



Place-based approaches to net-zero: challenges, drivers and opportunities

In partnership with



Contents

Introduction

As the 'decade of delivery' for the net-zero transition continues apace, UK businesses are firmly at the forefront of driving sustainable action ahead of the country's 2050 goals. For many UK organisations, targets have been decided, pathways have been set out, and increasingly stakeholders are demanding that firm, decisive action takes place to show that businesses are more than talk – they also deliver meaningful results.

Despite an uncertain geopolitical environment, volatile energy markets and other cost pressures, on the ground the case for the Just Transition remains strong. Participants in every regional roundtable held showed clear indications that for the majority, broad support remains for sustainable practices both at a boardroom and stakeholder level. Indeed, in many regards it was evident that the Just Transition was a potential solution to the challenges of the time, not a casualty of it – in reducing cost volatility, for example.

Yet, to reach the UK's transition goals, it is also becoming increasingly clear that no one-size-fits-all approach can work in such a climate: every region in the country has its own unique challenges, drivers and opportunities, and only by acknowledging and meeting these unique indicators head-on can organisations truly succeed in their goals and bring in a just, effective net-zero transition.

A place-based approach

The first step in creating a place-based approach to net-zero is to understand the drivers, needs and challenges of each region, allowing for a greater understanding of how individual cities and regions can accelerate progress through both public-private collaboration and with support from finance.

To do this, edie partnered with Lloyds Corporate & Institutional to convene a series of roundtable discussions across the UK. These roundtables – held in Bristol, Manchester, Edinburgh and Birmingham – brought together industry leaders, local businesses, sustainability experts and academia to discuss the challenges – and solutions – that can drive forward net-zero goals in each region.

This report, following both this series of discussions and a national online survey held by edie, distils that information into a clear and detailed examination of the needs and opportunities present in each of the UK's regions. Beyond the challenges each region is facing, this report explores the solutions that will help businesses thrive – from ideas around business-financial institution investment to how government can better support local industry in driving through the transition via policy.

For businesses across the UK, this report will provide a clear understanding of current thought within business around sustainability, collaboration and green investment. I hope that the report provides insight into what needs to be done to drive the transition forward, and the next steps for businesses looking to collaborate with peers, unlock green finance, and meet their net-zero goals.

This edie insight guide is published by edie, the industry-leading, purpose-driven business media brand which empowers sustainability, energy and environmental professionals of all levels to make business more sustainable through award-winning content and events. For more information, please contact lukenicholls@fav-house.com for content and sponsorship opportunities.

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Joshua Neil
Intelligence Editor
edie



Survey information and methodology

The national survey, recently conducted by edie, showcased the challenges, drivers and opportunities inherent in place-based sustainability operations across the UK, as detailed by edie's readers.

The survey was open to all submissions via Microsoft Forms. It featured 12 questions examining the needs of businesses in driving sustainable regional growth, where collaboration could drive the best impact and what role finance could play in this transition, alongside six filter questions to understand the demographics and regions of all survey respondents.

Survey respondents

The 100 respondents to the survey largely represented decision-makers and executive-level representatives of their respective organisations. They included five chief executives, nine directors or ESG directors, four heads of ESG, as well as four heads of sustainability. Other respondents included climate and sustainability leads, sustainability managers and business partners.

Almost every respondent (93%) had turnover of more than £1m, with the

majority (51%) having turnover of more than £100m. The greatest number of respondents (33%) worked at companies with more than £50m in annual turnover. This was reflected in business employees: 46% had more than 1,000 employees, with 25 respondents working in companies with more than 5,000.

The majority of respondents' organisations were in real estate & housing (20%), followed by manufacturing (12%), energy, commodities and utilities (11%) and services/public sector (11%). Other notable industries surveyed included banking and financial services, retail and consumer, and telecoms and media (all 7%).

Every UK region was represented by respondents' organisations. The largest demographic were located in the south of the country, with 35% situated in London and a further 26% in the UK's south (15% were located

in the South East and 11% in the South West). A further 9% of represented organisations were located in the North West, with 6% situated in Scotland.

The remaining 24% of organisations were split between the East of England, East and West Midlands, North East, Yorkshire and the Humber, and organisations without UK operations.

Most of the organisations surveyed were also UK-only (54%), giving them particular insight into UK-related challenges.

Quantitative and qualitative data

The quantitative data provided by the survey was supplemented by qualitative data obtained by edie and Lloyds Corporate & Institutional in a series of roundtable discussions, held over six months in Bristol, Manchester, Edinburgh and Birmingham.

The roundtable discussions gathered together local sustainability experts, business leaders and members of academia and local government to discuss the challenges and opportunities present in their area of the UK, as well as collaborating on solutions that could overcome some of the most pressing issues faced by those in the room.

This report contains spotlight articles of each of the four roundtables on place-based efforts around net-zero; where relevant, the discourse and pertinent discussion points from these roundtables will be included in the findings of this wider report.



The roof of a new build house with integrated solar panels under construction



Wind turbines in the hills and fields Scotland, UK

Sustainable regional growth: The context

Since the introduction of the Climate Change Act in 2008, it has become increasingly apparent that reaching the UK's net-zero goals and targets cannot be achieved through national policy alone. The geography, industry and culture of each region within the UK necessitates a tailored, unique transition plan that takes into account the different challenges, drivers and opportunities of each.

Scotland and the North East of England, for example, have abundant renewable resources in terms of wind and hydro, often generating a surplus of green electricity but with a declining oil and gas base which could affect thousands of jobs as the transition goes ahead. The North West of England, which houses several cities with bold carbon neutrality targets, faces

issues with financing shortfalls and the challenge of decarbonising or retrofitting old buildings across densely urban areas. The Midlands, traditionally a manufacturing heartland, is repositioning itself as a leader of the green industrial revolution, but must face a growing skills gap that threatens to slow the transition due to a lack of experienced workers.

The need for a place-based approach to net-zero is backed by business – a recent edie survey found that [94% of the UK's sustainability leaders](#) surveyed considered a localised approach 'vital' for decarbonisation. So too is this emphasis on regional change matched by local government's ambitions, which often outpace national goals: [Scotland](#) has set a net-zero target of 2045, five years before the wider UK, with [Bristol City Council](#) striving to achieve carbon-neutrality by 2030.

Many of the regions face common challenges, present both in the survey and across the roundtables held by edie and Lloyds Corporate & Institutional, primarily a perceived lack of government support, insufficient private financing, and few local skills and specialised workers.



