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# Insidetrack

## Priorities for a new parliament





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## Comment

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“  
Politics remains the alpha  
and omega of change,  
despite the shortcomings of  
our political system.”

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Many people think technology is the dominant change maker in our lives today, and that growth of personal communications has mirrored a decline in support for conventional politics. If you can find a job, a house, a life partner online then engaging with people offline to find solutions to chronic or structural problems feels like hard work.

But the Scottish referendum has delivered a thousand volt shock to the view that politics doesn't matter in the digital age. The fate of the United Kingdom wasn't determined on twitter. Conventional political negotiation determined that there would be a referendum, and the choice on the ballot paper. There was a lively online debate but there were also thousands of village hall, meal table and pub discussions which forged opinions. And, as a result, an unprecedented number of Scots responded with their feet, motivated by the belief that a pencil mark on a piece of paper offered a route to a better future, or a worse one avoided.

That's not to say the growth of digital society won't have profound consequences. Not only are algorithms displacing middle income jobs, but we are likely to see regulation by robot in the next decade. There are incredible technologies which can enhance the common good or damage it depending on the rules of the game.

Will autonomous cars give priority to pedestrians or will they charge around our cities in platoons? Will they be electric or diesel? The rules won't be set online, but by the tried and tested method of political representatives competing to respond to public debate, trying to balance the trade-offs between different social objectives.

Although much of the noise will be online, it will still be politicians who decide. While digital media helps to open up the political debate to more voices, and hold politicians to account, it can't replace them. Politics remains the alpha and omega of change, despite the shortcomings of our political system. Which is why this edition of *Inside Track* is focused on what environmental politics and policy might look like in the next parliament and what the challenges will be.



Matthew Spencer, director

# Taking the temperature in Westminster



**Jim Pickard** gives his view of the green record of the parties in this parliament and takes an informed guess at what will be in the manifestos to attract green-minded voters

**M**aking sense of the coalition's approach to the environmental agenda has been difficult at times, even for those operating within the government. It has also been fertile ground for political journalists, such as me, who thrive on chaos, strife and policy twists and turns.

July saw the biggest reshuffle of the current parliament. The departure of Greg Barker, climate change minister – who once posed with David Cameron (and some huskies) in the Arctic – would appear to spell the end of an era for the Tories' green economy narrative

But that does not mean that the past four years have been an unending series of setbacks for the green agenda. The Energy Act has put in place a framework for taxpayers to subsidise new low carbon energy generation until the end of the decade, to the tune of billions of pounds. Even as a political row raged last autumn over energy bills, with the coalition cutting the ECO energy efficiency programme as a symbolic sacrifice, the new subsidies remained untouched and intact.

The coalition has also set up a Green Investment Bank with billions of pounds of taxpayers' money.

The rhetoric may have sharply changed, with David Cameron now privately promising to “cut the green crap” (a phrase he has denied using, incidentally). But the reality was rather different.

While Ed Miliband, energy secretary in the last Labour government kept his green credentials under a bushel, it was, instead, the Liberal Democrats who emerged, with more than one eye on their grassroots supporters, as the champions of the low carbon agenda, although in government they have remained strangely muted on the natural environment. When Chris Huhne was energy secretary the air often turned blue over green issues as he went head to head with George Osborne. Ed Davey has continued the tradition, albeit in a more emollient fashion.

So, with the sunset drawing near for the coalition, what does next

May's general election hold for the three parties in terms of environmental pledges?

Ed Miliband, as energy secretary, was a devoted green, almost resigning from the cabinet over plans to expand Heathrow with a third runway. But, as leader of the opposition, he has been more low key on the issue, with only occasional totemic interventions. The most ambitious of these was Labour backing a 2030 decarbonisation target for electricity generation. That is still Labour party policy and, I'm told by a reliable source, will be in next year's general election manifesto. It will also be in the Liberal Democrats' manifesto, making the prospect fairly likely if there is a Lib-Lab coalition.

So too will be the plan to expand the Green Investment Bank, allowing it to borrow in capital markets: potentially giving it much greater firepower.

Another difference with the past few years, Labour argues, is that it will provide more certainty for low carbon generation. There won't be a repeat, for example, of the sudden cuts to solar subsidies which threw that industry into chaos, insiders say.

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There is little doubt that the Liberal Democrats will attempt to outflank both of the other parties on the environment.”

Labour's most eye catching energy policy has of course been the promise to freeze energy bills for households and companies for two years. That, in itself, has raised concerns about the green subsidies which Mr Miliband supposedly backs. His challenge will be reconciling the price freeze with the fact that bills will rise in the coming years as the new strike prices for low carbon generation kick in. DECC's own forecasts envisage that green policies will add 41 per cent to electricity prices by 2030: which is at odds with the Miliband vision of low household prices.

