



NatWest

Net Zero Summit, September 2023

Speakers

**Claire Atkins Morris,
Sustainability Director, Sodexo**

**Stephen Beechey,
Group Public Sector Director, Wates Group,
and Chair of the BSA's Net Zero Advisory
Board (Chair and Facilitator)**

**Dr. Maria Carvalho,
Head of Climate Economics and Data,
NatWest**

**Kerry McCarthy, M.P.,
Shadow Minister for Climate Change
(keynote)**

**James Pennington,
Associate Director,
Circular Economy Lead, Deloitte**

**Jason Torrance,
Chief Executive, UK100**

**Catherine Westoby,
Head of Net Zero Business Engagement,
Department for Energy Security and Net Zero**

**Matthew Vickerstaff,
Director Project & Structured Finance Group
and Deputy Chief Executive,
Infrastructure and Projects Authority (IPA)**

The BSA, in collaboration with NatWest, organised the second Summit of 2023 updating on Net Zero policies and practice. Over 50 representatives from service and infrastructure providers across the private and Voluntary, Community and Social Enterprise (VCSE) sectors were joined by Keynote Speaker Kerry McCarthy and speakers from across government and industry.

Guillaume Fleuti, Head of Coverage & Sector Content at NatWest, welcomed everyone to the NatWest Conference Centre. He and Steve Beechey, Chair and Facilitator, emphasised the importance of the topic of discussion.

Kerry McCarthy began by emphasising that the transition to Net Zero was an opportunity, in terms of lower energy bills, jobs and security. It formed an important part of Labour's Industrial Strategy, and the UK had to ensure it did not fall behind in global investment.

The important principles for businesses looking to help deliver Net Zero were certainty and stability. Labour had set out to be as clear as possible, and the Shadow Minister hoped there could be a general consensus across Parliament which included the work carried out by Chris Skidmore and Alok Sharma.

Labour's Green Prosperity Plan promised £28 billion investment by the end of a first term. The aim was to leverage private investment, and government resources would be focused on those areas where pump priming was required. With the necessary certainty, along with improvements in planning and grid connectivity, there was huge potential.

Labour were doing the preparatory work required for government, to make sure these and other policies could be implemented properly.

Measures in Labour's programme included the National Wealth Fund to invest in green industries. This included plans for nine renewable-ready ports, eight new battery gigafactories, six green steel plants, green hydrogen, and Net Zero industrial clusters; a clean power sector by 2030; and a public energy company, GB Energy, to help meet the 2030 goal.

Finally the Shadow Minister reiterated the role of business. This included business tackling its own footprint, including from Scope 3 emissions, and there was increasing pressure from customers to do so. In terms of investment, the market provided in some areas better than others. The role of local authorities and a Place-based approach was important, and the Bristol model for leveraging private sector investment worked. Upskilling was also central to this agenda, and companies with large supply chains could take the lead on this.

A wide range of issues was then covered in discussion, including the range of infrastructure improvements that would be needed, along with the selection of materials used; the importance of retrofitting buildings and the need for certainty and a pipeline of work so industry could invest; the role of nuclear and carbon capture and storage (CCS); the role procurement had to play in encouraging long-term investment, and the use of other levers such as tax and regulation; the specific issue of green IT skills; and the link between the Place-based approach and Labour's plans for a Take Back Control Bill.

Ms McCarthy agreed with the focus in the questions on the importance both of a Place-based approach and of long-term planning and certainty, including for investment and upskilling, and reiterated Labour's long-term decade-long programme, including for retrofitting 19 million homes. Nuclear was certainly part of the mix. Meanwhile, while CCS was central to Labour's green transition, it was aware that it could not be the answer to every issue.

Dr Maria Carvalho then opened the first panel discussions, on the role of the private and VCSE sectors. Dr Carvalho started with an explanation of NatWest's own Net Zero ambitions for 2050 and 2030, ways in which they would be achieved, and progress to date. The bank was supporting the customer transition; ending the most harmful behaviours; working towards powerful partnerships and collaborations; and getting its own house in order. A system-wide approach was required, in which the key points of leverage were identified and the bank looked to embed climate in every decision.

Maria then went through the various categories of work in which NatWest was involved, emphasising the role that partners from the private and VCSE sectors could play. These included the decarbonisation of property, which would involve an emphasis both on upskilling and on SME supply chain development; and the energy transition, and the renewables financing opportunities that arose through that. She set out for example NatWest's work, through the Sustainable Homes Coalition, on retrofit pilots; the sponsoring of retrofit models; and the need to move away from a siloed approach and towards Place-based solutions.

Claire Atkins Morris spoke next. The pathway to Net Zero was changing everything for businesses, including risk management, resilience and business continuity, in a way which had only just started, not least because government knew it had to work in partnership. Businesses needed to be honest about the challenges involved, for example in relation to Scope 3, including those created by uncertainty in the external environment. A long-term vision was needed, especially in order to orientate and develop supply chains. The NHS Evergreen Framework was a good example of best practice, which was challenging but had set a tone businesses could work with, not least because it was client-led.