A place-based approach to net-zero: Challenges and opportunities

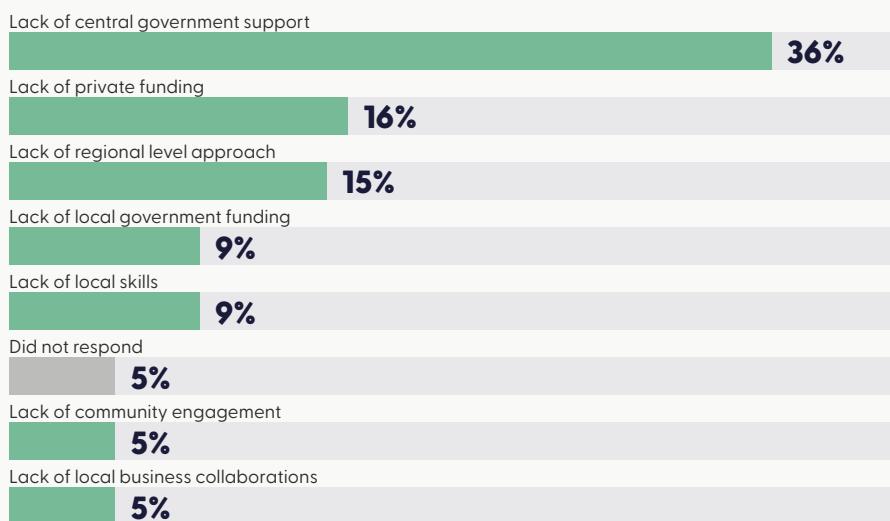
Responding to edie's survey, businesses from across the UK set out their key challenges regarding the net-zero transition at a regional level, as well as the areas in which collaboration, financial investment and government intervention could have the greatest positive impact.

When it comes to advancing net-zero at a regional level, it is clear that businesses see this as requiring a combination of government policy, regional strategy and private finance. 36% of those surveyed noted a perceived lack of central government support as a key challenge to the net-zero transition. Related to this, a lack of local government financing was an issue for 9% of those surveyed, with the lack of a regional-level approach a challenge for 15% of respondents.

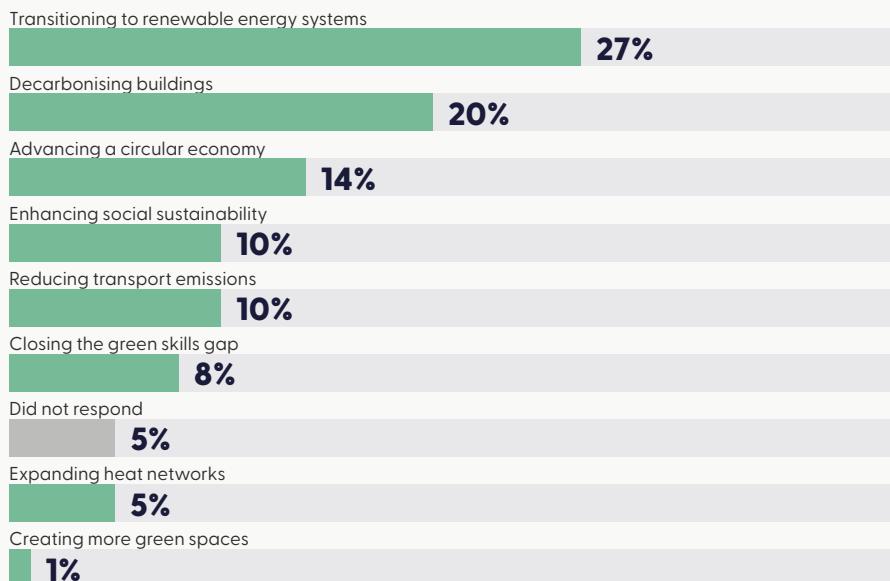
Given the significance of this issue, it is worth exploring further: a later chapter of this report examines the role of government in the net-zero transition in greater detail. The lack of a clear regional-level approach is also pertinent however, and was brought up in several of the roundtables held by edie and Lloyds Corporate & Institutional: multiple attendees of the sessions noted the perceived absence of a single unified strategy for each region, with business often shouldering the burden of driving the net-zero transition.

Beyond governmental planning, several other key challenges were identified: a lack of private financing was a challenge for 15% of respondents, with a lack of green skills an issue for a further 9%. Lack of community engagement or local business collaboration – another challenge often brought up in the roundtables – were challenges identified by another 5% of respondents.

What do you see as the biggest challenge when it comes to advancing net-zero at a regional level?



In which area do you believe local and regional sustainability initiatives and collaborations could drive the biggest impact?



St. Mary's Lighthouse.
Whitley Bay, Newcastle, UK



Priority areas for action

Asked to identify in which areas regional sustainability initiatives and collaborations could drive the biggest impact, survey respondents placed the focus squarely on decarbonisation.

Transitioning to renewable energy systems and decarbonisation of buildings were the two most voted areas, at 27% and 20% of respondents respectively, showing a local focus on Scopes 1 and 2 and the foundational building blocks of a net-zero policy.

Critical to both reducing carbon emissions and meeting targets, these two priority areas show the extent of the need for collaborative efforts between local and central government: both require significant financing and collaboration to make happen at pace.

This call for collaboration was most evident in smaller organisations

(with limited budget and experience to decarbonise swiftly or at pace) as well as organisations of 5,000+ employees (who have large estates and complex energy challenges).

Other priority areas identified by respondents included advancing a circular economy, which 14% of respondents noted as a key area for collaboration; enhancing social sustainability and reducing transport emissions, both at 10% of respondents; and closing the green skills gap, which 8% of respondents noted as a key area for improvement.

Interestingly, middle-sized organisations of 250-999 employees and 1,000-4,999 employees voted 'advancing a circular economy' and 'enhancing social sustainability' as their number one area for driving impact, suggesting that these middle-ground companies have solved Scope 1 issues or are more advanced in their transition plans, now looking at 'softer' sustainability goals instead.

Financial investment

Asked where financial investment is most needed to drive sustainable regional growth, energy was again the highest priority for respondents: 29% argued that building energy efficiency and improvements was critical for net-zero progress, with a further 15% suggesting microgrids and local power networks, putting it in second place.

EV infrastructure and transport services were third most chosen at 14% of respondents, followed by renewable generation projects (12%), training and education (8%), and community engagement projects (5%). For businesses with turnover of more than £100m, EV infrastructure and transport rose to second place, suggesting an increasing need in larger companies for Scope 3 assistance and suggesting that where large fleets exist, regional EV infrastructure is not yet sufficient.

Where do you believe the most financial investment is currently needed to drive sustainable growth at a regional and city level?