Among Labour's shadow cabinet it would be easy to presume that Ed Balls, the shadow chancellor, is less of a green evangelist than Ed Miliband: after all he was the one pushing for a third runway at Heathrow. In fact Mr Balls is an enthusiast for low carbon generation as a growth industry. In a speech to Green Alliance in the summer of 2013 he argued: “The scope and breadth of the consensus across business and the environmental lobby is striking - something that would have been impossible to imagine a decade ago.”

Some say that Douglas Alexander, the shadow foreign secretary, is among the least green-minded of the shadow cabinet, showing little interest in multilateral negotiations on carbon reduction.

By contrast, William Hague, until July the Tory foreign secretary, was a passionate believer in the green agenda; while his successor Philip Hammond has recently signalled a continuation by giving a clear climate speech in Boston, albeit an ocean away from the UK media.

Senior figures in the Tory party say their manifesto will not abandon the environment: “It is still accepted that climate change is a clear and present danger,” says one minister. David Cameron used some political capital to attend the UN conference in September with Secretary General Ban Ki-Moon, where he spoke publicly about why he believes the world should act on climate change. But there will be an emphasis back at home, in stark contrast to 2010, on how green energy must be affordable

and value for money. That could prompt a raised eyebrow from the industry, given that the Tories are, in effect, set to veto onshore wind farms beyond those already in the planning pipeline: onshore wind is much cheaper than offshore. But offshore wind doesn't spoil the view of rural Conservative voters. One senior Tory says: “We have got to take a more holistic approach to the environment, we mustn't save the planet at the expense of natural landscape.”

The Tory manifesto will also feature energy saving, via innovative small scale schemes rather than “big clunky government programmes”. Smart meters will be a feature of both the Labour and Tory plans.

The Conservatives will also make a show of backing new cleantech ideas such as tidal lagoons and wave power.

But there is little doubt that the Liberal Democrats will attempt to outflank both of the other parties on the environment, citing their frequent battles with climate sceptics and free marketeers in the Tory party during four years of coalition.

They've announced ‘five green laws’ to underpin their environmental credentials, looking at legislating on greener transport, natural environment, energy efficiency and decarbonising power. The pre-manifesto voted on at the party conference this year included a host of other policies designed to bolster the party's support among the young, left leaning and green inclined. It pledges the party to a ‘zero carbon Britain’, at least by 2050, committing to ending the country's reliance on price shocks from oil and gas markets.

They will not be gung-ho for onshore wind, however, urging more “community involvement” by developers of wind farms. Many Liberal Democrat constituencies are in rural areas where locals are not wholeheartedly pro-turbines.

All three parties, however, will give guarded but warm support for fracking, the controversial technique for extracting shale gas by using a mix of water, sand and chemicals. Labour and the Liberal Democrats will be slightly less enthusiastic than the Tories, describing shale as a useful medium term energy source.

Likewise the three main parties will support an increase in nuclear power, despite the historic opposition to the technology by both the Liberal Democrats and Labour. On fracking and nuclear power alone there will be clear blue water between them and the Green Party, and of course Bez from the Happy Mondays, standing on an anti-fracking political ticket.

UKIP, meanwhile, will accuse everyone else of drinking the low carbon Kool-Aid, while stopping short of saying outright that climate change is not happening. Nigel Farage will call for the return of new coal-fired power stations, a cut in EU renewables targets and a reduction in fuel duty on petrol.



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# Closing the gap



A significant policy gap is holding back low carbon development in the UK. **Lord Deben** sets out the top three priorities for the government to fill it.

The government has confirmed that the fourth carbon budget, covering carbon emissions from 2023 to 2027, will not change. This is very welcome. It commits the UK to a 50 per cent reduction in 2025 emissions on 1990 levels and is in line with advice provided last year by the Committee on Climate Change (CCC). It's a decision that confirms the government's commitment to tackling climate change in the most economically sensible way.

But achieving emission reduction targets will require key policies to be strengthened. Having confirmed the fourth carbon budget, attention has to turn to how this will be achieved.

This is the topic of *Meeting carbon budgets – 2014 progress report to parliament*,

the CCC's sixth annual report. It identifies the size of the policy gap: ie current policies may only reduce emissions by 21 to 23 per cent from 2013 to 2025, but the required reduction is 31 per cent; and it makes recommendations as to how it can be filled.

Although I am frequently asked which actions should be prioritised, there isn't an easy answer. Clearly, the long term legislated target - that UK emissions must fall by at least 80 per cent in 2050 - will require actions across all sectors to put the UK on the right path. It's not a matter of prioritising some actions over others; cost effective abatement opportunities will need to be taken up wherever they occur. But the scale varies, and some actions are more urgent than others.

Consistent with that, there are three priorities:

### **Step up residential energy efficiency**

Home insulation rates have plummeted since the introduction of a new policy framework in 2013: the Green Deal and Energy Company Obligation (ECO). For example, over 600,000 cavity walls were insulated in 2012 but only 170,000 were in 2013.

