition remains. This perception is reinforced by the significant number of commitments that are being delivered with moderate or no progress.

## Amber – moderate progress: 16 commitments

Sixteen commitments fall into the moderate progress category. Across the broad spectrum of policy areas the Coalition is missing opportunities to deliver good progress primarily because of a lack of cross-

government commitment to the low carbon transition. The Green Deal scheme to promote greater energy efficiency, for example, is being hampered by poor design and a lack of cross-government buy-in to develop an appropriate set of regulatory and/or financial incentives to support its uptake. Despite its great promise, the Green Investment Bank falls in the moderate progress category because of Treasury insistence on delays to its borrowing powers.

Moderate progress is being made on three out of five of the UK government's commitments on the international climate agenda. The government's efforts to move the EU to a 30 per cent carbon emissions reduction target are strong but a lack of engagement by the Coalition's leadership means the importance of the transition to a low carbon economy is not being reflected as a priority of the government's wider foreign policy, trade and development agendas.

Our analysis indicates that nine out of the 16 commitments are achieving moderate progress because of poorly designed policies and a lack of ambition. They are at risk of ending up in the red 'failing' category without urgent intervention to boost the level of cross-government co-operation on delivery and raise the level of ambition of the policy response.

## Red – failing: 6 commitments

The government is failing to deliver on six of its low carbon commitments, three of which Treasury has responsibility for. The ruling out of green financial products to provide individuals with opportunities to invest in green infrastructure; the failure to reform aviation taxation by moving to a per-plane duty; and the absence of any sign of a significant green tax shift, raise questions about whether the Treasury is fully signed up to the Coalition programme.

## Conclusion

The government has shown real commitment to the low carbon agenda by making some good decisions in challenging economic times. However, the absence of a strong low carbon transition strategy and narrative from senior ministers is hampering the overall delivery of the Coalition programme. The government will have

to raise the level of cross-government ambition if it is to reduce the risk of failing to deliver the majority of the Coalition's low carbon policies, or delivering poor policy. We make recommendations which could build on the government's progress and address the structural weaknesses in its programme.

We found little evidence of divisions along party lines. Rather, Liberal Democrat and Conservative proponents of the low carbon transition are being held back by their peers in other departments who don't see this as a priority and who, in some cases, are actively working against it. The Treasury and BIS stand out for curbing (or attempting to curb) the government's ambition at crucial moments or causing unnecessary delays. Without stronger direction from the Coalition's leadership these departments will continue to hold back progress and the government's overall performance will be weak.

We find that positive outcomes on some high profile decisions are being undercut by poor design of other important policies because of a lack of support across the government. The very public inter-departmental battles over decisions such as the acceptance of the fourth carbon budget and the Green Investment Bank convey the perception that core departments have to be dragged over the low carbon line, and undermine investor confidence.

Our view is that with stronger leadership the government could turn the UK into a world leading destination for green investment, and achieve greater public benefit from the significant public expenditure being invested in the low carbon transition. At present, moderate (rather than good) progress is being delivered on too many policies to achieve this.

We are committed to working with the government to help deliver its low carbon commitments and continue to build public support for a low carbon future for the UK. Throughout this report we make recommendations about how performance on individual policies can be improved. We also make three high level recommendations below which tackle the major barriers to better performance. They involve increasing the level of cross-government accountability for decisions that impact on its low carbon programme and increasing the Prime

Minister's engagement with the major opportunities the low carbon transition presents for the UK economy.

### Three high level recommendations

#### Low carbon in the Star Chamber

The government should establish a cross-government process, led by the Prime Minister or Deputy Prime Minister, to review departmental performance on the low carbon agenda and drive cross-government thinking and action. Ministers should have to report to the Star Chamber on progress made on the Coalition low carbon programme and justify decisions that work against it. This should also ensure its low carbon programme is at the heart of the government's plan for growth.