Building energy efficiency and improvements

29%

Microgrids and local power networks

15%

EV infrastructure and transport services

14%

Renewable generation projects

12%

Training and education

8%

Did not respond

5%

Community engagement projects

5%

Green spaces and cleaner air projects

3%

Clean heat

1%

Commercialisation of new low carbon technologies

1%

Government running housebuilding initiatives rather than the private sector

1%

I can't pick just one...

1%

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

Spotlight on: South West

A recent survey conducted by edie and Lloyds Corporate & Institutional revealed that 94% of UK business and sustainability leaders now view a 'place-based approach' to net-zero as important to accelerate decarbonisation, while 82% agreed that local collaborations can drive previously untapped value from the net-zero transition. edie and Lloyds Corporate & Institutional convened a high-level roundtable discussion in Bristol, focusing on sustainable growth opportunities in the South West.

As climate targets go, the region is one of the UK's frontrunners. Bristol City Council is striving to achieve carbon-neutrality by 2030, after becoming one of the first councils to officially declare a climate emergency back in 2018.

The target has been backed by noteworthy financing commitments. Bristol City Council launched a city-wide £1bn investment plan, Bristol City Leap in 2023, aiming to catalyse approaches to a place-based low-carbon transition.

The [edie and Lloyds Corporate & Institutional roundtable](#) brought

together sustainability and finance experts from a range of local businesses – ranging from SMEs to large organisations – to discuss how the region can grow and prosper through sustainability-focused actions and initiatives.

Navigating the 'sustainability winter'

The South West, like many other regions, is currently going through what one participant described as a "sustainability winter" – a moment in time where the appetite for net-zero initiatives has cooled due to economic constraints, disinformation and national and global uncertainty.

"The world is changing rapidly, unpredictably. The messaging going out is that [net-zero] is too difficult, too expensive," one participant said, asking the others around the table whether corporates will be able to weather this narrative shift.

Participants were adamant that sustainability "will come back strongly," and a mix of new financial models, long-term corporate action plans and regional collaboration can help the South West master its approach to decarbonisation.

Indeed, the region is primed to drive a low-carbon, nature-based transition, provided regional and national policies and corporate appetite can align to tap into what has already been delivered.

The Cornish Peninsula can utilise its geothermal resources; the Crown Estate is planning a major offshore wind project, while interconnectors due to come online will bring solar power from Morocco to the UK landing into North Devon. Hinkley Point C will bring nuclear to Somerset as well as an electric vehicle (EV) Gigafactory near Bridgwater. The region can access minerals needed for battery production and has the largest area of "semi-natural habitats" of any English region, including some of the country's rarest and most endangered UK Biodiversity Action Plan (UK BAP) priority habitats.



Clifton suspension bridge, Bristol

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

Policy was a key talking point at the roundtable. While the UK Government's Devolution Priority Programme – of which numerous South West councils applied to be a part – is ongoing, participants saw an opportunity for more organic co-operation between businesses and the Government in the meantime.

Many of the participants noted that the current narrative on sustainability had seen the business case evolve to focus more on cost savings in the short term and resiliency in the long run. "The business case hasn't gone away", one participant noted, but it hangs off different themes such as climate risk and reputation.

Economic growth

Earlier this year, research from the Energy and Climate Intelligence Unit (ECIU) found that the UK's net-zero economy grew by 10% year-on-year, with the South West the second largest contributor, at 5.4% of the national total.

The challenge is that short-termism stunts the trajectory, but the South West is unlocking new financial opportunities.

The region is working to develop additional innovative financial mechanisms to unlock financing for sustainability initiatives. It is doing so with financial and practical support from the EU's Horizon Europe Climate Neutral and Smart Cities Mission – a project aiming to decarbonise and modernise 100 cities this decade.

More recently, a Bristol Climate Action Investment (BCAI) has been drawn up to engage with the private sector. Financing will be unlocked and used to install heat pumps, solar panels and energy-efficient lighting at council-owned buildings across the city-region.

Some financiers around the table noted that net-zero is not the only

"The Cornish Peninsula can utilise its geothermal resources; the Crown Estate is planning a major offshore wind project, while interconnectors due to come online will bring solar power from Morocco to the UK landing into North Devon."

priority for some clients, and that new mechanisms will need to be introduced to unlock capital and partnerships that drive social, environmental and economic opportunities.

For example, Lloyds has committed up to £500m in loans to social housing providers to support retrofit improvements of social houses in the UK, partially guaranteed by the National Wealth Fund.

Participants agreed that conversations on the economic and sustainability transition needed to focus on an engagement journey that looked beyond a "five-year risk window" to outline the value the region could unlock.

Sustainability needs to be "almost normalised and baked into finance", one participant noted, with another claiming that "positive tipping points in the transitional industries" such as battery storage and car manufacturing would help spur the net-zero transition.

Tapping into the abundance of low-carbon opportunities could see the South West emerge as a real enabler of a national transition, growing the economy through green sectors in the process. The immediate challenge remains evolving the short-term worries and misconceptions around climate change into a business case for long-term sustainable growth.

'Interventions and collaborations'

Commenting on the roundtable outcomes, [Ben Deverell, director, Lloyds Corporate & Institutional](#), said: "Our first regional roundtable with edie was a real eye-opener. By bringing together the key stakeholders from across business, NGOs, academia and finance, our discussion drew out the most important interventions and collaborations needed to drive sustainable growth across the region – and I was encouraged by the positive and collaborative energy in the room.

"It was enjoyable to hear the enthusiasm and capability in the room across key sectors such as manufacturing, energy, academia and professional services which left me optimistic about the role net-zero can play in the South West's investment and growth story.

"We are at hand to support our clients and regions with the net-zero transition through our financing, expertise, but also through convening experts as we did with the support of edie in Bristol."

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

Spotlight on: North West

Ambition meets action

The [second of Lloyds Corporate & Institutional's regional roundtable series](#)

in partnership with edie, turned the sustainability spotlight on North West England, exploring the unique drivers, challenges and opportunities faced by local businesses when it comes to accelerating the net zero transition.

While meaningful movement has been made in the North West towards climate goals – including Greater Manchester's Five-Year Environment Plan to retrofit over 10,000 homes and deploy zero-emission bus fleets – ultimately, the ambition of some of the goals set by local councils (achieving net zero by 2038 and 2030 respectively for Greater Manchester and Liverpool City Regions) has meant that organisations in the region need to work highly efficiently and collaboratively in order to accelerate their decarbonisation progress.

Achieving these ambitions will create significant opportunities; investment in the region is already increasing, and early benefits are coming forward. However, in the face of this progress, structural barriers remain – including financing shortfalls, capacity challenges and difficulties in addressing some of the harder-to-abate sectors, such as domestic heating and retrofitting older buildings.