The government has recently confirmed changes to the ECO to include more low cost measures, such as lofts and easy to treat cavity wall insulation, and to extend the scheme by two years to March 2017.

Even in 2017, however, 2.9 million cavity walls – made up of 0.5 million easy to treat and 2.4 million hard to treat cavity walls – and 9.7 million lofts will remain unfilled or unable to benefit from a top up. Whilst the ECO's redesign is welcome, the level of ambition is very low and should be increased.

### **Increase uptake of low carbon heat**

At the current rate of investment, low carbon heat is unlikely to reach the government's economy-wide ambition of 12 per cent penetration by 2020, currently around two per cent, and will be further below levels the committee has suggested for the fourth carbon budget period.

Despite the fact that the Renewable Heat Incentive (RHI) is generous, the take up of heat pumps has been very low: only around one per cent of spend to date in the non-domestic scheme. Our analysis suggests that the aim should be to have around two million residential heat pumps installed in 2025. Financing that number through the RHI as it stands will be very expensive.

### **“Home insulation rates have plummeted since the introduction of a new policy framework in 2013.”**

The answer is not to increase the subsidy further. Rather, the government should focus on tackling financial and non-financial barriers to enable reductions in subsidy rates over time. This should include funding the RHI beyond 2016, to reduce policy insecurity and encourage supply chain development. Green Deal finance should also cover the full upfront cost of renewable heat installations. This is an opportunity to reduce financing costs and spread them over longer periods.

Consumer awareness and confidence also need to be raised. It is not surprising that levels of uptake in Italy, France and Germany are many times higher than in the UK, given how few consumers here are aware of the option.

### **Commit to decarbonising the power sector**

There has been progress on electricity market reform (EMR), but there is a high degree of uncertainty about the support for low carbon capacity beyond 2020. An unambiguous commitment to decarbonising the power sector will provide investors with confidence that there will be a market for low carbon technologies throughout the 2020s. This will help to support supply chain investment, which has long payback periods, and the development of new projects with long lead times.

Success requires a package of measures for the power sector that balances certainty of a future market with incentives for cost reductions, while retaining flexibility to safeguard consumer interests. This can be provided by setting a carbon intensity target for 2030, as allowed for in the Energy Act. Previous analysis by the CCC suggests that a carbon intensity target range of 50-100g CO<sub>2</sub>/kWh in 2030 would be consistent with a cost effective path for a range of outcomes for fossil fuel prices, carbon prices and low carbon technology costs.

This should be combined with a government approach to driving cost reductions for less mature technologies, including offshore wind and carbon capture and storage (CCS).

### **“With confirmation of the level of the fourth carbon budget, the government has affirmed its commitment to a low carbon future.”**

For offshore wind, it should include commitment to a critical mass of investment to drive costs down, cost reduction schedules, under which ambition will be maintained or increased, and setting a time when the technology will be expected to compete with other low carbon options without support.

For CCS, the strategy should set out the approach to projects beyond the two in the current competition, for industry as well as the power sector, and to the development of a CO<sub>2</sub> pipeline and storage infrastructure.

The committee will be developing and recommending strategies for commercialisation and cost reduction as part of our advice on the 2030 target range for power sector decarbonisation and our update on progress under EMR in 2015.

Action to cut emissions is increasingly important, given the progress made towards ambitious new EU emissions targets and the increase in the pace of international action. There is a clear economic benefit of acting now to cut emissions. It offers significant cost savings relative to delaying action and it will build a resilient energy system less reliant on fossil fuels. Securing these benefits will require responses across all economic sectors.

With confirmation of the level of the fourth carbon budget, the government has affirmed its commitment to a low carbon future. We now look forward to hearing its response to our report and to seeing the actions set out by all parties in their manifestos for the next parliament.



**Lord Deben is chairman of the Committee on Climate Change. *Meeting carbon budgets – 2014 progress report to parliament (July 2014)* is available at [www.theccc.org.uk](http://www.theccc.org.uk)**



# 5 items for the next PM's in tray

**Matthew Spencer** outlines five areas that will need early attention to ensure successful green outcomes in the next parliament

The fog surrounding the next government's priorities could not be thicker. We are heading into an election that no one can call, with a possible EU referendum that could obscure all other issues. Nevertheless, it is useful to consider what, in normal weather, the political landscape would look like, and what will be in the next PM's in tray irrespective of the party they represent.

At Green Alliance we have identified five areas of action which we think will be central to successful green outcomes in the next parliament and which we would expect ministers to resolve within a year of coming to power:

## **1 Diplomatic strategy**

Two of the world's largest diplomatic processes culminate in 2015: the Sustainable Development Goal negotiations and a new UN agreement on climate change.

Influencing these is made easier by the recent speech by foreign secretary, Philip Hammond, building on what the Foreign and Commonwealth Office, under both William Hague and David Miliband, has done already to put the UK at the forefront of international diplomatic efforts. However, the Department for International Development has been relatively silent on the role of climate in ensuring development outcomes.