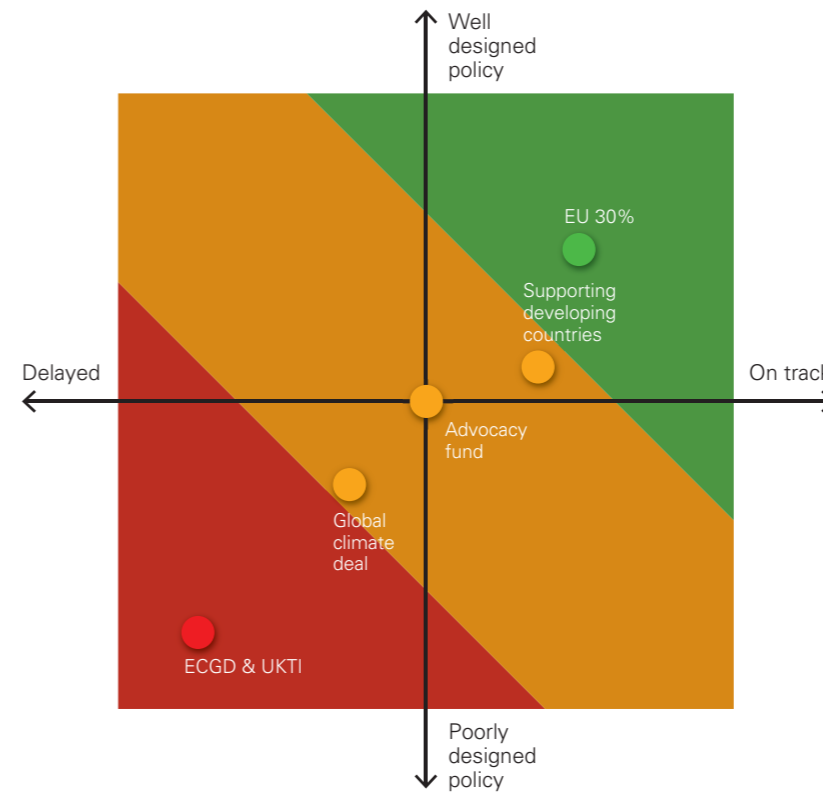
#### Step up international engagement

The UK has a proud history of international leadership when it comes to climate change. This is currently at risk. The government should increase the momentum for a low carbon transition in the European Union by pushing for a redirection of spending on climate and clean energy as a result of a reformed EU budget, and driving policies that will stimulate green economic growth. The UK's reputation for high level political interventions in the global climate negotiations should be reclaimed through the Prime Minister supporting ministers' and diplomatic efforts towards delivery of an ambitious binding climate deal and long term climate finance.

#### Set out a high profile green economy vision

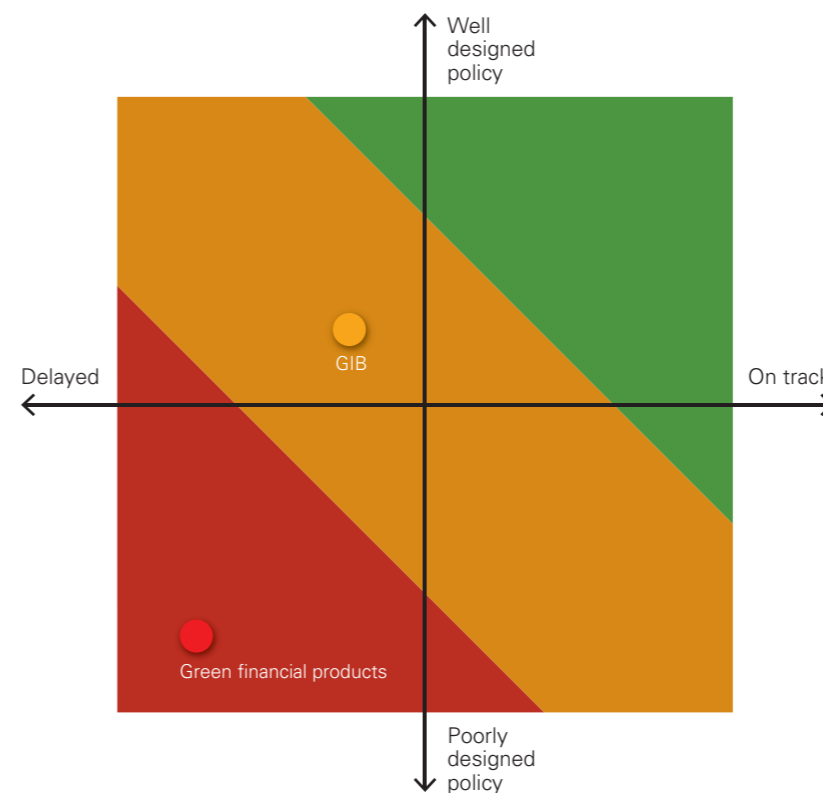
During March-April 2012 London will host the next G20 Clean Energy Ministerial meeting. This is a key opportunity for the Prime Minister to lay out his vision for the UK to be a clean energy leader. The Prime Minister should use this opportunity to launch the Green Investment Bank, accompanied by a decision to bring forward its borrowing powers to make the Bank central to the UK's Plan B for economic recovery. The Prime Minister needs to send an unequivocal statement to his party, parliament, business and the public that the UK will be part of the vanguard of developed countries that are decarbonising their economies.

