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CHANGING THE GAME A PROGRAMME FOR GOVERNMENT

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Historically, the environmental community approaches elections asking political parties what they will do for the environment. It is time to move beyond this point. Governments of all parties have consistently failed to understand the consequences of environmental failure for the prosperity, security and fairness of Britain. Those consequences are visibly damaging now and will be catastrophic in future. It is now time to focus public and political attention on what the environment can do for Britain.

The following programme for government is one we believe essential for a British government of any composition to adopt for success in this turbulent and resource stressed century. It is a programme centred on the recognition that public and private investment must work together to build the low carbon, resource efficient economy that will be globally competitive as this century advances. It also believes that there is no safe path to Britain's future outside of the European Union.

Fiscal probity is essential for the success of any economy. We do not believe that this should be confused with a fetish about deficit reduction. Few households would thrive if they were unable to borrow. The same is true of the nation. Borrowing to invest is different from borrowing to consume. Without investment there is no growth and without growth tax revenues fall making the financing of public services ever more difficult. We believe the public borrowing necessary to leverage private investment in this programme should be accounted for separately from general government borrowing.

We do not accept that there is a choice to be made between the economy and the environment. Nature and people are not at war. The same values that have motivated the British people to build a just and tolerant society have mobilised many millions of us to join voluntary bodies dedicated to protecting nature and the environment. The economy and the environment are interdependent. One cannot prosper if the other does not. The economic stability necessary for human well-being cannot be achieved in an unstable environment.

This programme is not on offer to the British public from any of the political parties seeking election. We believe it should be. Whatever the composition of the government after the



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election it should work to achieve the following goals over the life of the Parliament. These are hard times for most people. They are also hard on our environment. This programme is designed to put environmental necessity to work for economic prosperity.

1. Drive down energy bills for every family in Britain permanently.

This should be done with a programme to insulate every home in Britain to EPC Band C level by 2035. It would cost £2.7billion/year in public expenditure, stimulate £3.7billion/year in private investment and pay for itself through increased tax revenues by 2024.¹ In addition, it would significantly reduce the cost of cold homes to the NHS, which currently stands at £1.3billion/year, and eventually eliminate £2billion/year in Winter Fuel Payments.² Over 100,000 net jobs would be created over the decade from 2020-2030. Every household in Britain would be protected from the volatility of global fuel prices by a significant reduction in its need to purchase gas.

2. Reduce the costs to the NHS of environmental pollution.

Air pollution alone costs the NHS £15billion/year.³ This is almost twice the additional expenditure that will be required to keep the NHS financially viable over the next five years.⁴ Climate change is already adding to this burden as heat stress increases, air pollution incidents intensify and aeroallergens surge. A warmer climate also increases the risk of introduced vector borne diseases. Existing vehicle emission standards must be met within the next five years. The independence and authority of the Environment Agency should be strengthened in order to permit it to play a fuller part in reducing the burden of pollution on the NHS. It should have more powers to levy charges on polluters and to fine persistent offenders so that the penalties fully reflect the damage done. The Royal Commission on Environmental Pollution should be reconvened to provide authoritative strategic analysis on environmental issues to the public and policy makers.

3. Incentivise every family and community in Britain to take more control over its own energy security.

This should be done by reforming the Energy Act to prioritise the faster deployment of domestic and community scale renewable technologies. The Green Investment Bank should be enabled to provide affordable credit for such ventures. This would allow electricity consumers to take full advantage of their rapidly falling costs. The cost of the photovoltaic modules has fallen by more than 80% since 2008.⁵ They are expected to fall another 40% in

¹ 'Building the Future: The Economic and fiscal impacts of making homes energy efficient', Cambridge Econometrics and Verco, October 2014. <http://www.energybillrevolution.org/wp-content/uploads/2014/10/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf>

² 'The impact on the fuel poor of the reduction in fuel poverty budgets in England', Energy Bill Revolution, November 2012. http://www.energybillrevolution.org/wp-content/uploads/2012/11/ACE_Report_Final.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69340/pb13378-air-pollution.pdf

⁴ 'NHS leaders set out vision for healthcare in England', NHS England, 24 October 2014. <http://www.england.nhs.uk/2014/10/23/nhs-leaders-vision/>