Nevertheless, the UK still has a great reputation in the climate talks. Focused intervention by the next prime minister can get us a place at the top table, and make it more likely to achieve a deal that supports the UK's decarbonisation approach.

On the plus side, US secretary of state, John Kerry, has been preparing the ground in his climate change diplomatic offensive, and the US and China appear to have a greater appetite for agreement that they did at Copenhagen in 2008.

If the next prime minister wants to influence the outcome of these negotiations, they will have to use their first phone calls with heads of state to flag the UK's commitment and its priorities.

## **2 Spending priorities**

Within a few days of forming a government an emergency budget will have to be agreed and, within a year, the next Comprehensive Spending Review (CSR) to 2020 has to be settled.

The environment has never benefited from large public spending, but there are some areas where new money will be required, and others where the ability to maintain institutional capacity to assess or respond to environmental risks could be threatened by further departmental staff cuts.

The Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (Defra) each have a single item which distorts their budgets: nuclear decommissioning and flood defence respectively and, in both cases, these are seen to be untouchable.

The risk is, therefore, that further departmental budget reductions will lead to the loss of whole policy functions, particularly in Defra where it has already started to jettison responsibility for commercial waste and has not yet found a way to deliver on the promises of its 2011 natural environment white paper.

The big spending negotiation for DECC will be over the future of the Levy Control Framework to support new nuclear, CCS and renewables projects after 2020, because investors will be seeking early clarity. The



issue for the prime minister will be whether Defra can survive as a going concern (see point five).

### 3 Europe's role

Europe will be a big issue for the next parliament whichever party is in control.

The political commentator Steve Richards has observed that, because of Cameron's 2017 referendum commitment, "if (he) wins he would be in for at least two years of hell over Europe".

Labour may be more unified but they have also called for a 'red card' system to block new EU laws.

Whilst both parties have acknowledged the important co-operation role the EU has played on cross border environmental issues, the risk is that new EU agreements on energy and climate, and new policies on resource recovery, could be tied up or delayed by high wire negotiations.

In the end it will be impossible to keep eurosceptics happy at the same time as securing stronger EU policy on the environment.

### 4 Policy reform

A new government has three classes of policy: detailed policies from its manifesto, the policies it adopts from the last government and meta policies which it tries to apply to most decisions. It is in this last category that the parties will diverge the most.

Labour have made the cost of living a meta policy and decentralisation to city and county regions is emerging as another. Given that its energy policy will prioritise market reform and price control in the name of reducing living costs, the question will be whether it can also win public support for higher spending on low carbon supply.



**Business pressure will continue to build for government to get to grips with resource security."**

The Conservative party's big narrative is economic efficiency and stability, which it translates as policy to reduce short term costs to business and consumers. This means that, whilst it will remain committed to the Climate Change Act under Cameron, it is likely to want to continue to reform energy policy, and negotiations on the future of low carbon energy supply will be fraught in a Conservative government.

On the natural environment it is possible that all parties will become more active, particularly if economic pressures start to abate and Defra's excruciating funding constraints can be eased, because it is publicly popular and relatively easy to make a difference on the ground.

The harder problem which will dominate Defra's agenda in the next parliament will be the renegotiation of the Common Agricultural Policy, which comes around for yet another round of reform, and remains uniquely unpopular with both market liberals and conservationists.

Business pressure will continue to build for government to get to grips with resource security and the manifestos will tell us whether the parties have spotted this, or whether they remain in denial about the risks to the UK economy from critical material supplies.

### 5 The machinery of government

Prime ministers tinker with departmental structures to meet the needs of their ministers, and to signal a new priority. David Cameron has only been an exception to this rule because a coalition meant he needed to maximise the number of cabinet posts available.



**The case for Defra's continuation is weaker, given its funding crisis and its poor performance on the environment."**

Departments can be formed or disbanded very quickly. Defra was created over a weekend to give Margaret Beckett a big portfolio in 2001 and to draw a line under MAFF's poor management of the foot and mouth outbreak. DECC was created over one night to respond to growing concern about energy and climate security and to give Ed Miliband a cabinet role.

The logic for DECC remains strong, as climate and energy are politically tricky and technically complex issues for government, but the case for Defra's continuation is weaker, given its funding crisis and its poor performance on the environment. Business groups have already called for its resource responsibilities to be transferred to BIS. The department has struggled to attract big hitting ministers like Michael Heseltine, Ken Clarke and John Gummer, who all ran the department when it also had responsibility for local government and housing. The case for making it bigger will grow and a merger with the Department for Communities and Local Government is one option. It could deal with local environment, resources and councils in an integrated way and, since they are at the heart of the UK's localist agenda, it might be appealing for either Prime Minister Cameron or Prime Minister Miliband seeking to signal one nation credentials.