# Summary of sectoral progress



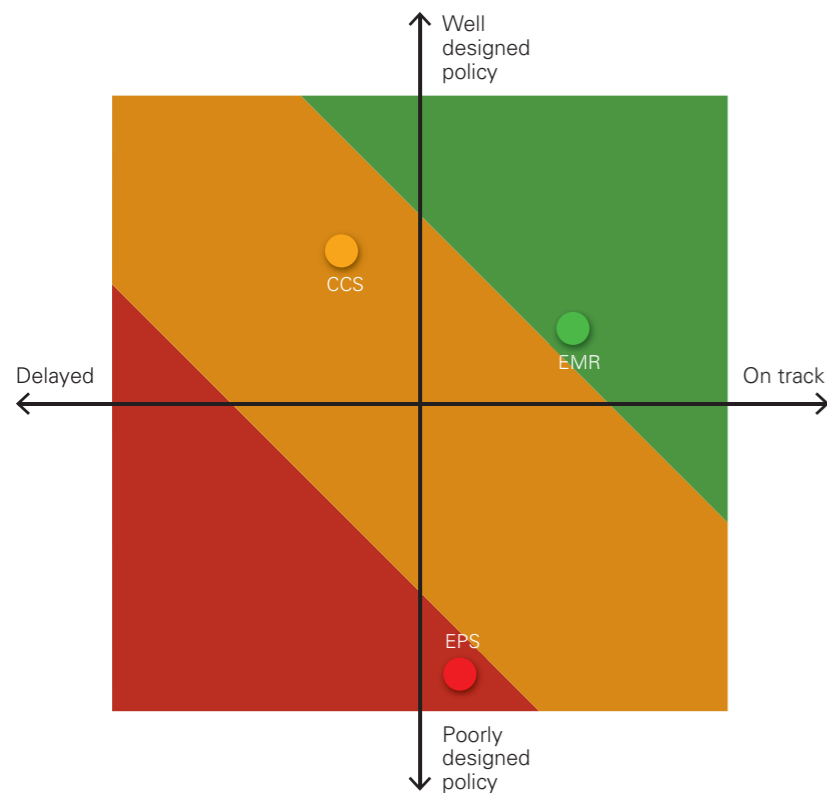
### International climate change action

A strong performance on the EU 30 per cent carbon emissions reduction agenda and effective engagement by Chris Huhne at DECC and William Hague at the FCO has been weakened by a lack of high level political support on key international issues; for example agreement on mechanisms to generate long term climate finance. The lack of progress in other areas, such as reforming the UKTI and the ECGD, is preventing the government from performing strongly on international climate action.



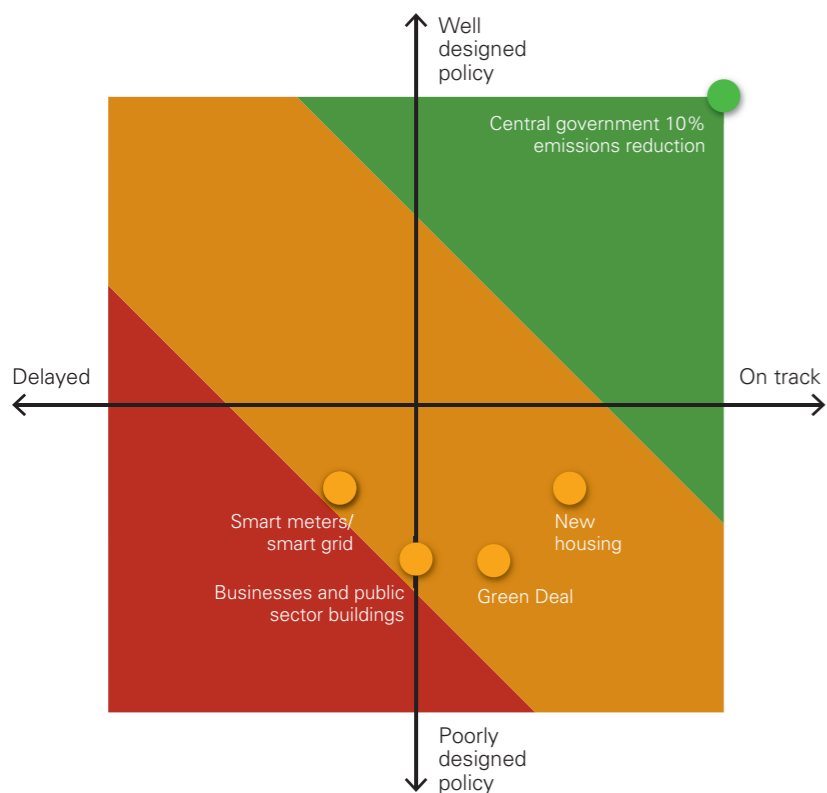
### The Green Investment Bank and financial products

The establishment of the Green Investment Bank (GIB) should have been a highlight of the government's first 12 months. However, the government has limited its progress by preventing the GIB from having any borrowing powers in this parliament. No progress has been made on developing green financial products for consumers.