⁵ 'Solar PV Module Prices Have Fallen by 80% Since 2008, Wind Turbines 29%', Claeen Technica. <http://cleantechnica.com/2013/05/06/solar-pv-module-prices-have-fallen-80-since-2008-wind-turbines-29/>



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the next two years.⁶ Last year renewable sources generated just under 20% of Britain's electricity, more than nuclear power.⁷ Deutsche Bank estimates that solar will attain grid parity with existing generation in 80% of countries in the next two years.⁸ Battery costs are falling in a similar manner. The architecture of Britain's electricity system currently favours the 'Big 6' generators. This means Britain's families and communities are missing out on the energy revolution that is taking place elsewhere in the world. Prioritising the better use of existing capacity over new build would help Britain's families join this revolution.

4. Invest in the low carbon infrastructure necessary to allow Britain to make full use of its abundant renewable energy resources.

Infrastructure investment is essential to restore growth. To ensure Britain's prosperity and security this must support a low carbon economy. We must build the smart electricity grid that will allow us to optimise all our generation assets. This would cut Britain's electricity costs by 10%.⁹ To make the most of this investment we also need to complete access for everyone to high-speed broadband. Fast and reliable information flows are central to obtaining the cost and security benefits of distributed electricity generation. We should increase our access to the cheapest electricity and further enhance our security of supply by investing more in interconnectors to become part of a fully functioning European grid. This would save electricity consumers £1 billion/year.¹⁰ Projects already planned will double UK interconnection capacity by 2020. They will only be delivered if they are prioritised within the UK infrastructure plan as critical projects for security of supply. The investment regime for new interconnectors should be reformed in order to double interconnection capacity again by 2030.

5. Make driving cheaper and cleaner for everyone by accelerating the deployment of electric cars.

Buying electrons to move your car costs less than half as much as buying petrol or diesel.¹¹ Currently the higher purchase price of an electric car is a barrier to their rapid adoption. Battery packs are the most significant factor in raising the capital cost. The cost of batteries is now falling in the same way as solar module costs fell. Last year they dropped to \$300/kWh.¹²

⁶ 'Solar Grid Parity in a Low Oil price Era', Deutsche Bank, 10 May 2015.

https://www.db.com/cr/en/docs/solar_report_full_length.pdf

⁷ 'Energy Trends', Department for Energy and Climate Change, 9 April 2015.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415998/renewables.pdf

⁸ 'Solar Grid Parity in a Low Oil price Era', Deutsche Bank, 10 May 2015.

https://www.db.com/cr/en/docs/solar_report_full_length.pdf

⁹ EU interconnectors savings

<http://www2.nationalgrid.com/mediacentral/uk-press-releases/2014/%C2%A31-billion-could-be-saved-from-electricity-costs-if-uk-doubles-its-interconnector-capacity-by-2020,-says-new-analysis-from-national-grid/>

¹⁰ Demand side/smart grid cost savings

http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDAQFjAC&url=http%3A%2F%2Fwww.parliament.uk%2Fbriefing-papers%2FPOST-PN-452.pdf&ei=gytCVdH7EsjKaM-zgPgC&usq=AFQjCNG2nFSDm5KtJUNw_ZSYzGYwBZG0HA&bvm=bv.92189499,d.d2s

¹¹ 'Inexpensive Cars May Arrive Sooner Than You Think', Mike Orcutt, Technology Review, 2 April 2015.

<http://www.technologyreview.com/news/536336/inexpensive-electric-cars-may-arrive-sooner-than-you-think/>

¹² 'Rapidly falling costs of battery packs for electric vehicles,' Björn Nykvist & Måns Nilsson, *Nature Climate Change* 5, 329–332 (2015). <http://www.nature.com/nclimate/journal/v5/n4/full/nclimate2564.html>



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It is expected to fall as low as \$230/kWh over the next three years.¹³ Half the cars bought in Britain each year are fleet cars. Bringing forward the date at which it is economic for fleet owners to go electric will lower the price of electric vehicles for all consumers by increasing the number sold. It will also reduce vehicle air pollution and noise improving the quality of life for everyone. 50% of the new cars bought each year are fleet vehicles. Fleet owners should be incentivised to kick start the transition by targeted tax measures.