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# Green Roots

**Alastair Harper** describes the latest thinking published under our Green Roots programme



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For the past two years, Green Alliance has been running the ambitious Green Roots programme, exploring the narratives and insights of the UK's three main political traditions in relation to the environment.

Since we launched Green Roots in 2013, we have regularly convened advisory groups of politicians, political thinkers and academics to debate social democratic, conservative and liberal ideologies and where they resonate most strongly with the green agenda. The reasoning behind the programme is the belief that the environment can be a facet of any mainstream political value. We aim to invest in and develop that thinking.

Working with political thinkers and politicians, from Lord Howard to Chi Onwurah

to Sir Andrew Stunnell, we have encouraged the advisory groups to push the project in the direction that most excited them. This collaborative approach, unusual for traditional think tanks, has proved worthwhile. Three distinct new pamphlets were launched over this year's party conference season, advancing political thinking on the environment and proposing concrete action:

*Green social democracy: building a public mandate for infrastructure* explains why it will be vital to include a clear public engagement function in major infrastructure plans right from the start of the planning process.

*Green conservatism: better resource productivity for a resilient economy* argues that, to protect Britain's economy and its status as a competitive trading

nation, the government must take resource efficiency more seriously.

*Green liberalism: reforming the Treasury for long term policy* highlights current practice by the Treasury which encourages excessively short term economic planning and fails to account for environmental impacts.

The next phase of this work will focus on the new thinkers and political candidates who will become climate leaders in the next parliament and beyond.

**All the Green Roots pamphlets are available to download from our website. For more information about the programme, contact [Alastair Harper](#), head of politics, [aharper@green-alliance.org.uk](mailto:aharper@green-alliance.org.uk), [@harperga](https://twitter.com/harperga)**

# Prospects for Paris

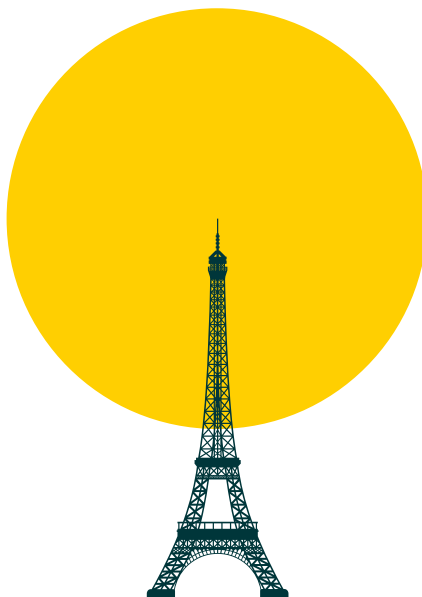
**Alastair Harper** looks at what it will take to get a good global climate deal in 2015

In September David Cameron attended a major international climate talks in New York with other world leaders. This October, he will be in Europe agreeing a major plan that will decide the UK's approach to energy for the next fifteen years. Optimism is growing that the UK will join 195 other countries to sign a new climate change agreement at the Paris summit in 2015.

Hopes are growing partly because the US and China are working energetically to ensure that a good outcome is more likely in 2015, but also because of the falling costs of low carbon technology, which have increased deployment and begun to offer greater choices to nations seeking to minimise their dependency on coal and oil.

There is now the prospect of creating a virtuous circle: deployment of low carbon technology accelerated by greater international co-operation which, in turn, makes a stronger agreement more likely.

The UK has a critical role to play in making sure what comes out of Paris helps



to deliver that. Our report *Paris 2015: getting a global agreement on climate change*, produced with Christian Aid, Greenpeace, RSPB and WWF, identifies seven elements critical to success. Two of these are particularly worth highlighting.

First, governments and businesses need to trust that countries will deliver on the

promises made in the agreement, which means it must have a clear legal basis that works for different national constitutions.

Second, nations need to agree to a long term goal for 2050. The agreement can then be designed to enable ambitions to be ramped up in the future, and assessed against this longer trajectory. As with UK carbon budgets, the agreement should be revised every five years in light of the science, and performance against the objective to avoid two degrees of global warming.

With such a deal in place, everyone will have a mandate to act and a positive feedback loop can be established. If the individual endeavours of nations are reinforced by an international framework, creating confidence that everyone is working to the same rules, it will finally be possible to develop the momentum that has been missing over the past decade.

***Paris 2015: getting a global agreement on climate change is available on our website.***

# How many economists does it take?

**Julian Morgan** reports on a unique series of seminars examining the interactions between economics and green policy

When I tell people I'm a professional economist they sometimes trot out the old joke. "How many economists does it take to change a light bulb? None, if it needed changing, the market would have done it already!" I usually point out that the market doesn't always work that efficiently and there is most certainly a need for us.

One area where I feel there is a gap in the market, is in the articulation of economic ideas to the environmental community. Indeed, the gap is wide enough to require the contributions of two economists to fill it. So we have embarked upon a series of seminars for those in Green Alliance's network, where I am joined by a renowned economist for each one to chew over a hot topic.

