

A NEW ERA OF COLLABORATION

To unlock significant net zero capital flows to the real economy, we must turbocharge radical collaboration.

We need a coordinated effort across sectors, that goes beyond the ‘business as usual’ approach to policy development and collaboration, to allow the UK to meet its climate targets but also lead the way in sustainable development, green finance and securing a resilient and prosperous future for all.

The transition to net zero does not mean substituting a sustainable future for a profitable one. From our work to date there are existing coalitions, working groups, activities and supporting policies that can unlock green growth. B4NZ, academia, trade bodies and our civil society partners have been collaborating, challenging each other, and identifying the most impactful policy interventions for many years now.

The new government has an opportunity to immediately leverage this expertise.

The policy interventions required to mobilise capital at scale, although numerous and sectorial dependent, can be prioritised to drive the required outcomes.

Critically, if we are to move at the scale and pace needed, we need to work better together. The journey to net zero is a complex and multifaceted challenge requiring comprehensive strategies and robust policy frameworks. Currently, the structure for effective intervention is not in place.

This means moving beyond the usual councils and taskforces and implementing working groups where government, industry, finance, academia and NGOs can test and implement the most impactful interventions, and, if necessary, react quickly and nimbly to policy positions to ensure that they are delivering true value and deep impact.

To that end, this document, with the exception of priority & ongoing pieces of work, is light on individual policy asks. Instead, we focus on how we can best shape the way we can work together, leveraging the world class expertise we have on our doorstep and setting up a framework for ongoing development and engagement.

Driving Private Sector Investment with a Net Zero Investment Plan

The absence of a net zero investment plan poses immediate and long-term challenges for the UK.

Collaborating with coalitions like Bankers for Net Zero (B4NZ), industry, and civil society organisations (CSOs) is crucial to develop a robust net zero investment plan. This plan would provide the confidence and stability needed to mobilise capital effectively, drive innovation, and enhance the UK's competitiveness and resilience in tackling climate change and achieving long-term sustainability goals. Engaging with the UK's leading CSO's, including **B4NZ, E3G, UKSIF** and the **GFI**, amongst others, will help create a more stable and attractive investment environment, ensuring that financial resources are

directed towards sustainable projects and technologies, fostering innovation, and enhancing the UK's competitiveness and resilience in the face of climate change.

Implementing a Long-term Industrial Strategy

The UK's heavy industries and their extensive supply chains form a crucial foundation of the economy. Implementing the right strategy will foster economic growth across regions, enhance supply chain security, and protect jobs. An Industrial strategy has the potential to stimulate various sectors and position the UK as a climate change leader globally. The Government should develop a comprehensive Industrial Strategy focused on long-term decarbonisation, integrating policies across skills, taxation, and a detailed plan to significantly reduce carbon emissions in infrastructure. The Strategy should draw from the learnings of the EU Green Deal and the US Inflation Reduction Act.

KEY RECOMMENDATION: ESTABLISH A CENTRALISED CIVIL SOCIETY & INDUSTRY WORKING GROUP AT THE HEART OF GOVERNMENT

The Government should establish a centralised group of civil servants and civil society organisations to ensure the integration of ambitious climate policy across all government departments. This unit would be responsible for establishing long-term policy clarity through all departments and enhance coordination and effectiveness.

Existing coalitions, such as the **Bankers for Net Zero**, the **Net Zero Council**, and the **Climate Change Committee**, among others, can be mobilised to support this centralised effort. The proposed Working Group could work closely with memberships bodies, trade bodies and NGOs to ensure alignment across the economy and accelerate progress.

A key pillar to this unit could be a Sustainable Finance Working Group, which would collaborate with the government to foster streamlined thinking and a cohesive, cross-departmental approach to sustainable finance policy. The council would leverage the ongoing work of organisations like **B4NZ**, **UKSIF** and the **Green Finance Institute** as well as **UK Finance's** sustainability workstream to demonstrate how sustainable finance can support broader government objectives such as addressing cost-of-living challenges and enhancing energy security, while also preventing redundancy and optimising scope.

Further, this Working Group should work closely alongside the welcome announcement of the newly created National Wealth Fund. We would like to emphasize that while it will be important for the Fund to focus on infrastructure provision to support Great British Energy or specifically cleantech and green energy businesses, it will be equally important to retain the role of SME support towards decarbonisation via the National Wealth Fund, leveraging some of the groundwork already laid by the British Business Bank (BBB) schemes but accelerated and deployed at greater scale. Overall, the Fund will streamline interoperability between key functions of Government, with a key focus cementing policy certainty on priority sectors, sectoral decarbonisation roadmaps and catalysing private investment at an even greater scale.