Is it the end of the 'theatre of ESG'?

The roundtable began with a broad question of sentiment: given the alleged 'sustainability winter' being felt around the world (from geopolitical events to the ongoing skills pressures), where does sustainability rank in the North West business hierarchy right now?

The answer for many experts around the table was positive: while they



The Lowry Salford Quays, Manchester

noted that some of the politicisation of "ESG" was seen as a challenge for sustainability leaders, customers have not relented in asking for increasingly sustainable business operations and products.

It was agreed that more differentiation was needed between the "media noise" around sustainable business practices and the day-to-day function of ESG. While, as some noted, the "theatre of ESG" might be dead, ultimately the science and data behind the need for – and benefits from – sustainable practices are here to stay; and the increasing demand for sustainable, purpose-led products and services shows no signs of abating.

While pressure mounts to integrate ESG practices into business, a number of challenges remain for the business leaders around the table, particularly relating to financing and collaboration. One participant noted that within several sectors, including housing, collaboration has stalled and there is no clear direction towards zero carbon. This was compounded for some by conflicting priorities in their business, all of which required

budget that could not be stretched to cover every competing need.

One solution suggested by the experts was to build more support by using clear evidence of sustainability progress and business benefits, instead of simply referring to broad sustainability goals. Where businesses can see the proven benefits of a sustainable project, the attendees noted, they are more likely to support it.

One expert said her company now relies on the "Four Rs" when considering sustainable projects: Will it drive revenue? Will it reduce client risk? Will it make the business more resilient? And will it enhance the company's reputation?

This acted as a focus to create buy-in: rather than selling a project purely on the basis of ESG compliance, it could instead be reframed as reducing risk, increasing revenue, or enhancing reputation.

The consumer bottleneck

Here, the conversation turned to education around sustainable issues – and the challenge of engaging consumers.

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

Many participants highlighted the challenge of educating a wide range of consumer markets. “A single ‘city-centre’ approach to sustainability and net zero simply won’t work across the North West”, one expert stated, as each community has its own needs and priorities. To engage people effectively, he said, businesses must first understand those local needs and tailor their education efforts – “whether that’s encouraging public transport use, promoting the recycling of clothes, or addressing other local issues”.

Engaging with small and medium-sized businesses (SMEs) is a particular challenge for those present, despite being one of the most important communities to engage in order to reach zero carbon in the region. The question of who should lead on engagement was then raised – and the consensus was that everyone has a role to play. This includes publicly financed organisations running community education, banks supporting SMEs, and businesses working with their suppliers to improve sustainability.

Ultimately, companies were seen as key to creating spaces where smaller businesses can come together, share ideas, hear from experts, and learn from each other in a collaborative environment.

The need for reporting refinement

The conversation moved to the effects of government policy on the region. In general, the participants agreed that the impact of any further regulation and disclosure should be considered for its impact on business costs and willingness to engage as a result.

What’s needed, the participants agreed, is interconnectivity and consolidation between regulations – to standardise processes and reduce duplication of effort. Improved procurement processes, better assessments and refinement in reporting systems would help bring SMEs along on the sustainability journey, one expert noted.

“Greater Manchester’s Five-Year Environment Plan to retrofit over 10,000 homes and deploy zero-emission bus fleets.”

There was positivity around the future of regulation, however, with one professional noting that the new Procurement Act would go some way to strengthening and standardising procurement, improving transparency and reducing the burden of reporting in the near future.

Every job is a green job

The session concluded with a discussion around the role of business and local government in upskilling the workforce and engaging the younger generation in green roles. Ultimately, the experts agreed, this process takes a significant amount of time. Now, they said, those targets need to be met but businesses lack the skilled workers to meet them – with business skills hubs and dedicated trainers working too slowly to alleviate this skills gap.

Suggested solutions included starting sustainability education earlier, ensuring children could build understanding and interest in green careers from a young age. Training should also be decentralised, one expert suggested, with local authorities leading education efforts to better reflect local needs and challenges.

While carbon literacy was once seen as the key to workforce education, this is now too narrow. One attendee stated there is a need for a mix of sector-specific skills and broader training in areas like collaboration, systems thinking, and long-term sustainable planning.

As one expert put it, “Every job is going to be a green job.” To make

that a reality, the next generation must see sustainable careers as aspirational and meaningful. This means framing green roles as positions of real responsibility and impact, and not symbolic ‘green champion’ roles.

Importantly, one professional added that this approach shouldn’t be limited to young people. Businesses can inspire and retain older workers by giving their roles new purpose within the shift to sustainability, ensuring they remain relevant and valued as industries evolve.

The session wrapped up with optimism and purpose, despite the skill and engagement challenges that remain. The participants were clear that ESG is not on the decline – but is instead becoming increasingly important to every role in every local business, and to stakeholders who continue to call for greater sustainability from the organisations they interact with. Issues, where they remain, can only slow the progress of sustainable business: they cannot stop it altogether.

‘Unique opportunity’

Commenting on the roundtable outcomes, [Chris Yau, director, housing & sustainability, head of North West, Lloyds Corporate & Institutional](#) added: “It was clear from this discussion that the North West has an opportunity to act as a beacon for other regions around the country when it comes to accelerating sustainable growth and achieving net-zero.

“There were three clear discussion points that stood out for me – the need for bigger businesses to engage more effectively with SMEs on decarbonisation; the need to close the green skills gap through government, education and training programmes; and the need for stronger public-private partnerships to drive the sustainability agenda forward.”

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions



Spotlight on: Scotland

Despite having some structural advantages, Scotland faces some significant bottlenecks when it comes to decarbonisation at a national level. The country is legally committed to reach net-zero by 2045, five years ahead of the UK as a whole, and continues to generate very high levels of renewable electricity, and capacity.

Yet, participants at [edie and Lloyds Corporate & Institutional's roundtable](#) discussion were clear: Scotland could risk falling behind on decarbonisation progress if barriers are not tackled in connection to grid constraints, policy uncertainty beyond 2030, skills gaps, and an increasingly challenging conversation about costs.