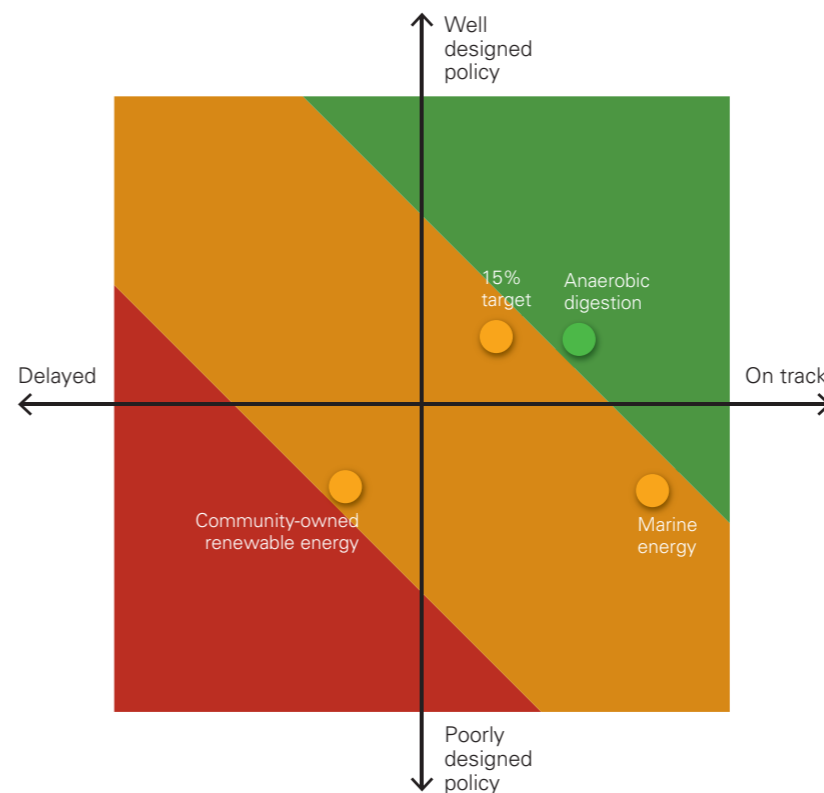
### Energy markets

The electricity market reform white paper contains a number of positive elements and paves the way for a much needed restructure of the UK's electricity system. However there have been delays in confirming the funding mechanism for carbon capture and storage demonstration projects two to four and the proposed introduction of a weak emissions performance standard.