6. Recycle the revenues from the carbon support price to finance the public expenditure part of this programme.

The current carbon support price does little to reduce carbon emissions. The public and business widely believe that its primary purpose is to raise revenues. They are correct. Putting a price on carbon will achieve small changes at the margin. These are welcome. But, what is needed to build the low carbon, resource efficient economy essential for prosperity and security is a transformation as outlined in the above programme. That will require public spending to leverage larger amounts of private capital. Some of this public investment can be obtained by borrowing. More of it should be obtained by recycling the revenues from the carbon support price which is simply a dishonestly named carbon tax. Households and businesses will pay the Government over £3 billion/year in carbon taxes between now and 2027.¹⁴ If green taxes are to retain public confidence their purpose must be transparent. This can only be achieved by linking these revenues back to the environment. As the environmental goals for which the tax is levied are reached so the yield from the tax drops and it eventually self-sunsets. This keeps government honest.

7. Provide a safe and ethical home for everyone's savings.

The largest proportion of most people's savings is their pension fund. The shift to pensions based on defined contributions makes transparency and accountability over the management of the risks to which these savings are exposed an imperative. The Green Investment Bank has already established a credible track record. It must now be allowed immediately to borrow from the capital markets. This will enhance its ability to offer wholesale and retail products to savers either through their pension funds or by developing retail financial products. Its high quality specialist expertise allows it to lower long term risk to savers by investing in the low carbon, resource efficient economy that will succeed in the 21st Century. It must remain a public bank both to benefit from cheaper credit and secure and maintain saver trust and confidence. The Green Investment Bank must serve the whole of the United Kingdom so 70% of the voting rights should be in the hands of the devolved administrations and the regions. The Bank of England should expand its current review of climate risks to the insurance industry to cover the full spectrum of environmental risks to the value of savings, especially those held in pensions.

¹³ Ibid.

¹⁴ 'Re-build Britain: National benefits of recycling carbon taxes to make UK homes energy efficient', Prashant Vaze, Energy Bill Revolution, June 2014. <http://www.energybillrevolution.org/wp-content/uploads/2014/06/Re-build-Britain-2014-Unison-Energy-Bill-Revolution1.pdf>



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8. *Build low carbon, affordable social housing in the places where people live.*

A habitable home is the most important environment for everyone. Changing demographics mean we must build 200,000 homes a year over this course of the next Parliament. These homes should be low carbon, affordable social housing near to the places where people work. Expanding our cities outwards moves lower income people further away from where they work. This stresses incomes, health and family life and adds to congestion on public transport and the roads. Urban land must be released urgently from the public estate and financial and legal innovation mobilised to accelerate the remediation of brownfield land. Local authorities must be freed to recycle the proceeds from social housing sales into new build, low carbon social housing.

9. *Grant cities and regions more powers, and more control of the budgets for, economic development, public service provision and spatial planning.*

82% of people UK residents live in cities.¹⁵ Local political leaders are closer to their citizens and better able to mobilise the public to play a creative part in responding to the disruptive forces of economic and environmental change. The low carbon, resource efficient economy that will be globally competitive in the 21st Century cannot be built from the top down alone. There must also be a powerful drive from the bottom up. This can only be built in our cities and regions. Cities and regions must be granted more freedom from central control to innovate and experiment. They must have more control over economic development, public service provision and spatial planning, including a defined power to raise local taxes where appropriate. They must also be permitted to issue bonds to help finance key infrastructure investments when supported by a local referendum.

10. *Create a strong Department of Natural Resources*

The people of Britain place a high value on nature and the environment. This is clear from the extraordinary level of participation in voluntary organisations dedicated to the environment and the distinctive amount and quality of British broadcasting on the natural world. The institutions responsible for managing Britain's environment and natural resources have, however, become weak and fragmented. DEFRA, DECC and the Planning and Housing functions of CLG should be brought together to form a Department of Natural Resources. Its mission should be to preserve and enhance the natural resource base of the economy, to protect and restore biodiversity and to maintain the quality of life of Britain's citizens in urban and rural areas. The Cabinet Office should have responsibility to ensure Britain's resilience to climate and environmental shocks. The independence from the Department of Natural England and the Environment Agency should be reinforced. Parliament's ability to deliver effective oversight of the Government's environmental performance should be raised by providing a full-time team of auditors to its Environmental Audit Committee.

¹⁵ The World Bank. <http://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>