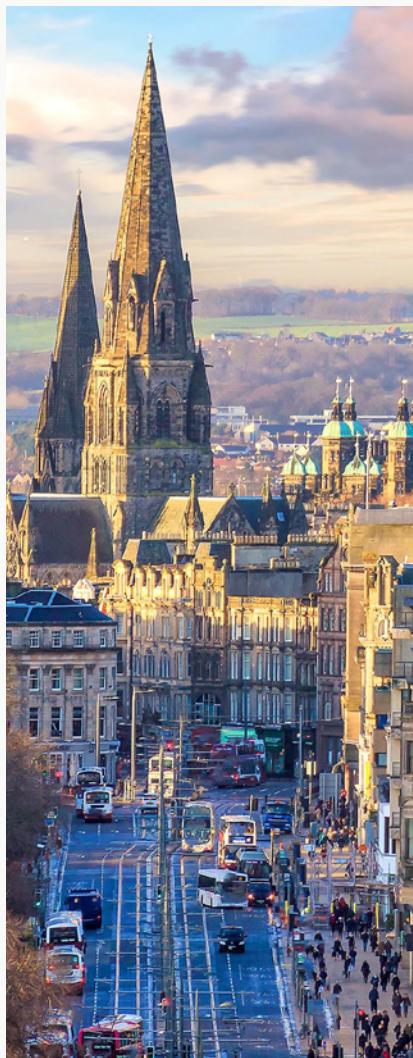
Changing the narrative

The conversation began with a discussion around the current ESG climate, and how geopolitical agendas are affecting approaches to both sustainability and net-zero.

Some of the attendees noted a distinct change of narrative in recent years, signified in part by some banks withdrawing from the Net Zero Banking Alliance. However, it is important not to downplay the overwhelming public support that still exists for net-zero – indeed, the UK Government's latest Public Attitudes Tracker reports 80% of people are concerned about climate change (37% “very concerned”), with net-zero awareness at 91%. This is emphasised by the continuing take-up of GHG target assessment and validation, particularly in Asia, where SBTi validation is seeing increasing engagement by businesses.

To drive net-zero efforts within organisations, the participants agreed that sustainability teams must find better ways of communicating about net-zero, particularly when it comes to making the transition tangible by clearly demonstrating the success and value of net-zero work.

Through clear shareholder value, and a change in terminology to avoid increasingly ‘controversial’ terms such as ESG, buy-in could be more easily achieved across all parties, end users and providers.



Old Town, Edinburgh

Financing the Just Transition: Beyond the five-year window

The discussion turned to the Just Transition – and specifically who should pay for the changes required, and how. The participants agreed that currently there is no durable framework that gives investors confidence over the long-term. While Scotland has established a Just Transition Commission to advise ministers, there is a lack of clarity when it comes to how we will deliver our national goals. A clearer understanding of how different actions will be financed is an element that several of the experts argued they required to unlock private capital at scale.

Ecological concerns also hamper the Just Transition, one participant pointed out, with conflict often arising between necessary construction and interest groups working to improve biodiversity and the environment. An example that was given related to the building of wind farms: the approval of the 4.1GW Berwick Bank offshore wind farm came with stringent seabird compensation measures after sustained objections from conservation groups, which added to costs and could have affected the project's investability. This provides a clear example of how ecological tensions need to be carefully managed, if deployment is to accelerate.

Overall, clearer long-term policy direction is required to create a more global and systemic view of the transition, prioritise long-term solutions over short-term environmental benefits, and focus on the bigger picture to drive through positive change.

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions



Renewable energy pathways

The next point discussed by the roundtable participants related to obstacles that remain on the path to renewable energy. The single greatest barrier, they argued, is the grid. Scotland is rich in wind resources but poor in its capacity to move power south, or plug in new projects quickly.

Another challenge relates to regional energy usage caps in Scotland, with participants questioning what hitting those caps would mean for renewables. Several participants again argued that more needed to be done by the Scottish Government to encourage the investment and capacity expansion that is needed to meet longer-term goals. Policymakers' current focus on 2030 targets is helpful in identifying immediate actions, the participants agreed, but this still fails to offer what is needed long-term – leading to investors avoiding committing to new large projects in the face of significant risk and uncertainty.

Parallel approvals and financing decisions are starting to flow in a wide range of important projects – from subsea links to onshore renewables – but community impacts, planning capacity and consenting remain live constraints to their roll-out. Participants argued for coordinated, place-based delivery: align network upgrades, housing, manufacturing and skills, so communities see local value from hosting infrastructure.

One solution to these challenges is greater collaboration between policymakers and investors. The participants argued that business must do its part to drive the transition, with increased readiness to take risk from some companies reliant on a more encouraging policy environment. If delivered in tandem, these factors can encourage greater investment in the transition, supported by greater incentives to mitigate risk around uncertainty.

Green skills

The final issue raised during the roundtable was that of green skills. The Scottish Government is taking steps to embed green skills across the country as part of a Just Transition to net-zero. This includes the development of the Energy Skills Passport to support oil and gas workers to identify routes into several roles in the offshore wind sector. However, the roundtable participants agreed that more could be done to drive green skill growth, and more guidance could be provided on which skills are needed to drive the net-zero transition.

At an educational level, one attendee said, there is currently misunderstanding around what constitutes green skills – in effect, an identity crisis. This stems from individuals gaining sustainable skills and then leaving the sector in which they have been trained, creating uncertainty around how

those sectors will contribute to the transition longer term. The lack of take-up of apprenticeships has also created issues with the pipeline of skilled workers, widening the gap, participants agreed; many apprenticeships now lack support and suffer from a poor image among students. One potential solution mentioned during the discussion was to develop a nationwide marketing campaign that makes technical and vocational work routes more aspirational, backed by local delivery partnerships.

Driving long-term, sustainable growth

Ultimately, Scotland's positioning – with strengths in clean energy services, a deep engineering base, and proximity to North Sea storage – is a strong foundation for sustainable growth and investment. The task now, participants agreed, is not so much about ambition as about action to empower delivery: aligning policy, networks, finance and skills so that decarbonisation projects go full-stream ahead and 'green jobs' become the majority.

Commenting on the roundtable discussion, [Graham Arnold, regional head for Scotland, Corporate & Institutional, Bank of Scotland](#), said: "Scotland's commitment to achieving net-zero by 2045 presents a unique opportunity to generate sustainable growth. By leveraging our abundant renewable energy resources and fostering collaboration across sectors, we can drive significant progress towards our climate goals."

[Francesca Sharp, director, sustainability and client advisory, Bank of Scotland](#), added: "The transition to net-zero is not just an environmental imperative but an economic opportunity for Scotland. By investing in skills and infrastructure, we can unlock new avenues for growth and innovation."

"The UK Government's latest Public Attitudes Tracker reports 80% of people are concerned about climate change (37% "very concerned"), with net-zero awareness at 91%."