The power of stakeholders was key. Claire introduced the new BSA Sustainability Group, which would act as a transparent space for discussion of both challenges and opportunities and the sharing of best practice. These goals would be facilitated by clarity on what was needed from government in terms of regulation and funding; asks of policymakers could therefore result from the discussions.

James Pennington spoke next, and his focus was on the circular economy. He looked at the potential importance of the circular economy in sectors such as food, industry and transport, relating to products, and then focused on circular economy in the energy transition.

There were three main areas where this was important and where the service sector could play a role: first, decommissioning what was likely to be a huge amount of equipment, including offshore infrastructure; second, building the next generation of infrastructure, again planned to be very substantial, in a sustainable way, such as by working to import fewer raw materials including by recycling more; and, third, designing circular economy into the transition from the start, including exploring new business models and building circular economy into procurement standards for goods.

In terms of the service sector, there was a critical need for finance, infrastructure, and changes in design.

A panel discussion followed. The first point raised was on transition risk for customers, in particular regarding EPC and the housing market. There were two parts: customer affordability and access to finance, and regulations from government. It was the role of the private sector to develop solutions in a co-ordinated way, developing resilience, dealing with risk and facilitating access to solutions for customers across different areas; one stop shop retrofits were an example of this.

The issue of next year's elections was also raised, and the priority asks of mayors and local authorities as well as central government. Planning was one key area identified, and the need for central cohesion and co-ordination as well as a Place-based approach. Long-term policy signals were required.

Finally there was a question on the use of KPIs and avoiding monetisation of Net Zero. There was a variety of responses, including the need to co-create plans and employ a community perspective; the importance of incentivising projects which were sustainable and which embedded resilience against shocks; and use of data.

The focus of the second panel session was on the role of central and local government in working in partnership on these issues.

Catherine Westoby spoke first, outlining the global leadership role shown by the UK since 1990 and emphasising the economic benefits of Net Zero. Emissions reductions and a growing economy had gone hand in hand. Net Zero was now embedded as a principle across government.

Catherine said business engagement was key. She reported on progress on the Net Zero Council, established earlier in the year. Its work was to develop guidance on roadmaps so sectors had clear pathways to Net Zero; facilitate finance, led by the Green Finance Initiative; and focus on SMEs, including reporting requirements. The UK Business Climate Hub had been relaunched as part of this.

Matthew Vickerstaff spoke next, on behalf of the IPA. He issued a call to arms for service providers. There was a strong desire to decarbonise the public sector estate, and proactive solutions were sought including from the private sector. The PFI estate was a big part of this; the importance of Net Zero considerations was key as projects were coming to the end of the PFI process, and there were some big life-cycle funds at play. Most infrastructure funds had strong ESG commitments, and the same was true of FM service providers.

The IPA had established a working group, looking at the built environment and especially hospitals, schools, courts and police stations. Many PFI projects matured 2030-7, so the focus was on the next 7-10 years. Guidance had been produced, which emphasised the importance of data; knowing the contract; the need for a plan; and stakeholder engagement, including with service providers. Proactive solutions were required, including from providers. It was important to hear about what was working and where help was required.

The final speaker was Jason Torrance. Jason introduced [UK100](#), a group of local government and related bodies committed to delivering Net Zero ahead of UK targets. Local authorities had an important role to play, as 82 per cent of emissions were within their scope or influence to various degrees.

Jason also issued a call to arms, based on the UN highlighting the gap between aspirations and delivery, and warnings from the UK's own watchdog. There was a lack of a joined up approach and of a recognition of the pace and scale of change required. There were four key problems: a lack of a defined role for local authorities and combined authorities; the need for a policy and strategy framework that enabled and supported local delivery and encouraged long-term certainty and partnership with business; the conflicting remits of public agencies; and insufficient funding and resources, which also needed to facilitate stability, business certainty and room for partnerships to deliver at pace and scale and over a sufficient timescale.

Once again there was a range of questions involving all panel members. These included the ability of local authorities to influence wider behaviour in their localities, the role and ask of central government, and what more could be done for suppliers to help lead the way.

On many of these issues engagement, genuine collaboration and long-term strategic vision were seen to be key. There were often the right intentions, but blockages needed to be overcome - including, for suppliers, existing inflexible contracts, conflicting targets, and investment gaps. It was also important that the public were fully included in communication, as all stakeholders equally were on a journey. Issues like the difference between net and embedded carbon were also not fully understood.

Suppliers sometimes struggled to deliver decarbonisation in a cost-effective way. Some pointed to funds available for innovation, especially in energy efficiency, but others noted there would still be a cost to transition for which someone or other would need to pay.

Progress made by SMEs was also discussed, along with the issue of reporting burdens. There had been efforts to streamline these, for example in the case of investors, but there were definitely challenges in doing so not least because there were competing methodologies. The goal was to achieve a degree of consistency without mandating a single model. The Bankers for Net Zero Group and Project Perseus were also looking at the potential for automatic reporting through energy use data.

As the Summit came to a close, Steve Beechey once again thanked all speakers and participants, and in particular NatWest. The next steps for the BSA in this area would include the establishment of the new Sustainability Panel.