The purpose of these events is to provide a better understanding of the economic

orthodoxies that underpin green policy and the arguments used to support or challenge them. We're exploring and hoping to explain key concepts and there is an opportunity for participants to ask questions and join in the discussion.

Dimitri Zenghelis of the LSE joined me for the first in the series, to discuss whether green growth was just an oxymoron. We discussed whether we need growth and how it is possible within planetary limits. Other questions included how can limiting our ability to use fossil fuels possibly be good for growth? And, is it meaningful to talk about green jobs?

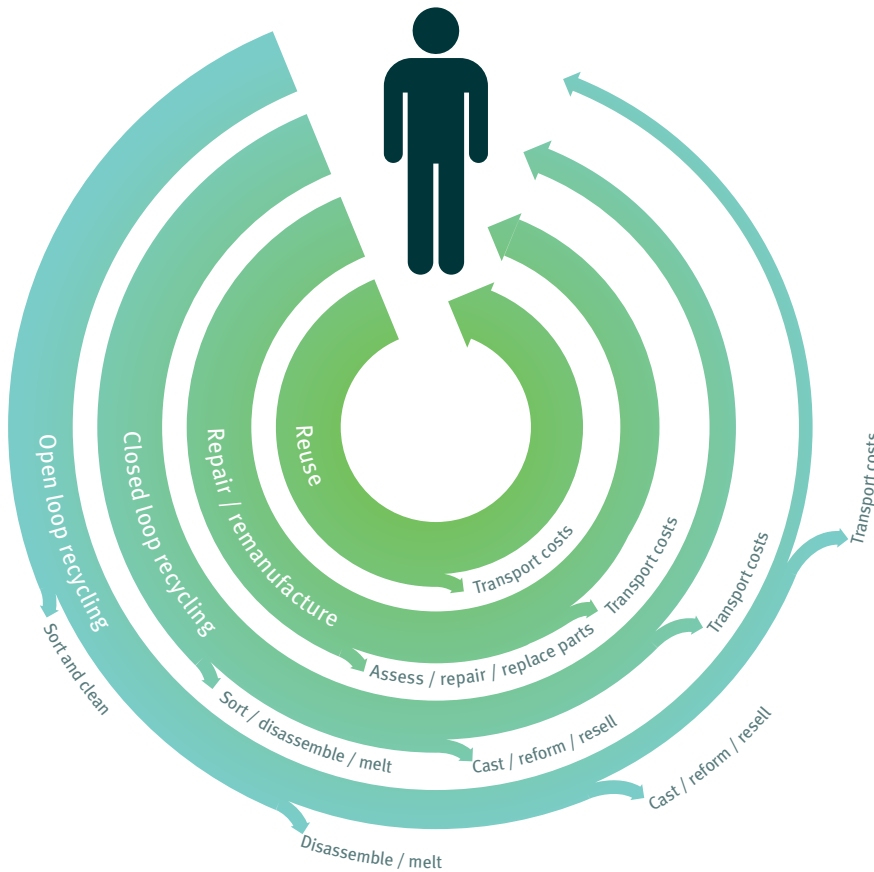
At the second seminar I discussed with Professor Mariana Mazzucato whether the state should do anything to stimulate green innovation and industrial development.

Also, how should we best foster the green economy and is there a role of government intervention? Should the state try to actively stimulate green innovation and industrial development? Or should the 'bumbling bureaucrats' simply get out of the way and leave it to the dynamic venture capitalists and entrepreneurs? Future topics in the series will cover the financial crisis, austerity, natural capital and resources.

**Julian Morgan is Green Alliance's chief economist. You can listen to these discussions on our website.**  
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# Wasted opportunities

Jonny Hazell says better recycling and resource recovery infrastructure could give a £1.7 billion boost to the economy



UK resource policy has stalled. Our outdated, expensive and stagnating system wastes £1.7 billion in resource value every year. This stymies companies keen to invest in reuse, remanufacturing or reprocessing infrastructure or those who want to source recycled content from the UK.

We analysed this problem for the second report from Circular Economy Task Force, *Wasted opportunities: smarter systems for resource recovery*.

This outlines a vision of a better system, designed to capture the maximum value from products and materials. To achieve it, a fundamental shift in our approach to resource management is needed, starting with changing the perception that waste is a problem to be managed rather than a resource to exploit.

Currently less than half our waste is recycled, despite manufacturers' demand for recycled materials. Much that is recycled is downcycled into less useful, lower value

products. The result is that councils spend more on waste management than on housing or planning, getting only low returns from the materials captured, losing valuable raw materials in the process and leaving businesses frustrated by the lack of recycled inputs.

This problem is structural. At a local level, decisions about recovery systems are based on arbitrary political boundaries and made by councils not focused on material value. At a national level, a lack of central government strategy and common standards reinforce a wasteful system, rather than helping to resolve inefficiencies.