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

Spotlight on: The Midlands



The Midlands has been a trailblazer on net-zero action since its first energy strategy was produced in 2018. The region is committed to reach net-zero by 2041, with a strong track record in collaborations such as that with the National Energy Systems Operator (NESO), which created a place-based approach to energy infrastructure in the region. Despite its innovative pilots and ambitious deals, challenges remain that must be overcome for the region to truly lead the way on the sustainable transition.

As edie's Publisher and chair of the roundtable Luke Nicholls emphasised, the Midlands has no shortage of ambition. However, while the roundtable attendees were all actively pursuing novel paths to net-zero, through examples such as retrofitting, research partnerships or innovations in manufacturing, many described being held back by uncertainty,

policy volatility or fragmented delivery.

A number of participants noted that, while national commitments remain legally binding, there has been a change in the language used around sustainability in recent months. Thankfully, this shift in tone has not resulted in an abandonment of targets, the participants agreed.

Most large organisations still stand by their 2040 or 2050 goals, though they noted several have extended their nearer-term milestones from 2030 to 2035 or beyond. It was noted that, while ambition remains, the pace of change has lessened slightly, with the Just Transition falling down the agenda in a number of cases presented.

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions

“Most large organisations still stand by their 2040 or 2050 goals, though they noted several have extended their nearer-term milestones from 2030 to 2035 or beyond.”

Policy uncertainty and investor confidence

Some of the most significant challenges faced by investors acted as barriers to investment within sustainability. While the government's support for flagship carbon capture and other green projects was welcomed, questions were raised about its capacity to follow through with second and third phases, considering competing financial challenges. One expert at the table noted that, without a clear case for policy support remaining over the next decade, international companies would be much more reticent to invest capital in green policies and projects in the UK.

These uncertainties, the participants agreed, are compounded by wider geopolitical and economic pressures. International conflicts, supply chain shocks, and rising input costs have reshaped priorities for many manufacturers, often at the expense of sustainability considerations. One participant noted that sustainability is “not even in the top 10” issues for local manufacturers currently.

Despite this, attendees did state that reframing the conversation could help maintain the necessary momentum. Rather than positioning climate action as an obligation, it should be presented as a means to deliver tangible benefits: warmer homes, lower energy bills, healthier communities, and more competitive local businesses. What is needed is a story that resonates: one that leads with terms of improved health, decent housing and energy security.

Finance, affordability and the Just Transition

As we experienced from our other regional roundtables in this series, access to finance emerged as a key theme. While some participants in the Midlands noted that sustainability loans and green finance mechanisms are now more readily available, there are still some barriers to accessing this finance. One participant noted that few businesses would secure an ESG loan if the incentives aren't aligned; companies will always go down the route of greatest financial benefit, he said.

This was particularly the case in the housing and built environment sectors, it was noted. One participant talked of the importance of retrofitting the UK's ageing housing stock, which remains a vast and expensive undertaking. Participants noted that costs per home to achieve full green standards were high, with participants questioning how landlords could recover those costs without raising rents or compromising affordability.

The benefits of offsetting this spend are further complicated, another participant pointed out, due to the fact that much of the wider social value – e.g. reduced sick days, improved wellbeing, job creation – remains difficult to quantify or present as positive evidence.

Participants also noted that the average consumer is often not willing to pay for net-zero. One said: “Customers aren't interested in 2050; they're interested in their energy bills now.”

Collaboration and local leadership

Another central theme of the Midlands discussion was the need for greater devolved powers and flexible local financing mechanisms. Participants argued that true place-based transition cannot be designed or delivered centrally: it must be locally led, trusted by communities, and adaptable to the distinct needs of each area.

Devolved financing, they said, has already proven effective where it allows local governments and organisations to experiment and tailor solutions without rigid national requirements. This flexibility, however, needs to be matched by resources and clear long-term plans. The participants agreed that constant change creates uncertainty and inconsistency – what is most needed is a clear path that investors know will remain consistent for at least five years.

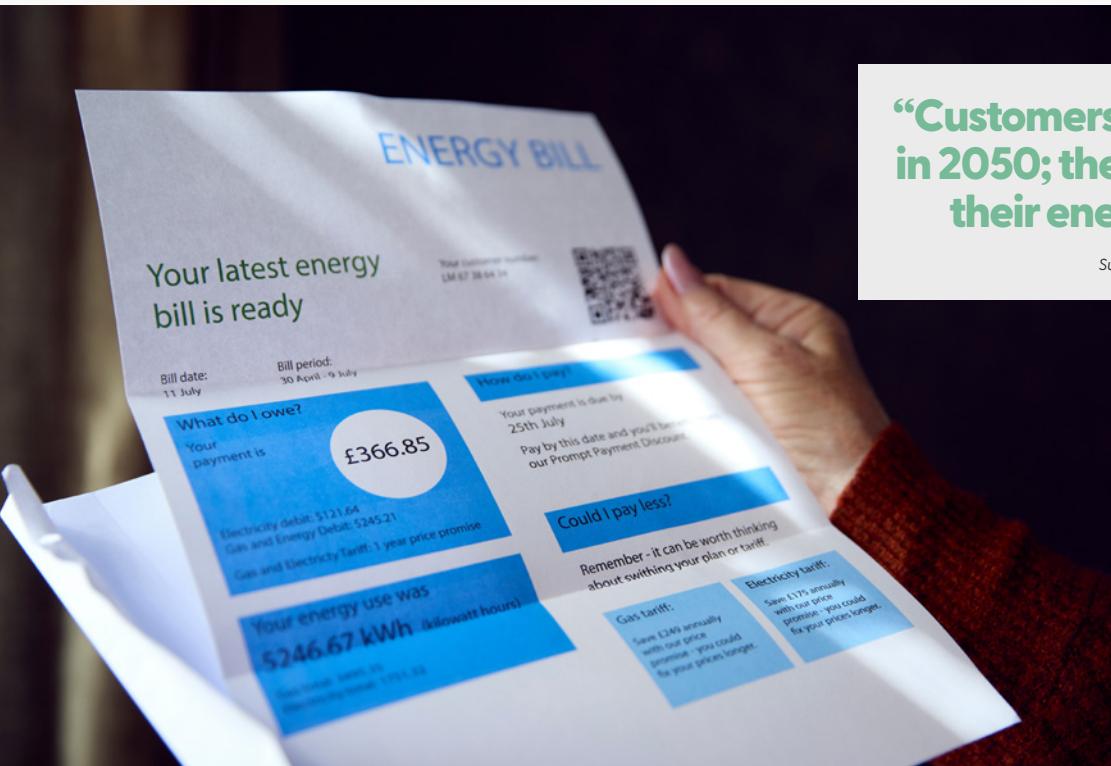
Roundtable participants did note, however, that positive steps have been made by HM Treasury in recognising public assets within national debt accounting, but the table agreed that siloed thinking across departments remains a constraint. To embed collaborative, place-based thinking, systems must be designed to integrate housing, transport, energy, and education at the local level, they said.