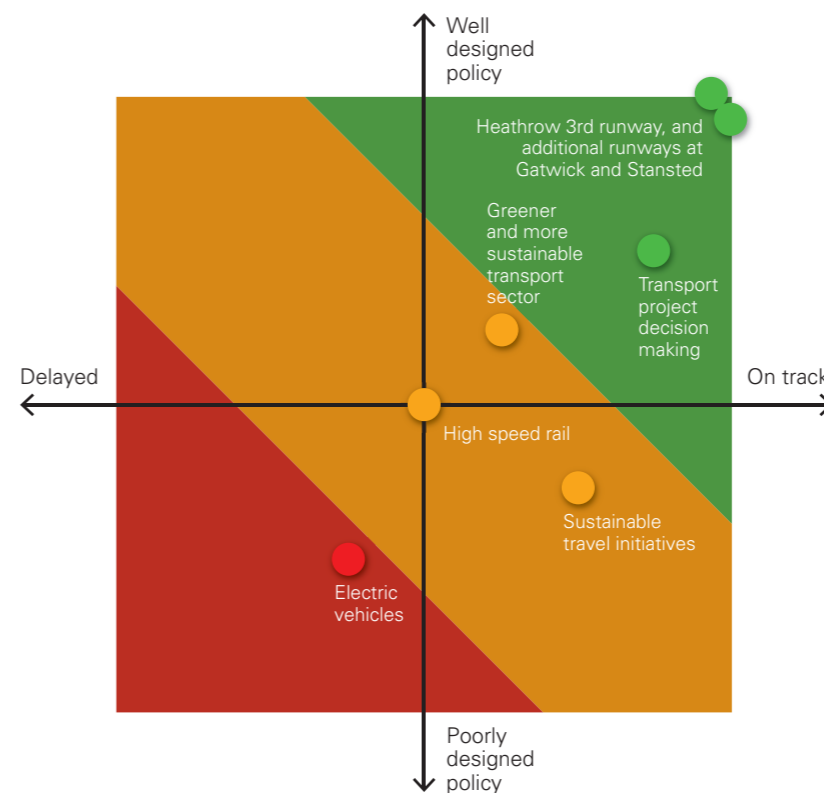
### Energy efficiency

The government is currently not going far enough or fast enough on its energy efficiency commitments. Good progress has been made on meeting targets on its own estate, but it has not demonstrated the same drive on policies affecting the wider building stock. Key policies lack ambition, policy development and implementation is not properly co-ordinated across government, and the government's flagship energy efficiency policy, the Green Deal, risks under-delivering because of its weak design.



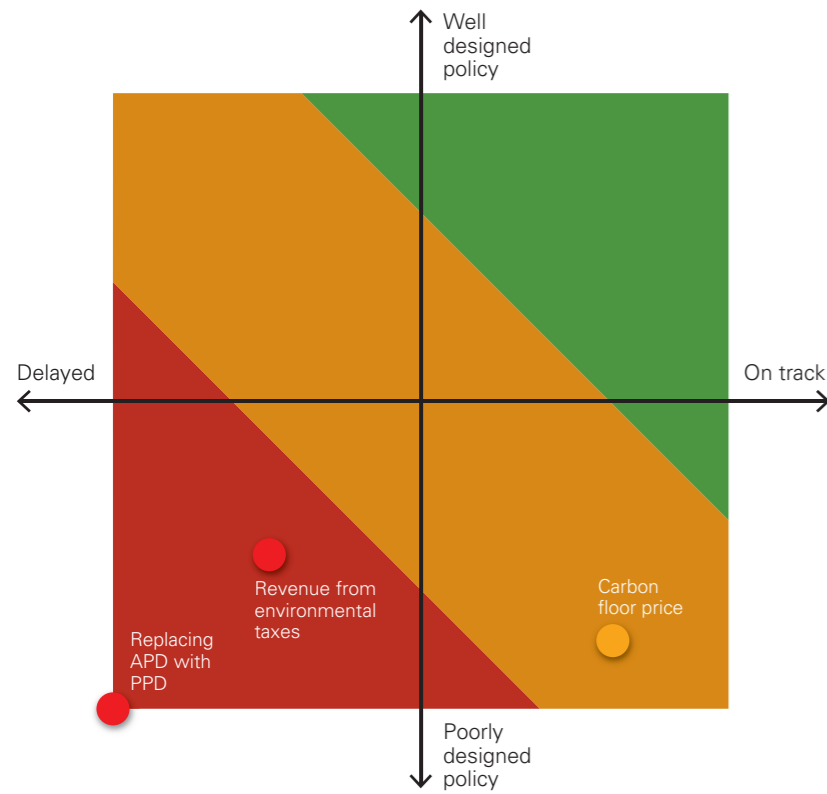
### Renewables

The picture on renewables support is mixed. The introduction of the Renewable Heat Incentive and good progress on anaerobic digestion are highlights. However, the early review and subsequent reduction in the solar feed-in tariff has had a negative impact on investor confidence. The government has missed opportunities to make good progress on encouraging marine energy and community-owned renewables.



### Low carbon transport

The cancellation of the third runway at Heathrow and the reform of how transport project decisions are made are good progress. Cuts to funding for buses and the prospect of planning reforms that will increase congestion, however, weaken the overall picture.



### Green taxation

The government is failing to deliver its green taxation commitments. While the proportion of total revenue from green taxes is forecast to marginally increase above the proportion inherited by the last government over the course of this parliament, there is no evidence from current policy that the government is seeking to make a significant shift in the burden of tax onto pollution. The Coalition commitment to reform aviation taxation by replacing air passenger duty with per-plane duty has been dropped.

## References

- 1** HM Government, 2010, *The Coalition: our programme for government*
- 2** HM Government, 2010, *The Coalition: our programme for government*, p.16
- 3** See Department of Energy and Climate Change, 17 May 2011, Fourth Carbon Budget: oral ministerial statement by Chris Huhne, [www.decc.gov.uk/en/content/cms/news/cb\\_oms/cb\\_oms.aspx](http://www.decc.gov.uk/en/content/cms/news/cb_oms/cb_oms.aspx). This entails a commitment that that net emissions over the fourth carbon budget period (2023-2027) should not exceed 1950 million tonnes of carbon dioxide equivalent, which represents a 50 per cent reduction from 1990 levels.



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