
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

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Subject: **COP26 – Next Steps**

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1. Purpose of this report

- 1.1 To inform the Board of the outcomes, implications and next steps following the conclusion of the UN Framework Convention on Climate Change, 26th Conference of the Parties (COP26), Glasgow, UK.

2. Information

Outcomes

- 2.1 The UK Government wanted COP26 to keep the 1.5C trajectory of the Paris Agreement "alive" and the verdict is that it has, but just barely.
- 2.2 On an international scale, the reception to the [‘Glasgow Climate Pact’](#) has been mixed. Without doubt it has reinforced the need for action, and there have been new agreements (by 30 countries comprising 85% of the world’s forests) to stop deforestation by 2030, an agreement to cut methane by 30% by 2030, 40 countries to “shift away” from coal, and the Glasgow Financial Alliance for Net-Zero (GFANZ) represents over \$130trn in assets under management. On transport there have been pledges by companies to move to zero-emission vehicles, and on aviation to develop a decarbonisation target that is pre-2050, to which 18 nations have signed up, including the USA.
- 2.3 However, the results of COP26 and the Glasgow Climate Pact are divisive. The deal stretches nations on topics like coal and finance more than they have been before – despite the last-minute intervention from India to weaken the text on coal from ‘phase-out’ to ‘phase-down’. Yet many highlight that the mechanisms agreed are not sufficient to combat the most severe climate-related risks. The Glasgow Climate Pact is historic in that it marks a truly uncomfortable transition for those lagging behind, and yet research suggests that the 1.5C ambition of the Paris Agreement is alive, but just barely.

Implications

- 2.4 In the national coverage of COP26, the role of local Government has been underplayed. There have been estimates that local government is directly responsible for delivering 32% of the emissions reductions needed in the UK and is able to influence 82% of the whole UK total¹. However, there was little focus at COP26 on how actually the reductions get delivered at the local level. And perhaps an over-focus on technology solutions over behavioural measures. Local government needs the resources and powers to deliver its part of the net zero challenge, starting with the development of net zero proofed policies and a pipeline of investment ready programmes and projects.
- 2.5 With the Glasgow Climate Pact agreed, 1.5C is under threat and many are looking to the private sector to intervene. Trillions are needed to combat the climate crisis and to support low-income nations. Developed nations failed to meet the \$100bn finance target, which has now been renegotiated to be delivered through to 2025, and there is no guarantee that this target won't be missed again. It is clear that policymakers and negotiators are looking to the private sector to transform the net-zero movement.
- 2.6 GFANZ members are required to transition their portfolios in line with the Paris Agreement and are being pushed to work towards 1.5C rather than 2C pathways. The Alliance now accounts for 40% of the world's financial assets, up from \$90trn at the start of October. These assets are managed by 450 firms across 45 nations, from all parts of the financial industry.
- 2.7 The Alliance isn't without its issues. Reclaim Finance is highlighting that only one-third of the Alliance's collective assets are being aligned with a net-zero by 2050 roadmap, and that this roadmap came from the Alliance itself. But with the finance sector moving trillions into low-carbon projects and portfolios it is here that businesses can have the biggest influence.
- 2.8 Net-zero pledges are driving markets in the private sector. For example, almost two-thirds of FTSE100 companies have signed up to the UN's Race to Zero campaign to accelerate the adoption of credible net-zero targets. Participating large UK firms having a combined market capitalisation of £1trn and annual turnover of £700bn. This is before smaller businesses, non-listed firms and businesses covered by industry collaborations, like Water UK's net zero by 2030 roadmap, are accounted for. These collective pledges from the private sector can help make notable dents in the mission to reach 1.5C.

Next Steps

- 2.9 With some nations set to renege on mechanisms included in the Glasgow Climate Pact, businesses need to become a unified driver of the net-zero movement. In his COP26 speech, the Chancellor indicated that the UK is moving towards making it mandatory for firms to publish a clear, deliverable decarbonisation and transition plans. Through their actions, businesses can be the driving force to unleash innovation across low-carbon markets.

¹ Net Zero Strategy: Build Back Greener, HM Government, October 2021

- 2.10 At COP26, Boeing, Amazon and Volvo Group were named among the members of a new coalition of businesses pledging to support the development of low-carbon technologies for hard-to-abate sectors like aviation and heavy industry. Called the First Movers Coalition, the initiative is being led by the World Economic Forum (WEF). The Coalition has garnered the support of 29 founding member corporates across sectors including aviation, shipping, trucking, steel, cement, chemicals and aluminium.
- 2.11 All founding members of the new Coalition have made a specific commitment regarding cleantech in at least one sector. The ambition is to create a rapidly-scaling market for specific technologies by 2030 – and a market that will continue expanding through to 2050.
- 2.12 Companies in the aviation sector are committing to using electric and hydrogen aircraft by 2030, as well as finding lower-carbon options for sustainable aviation fuels. Shipping carrier sector members have committed to using zero-emission fuels in new and retrofitted vessels by 2030, with these fuels accounting for at least 5% of their distance travelled.
- 2.13 In the trucking sector, companies have committed to ensuring that at least 30% of their heavy-duty and 100% of their medium-duty truck purchases will be zero-emission by 2030. Only zero-emission vehicles should be contracted or purchased going forward. Retailers and manufacturers will also set these requirements for trucking service providers.
- 2.14 Steel is the final sector for which the first phase of shared commitments has been launched. Steel users commit to ensuring that at least 10% of their annual steel procurement volumes by 2030 is met with net-zero or near-zero materials. Purchasers are already putting pressure on manufacturers through forums such as The Climate Group's SteelZero.
- 2.15 COP26 is over but the trajectory the Glasgow Climate Pact has created is only just beginning. The role of the private sector is to come together around a clear and unified message: "Net-zero needs to be inevitable".

3. Tackling the Climate Emergency Implications

- 3.1 The West Yorkshire approach to tackle the climate the emergency is set out in the West Yorkshire Climate and Environment Plan. The Glasgow Climate Pact positively supports the objectives and proposals for action in the plan, with direct read across to the Glasgow Climate Pact priorities for: science and urgency; adaptation; mitigation; finance; technology; capacity-building; loss and damage reverse; implementation.

4. Inclusive Growth Implications

- 4.1 The Glasgow Climate Pact talks of a "just transition". Businesses need to gain access to clear roadmaps for decarbonisation, and take forward their own decarbonisation plans, that help sectors upskill their workforce to ensure all members of society and brought on this journey. The Mayor's pledge to create

good green jobs for young people, with a Green Skills Taskforce, is a key intervention to a just, fair and lasting transition to net zero West Yorkshire

5. Equality and Diversity Implications

5.1 The need for all people living, working and studying in West Yorkshire to be involved in the responses to tackling the climate emergency is clear. When, for example, women and girls are actively involved in climate decision making the outcomes meet equality, diversity, and climate needs. Tackling the climate emergency, inequality and lack of diversity are equal sides of the same coin.

5.2 COP26 energised the need for peoples, local communities and civil society, including youth and children, in addressing and responding to climate change, and highlighting the urgent need for multilevel and cooperative action. We have an opportunity to build on this moment, engaging with and supporting local communities to act.

6. Financial Implications

6.1 There are no financial implications directly arising from this report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the LEP Board notes the contents of the report

10.2 That the LEP Board endorses the roles and actions that business will need to play and take forward to tackle the climate emergency.

11. Background Documents

Glasgow Climate Pact, Draft Decision, United Nations Framework Convention on Climate Change

https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf

12. Appendices

None.