SECTORAL FOCUS: ONGOING WORK

Policy frameworks must provide clarity and set sector-specific roadmaps that identify each sector's investment gaps. Since inception, B4NZ has been working fervently to accelerate decarbonisation progress for specific sectors, articulating regulatory expectations, fostering collaboration among public, private sectors, and NGOs to drive technological advancements and mobilise capital for a just and resilient transition to a low carbon economy.

Our key positions are as follows:

MOBILISING SMES FOR CLIMATE ACTION

With more than 5.5 million SMEs in the UK, constituting over 99% of private sector businesses in the country, SMEs are at the core of the UK economy. Mobilising SMEs for climate action is crucial at this moment to ensure a fair and robust transition to net zero.

B4NZ has been supporting the delivery of the SME workstream for the Net Zero Council, within the Department for Energy Security and Net Zero (DESNZ), identifying the key challenges faced by SMEs up and down the country in reducing their carbon footprints and supporting their transition with new information, advice and support. In April 2024, the Transition Plan Taskforce (TPT) launched a [paper](#) authored by B4NZ with policy recommendations towards proportionate transition planning and reporting requirements expectations for SMEs.

KEY POLICY RECOMMENDATION: DEVELOP PROPORTIONATE GUIDANCE FOR SME EMISSIONS REPORTING

Without dominant frameworks for SME emissions reporting, there is no consistent approach to collecting, measuring, and storing data and no common process for SMEs to report GHG (greenhouse gas) emissions and sustainability impacts to customers. The government should engage with standard setters and industry coalitions, like B4NZ, to **establish a market-wide sustainability reporting framework for SMEs**. The establishment of these standards should prioritise **proportionality**, ensuring that requests are manageable for businesses with limited resources to fulfil; **consistency**, achieved by clearly defining and simplifying key terms, topics, and metrics across the reporting framework; and **materiality**, by offering clear guidelines to identify significant topics and metrics for SME reporting.

There is a need to avoid the proliferation of point-to-point data requests and provide value back to SMEs. Market infrastructure, as well as a taxonomy defining a standard set of attributes that an SME should reasonably be expected to share is required. This is vital for both finance institutions to create the products and services to allow capital to flow more freely, as well as for visibility through supply chains.

As part of our collective journey to streamlined emissions reporting for businesses and supply chains, Bankers for Net Zero has developed [Perseus](#), which aims to enable automated emissions reporting for every SME in the UK, creating a whole-of-market solution to deliver rapidly scalable, low-effort, low-

friction emissions reporting. By developing the rules and processes that make automated reporting possible, data will flow from the real economy (from energy companies) to the financial economy (to banks) with the permission of the customer (the SME), therefore improving the quality and impact of outcomes for stakeholders.

KEY POLICY RECOMMENDATION: PRIORITISE DATA PROTECTION AND DIGITAL INFORMATION (DPDI) BILL

B4NZ welcomes the reintroduction of the Smart Data Bill as part of the King's Speech on 17 July. This legislation aims to establish digital verification services, including digital identity products, to help people securely identify themselves when using online services.

Part 3 of the Bill could lead to a £27.8bn uplift to the UK's annual GDP according to [report](#) by CtrlShift. The introduction of the Senior Responsible Individual (SRI) role and the modifications to the Record of Processing Activities (RoPA) requirements, are essential for modernising data protection practices and reducing unnecessary burdens on organisations. This bill is essential to ensure that programmes like Perseus, which uses the principles of Open Banking to automate emissions reporting for SMEs have an enabling policy framework to operate efficiently. The Government should prioritise this legislation and secure cross-party support to expedite its passage, ensuring robust data protection standards and fostering a resilient digital landscape.

RETROFITTING THE BUILT ENVIRONMENT

Decarbonising home energy use – particularly heating – is one of the biggest challenges the UK faces in getting to net zero. Housing and retrofits are currently responsible for around 14% of UK emissions. The finance sector will play a critical role in financing the transition, but the fragmented policy environment is hindering investment.

The Government has made clear its mandate to accelerate housebuilding and ambitious green energy policy, including reform to the National Planning Policy Framework. However, the government's Planning and Infrastructure Bill, while welcome, does not explicitly reference key points such as EPC reform or energy efficiency measures. The government did commit to a £6.6 billion Warm Homes Fund in their election manifesto, which would support investment in insulation, solar panels, low carbon heating, and batteries.