Pressures on council funding mean poor outcomes are likely to be entrenched, undermining existing recycling and new opportunities to reuse and remanufacture.

Resource recovery should be based on a system where demand for high value recycle and recovered parts justifies investment in reprocessing infrastructure.

In practice, this means that collection and processing systems need to operate at the right scale to meet the needs of high quality reprocessors and remanufacturers.

The right scale will be different for different materials. Our analysis shows that for some materials, like biowaste, a single council area is the right scale. Central government could stimulate investment by raising recycling targets or implementing landfill bans.

For materials like plastics and waste electronics, collaboration across many local authorities is needed, using materials from both municipal and commercial collections to provide UK refurbishers and reprocessors with a secure supply of quality feedstock.

Central government has a choice in how it can help. It could empower bottom-up collaboration between entrepreneurial councils by creating a challenge fund for circular infrastructure. To match the level of support available for weekly bin collections, we've suggested that £250 million would be a good starting point. The fund would enable councils to design systems together, to increase the scale and justify investment.

Alternatively, as part of national infrastructure plans, the government could specify the infrastructure necessary to process materials like plastics and waste electronics at an economy-wide scale and set common collection standards for all councils, to increase the quantity and consistency of products available for reuse or recycling.

This story struck a chord with the nation's press. *The Times*, *The Daily Telegraph*, *The Guardian* and *Daily Mail* all covered our report in July. Policy makers in Brussels, Cardiff and Edinburgh are already taking action, so we will be taking these messages to politicians at Westminster to persuade them that they should too, and that business as usual is no longer an option.

**Jonny Hazell is senior policy adviser on Green Alliance's Resource Stewardship theme. Download *Wasted opportunities: smarter systems for resource recovery* from our website.**

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# Shared goals for a greener Britain

**Alastair Harper** gives an insight into our work behind the scenes to get shared goals agreed between the UK's environment groups

At the start of 2014, ten members of leading UK environmental groups crowded into a small room on Buckingham Palace Road for a two hour discussion of shared priorities for improving the UK's environment. From Greenpeace to The Wildlife Trusts, the Campaign for Better Transport to the National Trust, given the number and breadth of organisations, we knew it would be a challenging and rigorous discussion.

The environment is relevant both to the way we build our communities and how we decide to develop our infrastructure. It dictates our quality of life. It has implications for how the UK leads on the international stage, in producing a global plan to tackle climate change. It's key to ensuring we have an economy fit for the future.

So how were we to map out and prioritise such a variety of environmental issues? All the organisations present had different emphases, so defining overall goals for environmental progress by 2020 was going to be difficult. But we knew it was a challenge we'd have to meet if we were to expect the same of our politicians. After much writing on a whiteboard, with acronyms flying, from MPA to CAP to GIB to ECO and COP, we came back to basics: why we cared and the reasons why a better environment mattered. And we knew we had enough of a shared understanding to make progress.

We continued to meet over the succeeding weeks, working through a range of potential ideas. At the end of the process, in late spring, we had come up with the seven realistic goals, and twenty effective means of delivering them shown on the right. Summer was spent talking to the main political parties in the UK, offering them these ideas on an equal basis for a programme of action we've called *Greener Britain*. They listened to us, but will they make any of them manifesto commitments?

Some green political thinking has since come into the public sphere. The Liberal Democrats have proposed five 'green laws' that incorporate some of *Greener Britain's* proposals. The Conservatives have been encouraging about a plan for the oceans.

And Labour have responded with an extensive efficiency plan that reflects many of the goals.

While we are optimistic that all the 'big three' manifestos will address the environment, we've yet to see how bold they will be in their scope, and how much common ground they will share.

There's more to do in presenting these ideas to our supporters and other thinkers and commentators. We'll be building on the goals and the belief that they should be shared across the political spectrum and that, if we work together, they can be met.

***Greener Britain: practical proposals for party manifestos from the environment and conservation sector is available on our website.***

## A greener Britain would be more influential internationally

### Lead the low carbon transition

Make a fair, binding global climate deal, keeping within two degrees of global warming, a British foreign policy priority for 2015

Set a 2030 power decarbonisation target at 50g CO<sub>2</sub>/kWh

Expand the Green Investment Bank's role

### Lead the protection of our oceans

Create a million square kilometre South Atlantic reserve

Champion a network of protected areas across the Arctic Ocean

Create an ecologically coherent network of Marine Protected Areas in UK seas

## A greener Britain would support our natural world to recover

### Plan for nature's recovery

Make a 25 year national plan for nature's recovery

Map local ecological networks

Set up a permanent arm's length body to ensure the sustainable use and restoration of natural resources

### Improve public access to nature

Incentivise natural infrastructure through the local growth fund

Address the park funding crisis with a 'future parks' innovation process

## A greener Britain would have stronger communities

### Accelerate household energy saving

Set a stretch target for improving home energy performance

Put local authorities at the heart of energy saving delivery

Improve incentives for energy saving

### Give communities more control

Introduce a new Sustainable Neighbourhoods Deal

Give all cities and county regions the same transport powers and funding as London

Ensure new housing policy allows local needs to be met within natural constraints

## A greener Britain would have a more resilient economy

### Act on the resource price shock

Commit to reducing Britain's resource use

Create new resource risk capability in government

Create a market framework for negawatts

# Can Generation Y transform sustainable investment?



Professional investors have been stubbornly resistant to the economic and financial implications of climate change. Many continue to sink money into high carbon industries while ignoring the potential returns available from green infrastructure like clean energy and sustainable transport.