Education and green skills

The conversation closed with an exploration of the region's green skills agenda. Participants agreed that, while demand for sustainability-related

Regional spotlights:

edie and Lloyds Corporate & Institutional roundtable sessions



“Customers aren’t interested in 2050; they’re interested in their energy bills now.”

Survey respondent

skills is growing fast, there remains a disconnect between policy ambitions and the realities of education and training. To this point, one academic participant stressed the importance of experiential learning – giving young people opportunities to connect with nature and see firsthand the impact of sustainability technologies. Others described successful local initiatives that partnered manufacturers with schools to inspire children through design-and-build challenges focused on green innovation.

At university level, attendees advocated for greater emphasis on industry placements and internships, which they described as transformative experiences that turn abstract sustainability principles into lived professional practice.

The Midlands region has the ingredients to lead on net-zero: an early energy strategy, clear targets and collaboration with the NESO. While some of the solutions

to challenges mentioned in the roundtable are beyond business’ reach – derisking finance, for example, or improving policy certainty – others are ultimately possible through direct action, collaborative thinking and reframing the conversation. Positioning sustainable action as a risk reduction activity and highlighting key metrics and financial benefits, rather than specifically as part of ESG, could overcome negative sentiment around the term as well as create buy-in from averse finance departments.

Similarly, a focus on building green skills – through apprenticeships, training and community projects – could shore up the skills gap and create an upcoming workforce of talented individuals, trained in sustainable roles and motivated to support ESG strategies.

“Clear actions for progress”
Lloyds Corporate & Institutional’s [Huw Howells, managing director](#),

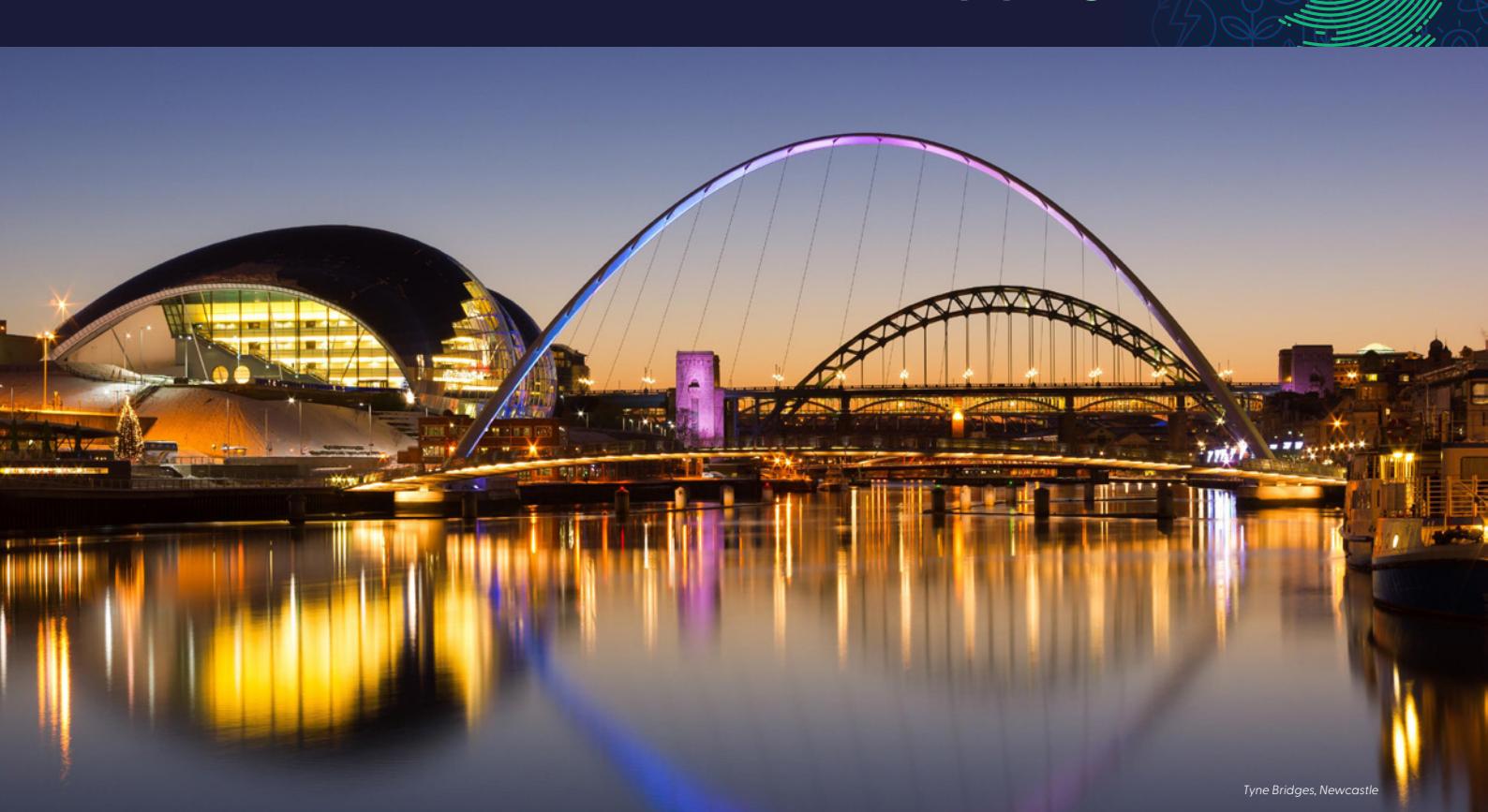
[manufacturing and industrials & regional head Midlands](#), said: “The Midlands region showcases what we have often seen at other roundtables in this series: While a number of challenges, both financial and regulatory, remain to be overcome, ultimately the region highlights enormous promise waiting to be unlocked.”

[Lloyds Corporate & Institutional’s Scott Barton, managing director](#), said: “With financial and educational assistance, businesses have the potential to drive positive change and lead the region at the forefront of net-zero action. What is needed now is greater collaboration between businesses and local government to create clear actions for progress.”

“We were thrilled by the high level of discourse present around the table, and were glad to take part in what turned out to be an engaging and solutions-focused discussion.”

Regional spotlights:

edie and Lloyds Corporate & Institutional survey spotlight



Tyne Bridges, Newcastle

Spotlight on: The North East

Once a region dominated by coal mining, steel production and other forms of heavy industry, the North East of England has transformed its legacy of skilled workforces and engineering excellence into a tool to drive decarbonisation at pace. The region is a leader in falling carbon emissions, reducing its GHG output faster than the UK average. By 2022, regional CO2 was roughly 40% of 2005 levels, thanks largely to cleaner energy and the closure or upgrade of historic industry.