Retrofitting presents a compelling opportunity to align with the Labour target of creating 1.5 million new homes. However, achieving this goal doesn't solely rely on constructing new buildings. Retrofitting and repurposing existing structures can significantly contribute to meeting the government's ambitious housing targets. If we upgrade and adapt the current building stock, we not only enhance sustainability but also foster a more efficient use of resources. This approach not only addresses the pressing need for more housing but also underscores our commitment to responsible urban development and environmental stewardship. Additionally, it is crucial to emphasize the importance of embodied carbon

and the need for greater policy and legislated reporting on embodied carbon in construction to highlight the carbon benefit of retrofit vs. new build, and to emphasize lower-carbon construction where a new build approach is taken.

Investing in warmer homes is essential to solving the fuel poverty crisis and the government will need a laser focus on rebuilding supply chains as a day one priority as regulation will be a key driver for progress.

KEY POLICY RECOMMENDATION: ESTABLISH A NATIONAL RETROFIT WORKING GROUP

To address these challenges, B4NZ proposes the creation of a National Retrofit Working Group to provide clarity and consistency in long-term policy implementation regarding building retrofitting. Working closely with government departments, it would facilitate consistent implementation of robust retrofit policies across the country, providing households and industry with clear guidelines and strategic direction.

The Working Group could work closely with member and civil society organisations such as B4NZ, which co-chairs the Finance Working Group for the National Retrofit Hub. This partnership would drive environmental and economic benefits for the long term, with B4NZ playing a central role in coordinating and sharing knowledge on retrofit policy and energy efficiency funding mechanisms.

The Working Group would play a crucial role in scaling up retrofit initiatives across the UK, ensuring effective deployment of resources and technologies to meet national carbon reduction targets and enhance energy efficiency standards. Critically, the Working Group will provide a vehicle for ongoing policy development and a fleet of foot feedback loop for rapid improvements.

KEY POLICY RECOMMENDATION: REFORM ENERGY PERFORMANCE CERTIFICATES

Additionally, Energy Performance Certificates (EPCs) are one of the main blockers to financing retrofits that financial institutions highlight. Currently, EPCs do not provide the information needed to decarbonise homes. From a financial perspective, a critical challenge persists—without better measurements, financial institutions encounter difficulties when funding energy efficiency solutions, which hampers the seamless flow of finance into retrofitting the built environment.

B4NZ has launched an EPC reform campaign which gathers a coalition of banks and other key stakeholders interested in this matter. B4NZ was also in conversations with the Department of Levelling Up to assist with the consultation process. We hope to continue this work with the new Government and that the Government publish the EPC reform consultation to accelerate progress on this matter.

CONCLUSION

The transition to net zero necessitates a holistic and coordinated effort across all sectors of the economy. Enhancing collaboration across government departments and leveraging the existing best practice of NGOs and CSOs such as B4NZ will create a unified approach, ensuring consistent progress towards net zero. With collaboration that goes beyond the ‘business as usual’ approach, the UK can not only meet its climate targets but also lead the way in sustainable development and green finance, securing a resilient and prosperous future.

This paper has highlighted that various coalitions and organisations across the UK possess a wealth of knowledge, and through collaborative efforts, we can actively deliver the transition towards net zero at scale.

SUMMARY OF KEY RECOMMENDATIONS

Policy stability	<ul style="list-style-type: none"> • Establish a centralised CSO Working Group at the heart of Government
SMEs	<ul style="list-style-type: none"> • Develop proportionate guidance for SME emissions reporting • Prioritise data protection and digital information (DPDI) bill
Retrofits	<ul style="list-style-type: none"> • Establish a National Retrofit Working Group • Reform Energy Performance Certificates

About [Bankers for Net Zero](#)

Founded in October 2019, Bankers for Net Zero started as an initiative with the aim of galvanising credible, demonstrable leadership from the UK banking sector on climate change. Our work is focused on activating a positive feedback loop between government, regulators, industry, business and the banking sector that raises ambition and accelerates action.

Bankers for Net Zero sits at the nexus of industry commitments, policy development, regulation, business and civil society. Our focus is strategic policy alignment. By creating clarity on which areas of the net zero transition require policies that can optimise the contribution banks can make to the real economy, we enable both policymakers and banks to play their part in accelerating the transition to net zero.

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