Young adults born between 1980 and 2000, also known as ‘Generation Y’, will be hit by the consequences of these investment decisions for decades in the future.

So far Generation Y hasn’t wielded much influence over the financial sector. And relatively little is known about their approach to investing. But could they be the generation to make the financial sector finally embrace sustainability? This was a question we explored recently through a series of focus groups with young professionals.

It’s frequently assumed that Generation Y has too little money, or too much debt, to care about saving and investing. On both counts, we found this wasn’t true. There is a strong savings culture among young adults. Over the past decade, 16-24 year olds have actually saved more than any other age group, as a proportion of their income.

We also found that, while they are fearful of the risks they see as integral to banking and finance, they lack the confidence to question decisions made by finance professionals. So they tend to make conservative financial decisions to keep their savings safe, preferring cash in the bank over ‘risky’ stocks and shares. And they see sustainable investing as something for people who want to do good with their money, rather than a normal financial choice.

Our report on this research was produced in association with Hermes Fund

Managers. It describes the Generation Y savings challenge, concluding that those who will be vital to the future of the savings sector, and have the most to lose from its current investment patterns, have very little interest in challenging unsustainable practices. Hermes CEO Saker Nusseibeh has stated that the research was “a clear indication that communication methods used by the industry are neither effective, nor trusted”.

But this doesn’t mean sustainability is irrelevant to young adults. Those we worked with found the concept of sustainable investment appealing, but their cynicism about banks meant they doubted the credentials of sustainability-themed products.

If the communications challenge Saker Nusseibeh describes could be overcome, sustainable investment could offer a way to increase young adults’ trust in the financial sector. Working in partnership with civil society organisations, for example, could help banks to overcome this credibility gap.

If consumers won’t drive change, and financial institutions aren’t interested, the government should be stepping in. A good place to start would be to make the pension providers that benefit from auto enrolment, the government’s workplace pension scheme, disclose the carbon impacts of their investments.

While young adults care about sustainability, they don’t care as much as they should, given the scale of the consequences they could end up facing. Business and government need to take on this challenge to create better conditions for Generation Y to make informed, positive investment choices.

**Will Andrews Tipper is head of sustainable business at Green Alliance. *The future savings challenge: the implications of Generation Y’s attitude to sustainability is available to download from our website.* [wandrewstipper@green-alliance.org.uk](mailto:wandrewstipper@green-alliance.org.uk), @AndrewsTipper**

## Green Alliance News

### New faces

We are delighted to announce the appointment of three new members of staff.



**Sue Armstrong-Brown** is Green Alliance's new policy director. Formerly head of policy at the RSPB, Sue has 15 years' policy development and advocacy experience. She takes over from **Edward Hobson** who has moved to the Knowledge Transfer Network.



**Amy Mount** has joined us as policy adviser on the Low Carbon Energy theme. She recently graduated with masters in environmental management and global affairs from Yale University.



**Emily Coats** is the new assistant to the policy team. A previous co-director of the UK Tar Sands Network, she has an MSc from Oxford University in nature, society and environmental policy.

### Other staff moves



**Tamsin Cooper**, deputy director for four years, has been appointed strategy director. She is leading the development of new programmes.



**Dustin Benton** is now head of our Low Carbon Energy theme as well as the Resource Stewardship theme, following the departure of **Rachel Cary**, who has moved to Dong Energy.



**Frieda Metternich** has become policy adviser on our Political Leadership theme, after working as policy assistant on Low Carbon Energy since April 2013.



**Elena Perez**, formerly policy assistant on Political Leadership, is now our events co-ordinator. She runs the events programme, ranging from Green Alliance's major debates to specialist policy seminars.

### New members

#### Welcome to:

Benedetto Antuono

Matt Blythe

Celia Cole

Jack Fleming

Bruno Friedel

Stephen Hale OBE

Ian Hawking

Christopher Hope

Rachel Huxley

Becky James

Ricky Lawton

Harini Manivannan

Jennifer McCard

Karen Mitchell

Roz Price

Georgie Rubens

Alison Tickell

Johanna Tilkanen

Green Alliance is a charity and independent think tank focused on ambitious leadership for the environment. We have a track record of 35 years, working with the most influential leaders from the NGO, business, and political communities. Our work generates new thinking and dialogue, and has increased political action and support for environmental solutions in the UK.

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