However, the majority of the region's GHGs now come from homes and transport, two sectors typically challenging to abate. To reduce emissions and drive prosperity through decarbonisation, Net Zero North East England was formed in 2022 to co-ordinate this transition, creating a regional net-zero strategy and action plan.

In support of the plan, several local governments across the North East

have set ambitious net-zero dates. For example, Newcastle and North Tyneside have set net-zero 2030 action plans which include retrofitting homes, installing heat pumps and procuring green energy.

Regional Decarbonisation

The North-East's net-zero drive has aligned with the Green Industrial Revolution and national government's ambition to ensure all regions benefit from the low-carbon transition. As

such, the area has become a test bed for innovative initiatives and industry renewal.

The £160m North East Investment Zone is driving growth in clean energy and green manufacturing, supporting offshore and renewable energy, as well as electric vehicle manufacturing and battery technology.

To drive greater private sector investment into the region, Lloyds

Regional spotlights:

edie and Lloyds Corporate & Institutional survey spotlight

and the Office for Investment are partnering with the North East Combined Authority. The aim is to unlock funding opportunities to strengthen supply chains, improve transport links and enhance regional infrastructure to accelerate the region's clean energy growth ambitions.

The North East's industrial cluster is also at the heart of the UK's plans for carbon capture & storage (CCS), particularly on Teesside. The [Net Zero Teesside](#) initiative has seen major energy companies partner with local industry to create the UK's first decarbonised industrial hub and the flagship project is Net Zero Teesside Power. This is a groundbreaking gas-fired power plant equipped with CCS technology set to become operational in 2028. The project captures CO2 produced by its electricity generation – enough to power one million homes – and pipes it for storage beneath the North Sea.

This project and others – for example a CO2 transport and storage pipeline run by the Northern Endurance Partnership, and an increasing expertise in offshore wind energy including the world's largest offshore wind projects, [Dogger Bank Wind Farm](#) – are expected to unlock around £4bn in supply chain contract and create around 2,000 jobs in the region, with [tens of thousands more](#) supported across the country following scale-up.

Key drivers and challenges

For North East-based respondents to the edie survey, the greatest challenges facing the region right now are split evenly between a lack of local skills and the lack of a clear regional approach to net-zero. Surprisingly for a region with significant investment in renewable energy, the respondents from the area suggested that financial investment was needed most in building energy efficiency and improvements; transitioning to

renewable energy systems was also highly rated as an area requiring greater collaboration and initiatives to drive sustainable impact.

It is clear from the responses that despite investment in the region, much more is still to be done: developing a national framework for local transition and increased financing for new homes and retrofit were two of the key necessities respondents in the region asked for from government to advance net-zero at a regional level.

Additionally, as a region transitioning away from heavy industry, the North East has a strong need for local green skills, a fact raised by several survey participants: closing the skills gap was noted as one area of focus for local sustainability initiatives, and the majority of participants working primarily in the North East cited it as the biggest challenge to unlocking growth in the region.



Offshore wind farm off the coast of Teesside, North East England

Government support for regional transitions

In the survey, respondents showed clear ambition and largely positive sentiment towards place-based action, with 78% of those surveyed agreeing or strongly agreeing that a local systems approach to decarbonisation can derive previously untapped value from the net-zero transition, and a further 74% agreeing or strongly agreeing that local public-private initiatives and accelerator projects are vital for the UK to achieve the net-zero transition.

For many businesses, it is clear that this place-based action requires a combination of national strategy and regional policy initiatives.

In recent years, the UK Government has accelerated its push for devolution, with the rollout of new devolution deals and powers having a significant impact on regions' transition plans. For example, the West Midlands Deeper Devolution Deal agreed in 2023 allows the targeted allocation of net-zero funding, rather than requiring a competitive process. Last year's English Devolution White Paper also laid the groundwork for

Mayoral Strategic Authorities to develop their own Local Growth Plans. These 10-year strategic frameworks are an important opportunity for regions to set out their own ambitious roadmaps for economic growth, including through decarbonisation projects.

It is evident that alongside this policy progress, businesses are keen to realise the increased opportunities from devolution. Asked whether a new national framework is needed to give cities more power to drive net-zero within their jurisdictions, 64% of respondents agreed or strongly agreed. This call for more autonomy for cities suggests that organisations to date have not felt the impact of existing devolution strategies on the ground.

The need for additional clarity was emphasised elsewhere in the survey,

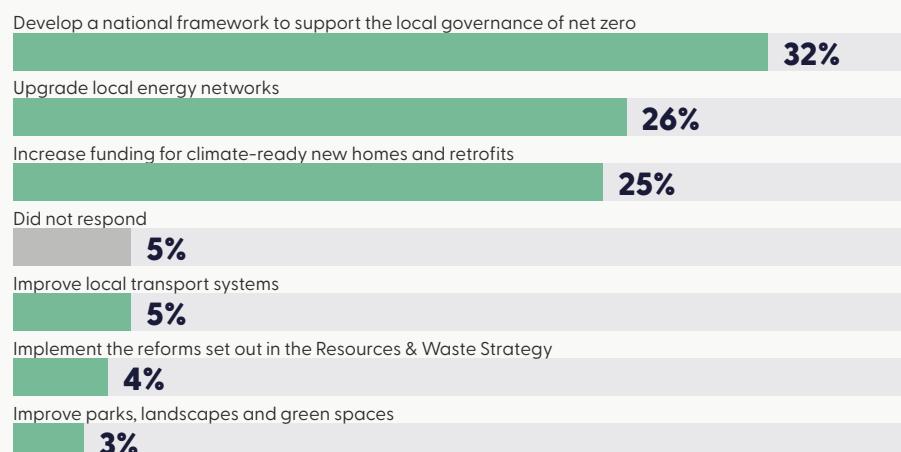
with 87% of respondents 'strongly agreeing' or 'agreeing' that a city-scale net-zero transition requires greater collaboration between central government, local government and the private sector. This perceived need was ranked even above funding for climate-ready homes and retrofits as a key challenge facing regions today.

It is clear therefore that, following the creation of Local Growth Plans and other key tools for regional bodies to accelerate the transition, more must now be done to articulate the opportunities of a place-based approach to businesses. While this need not require a new national strategy in itself, policymakers should work with regional leaders to draw together existing policy levers and better communicate the opportunities of a Just Transition for businesses at a regional level.

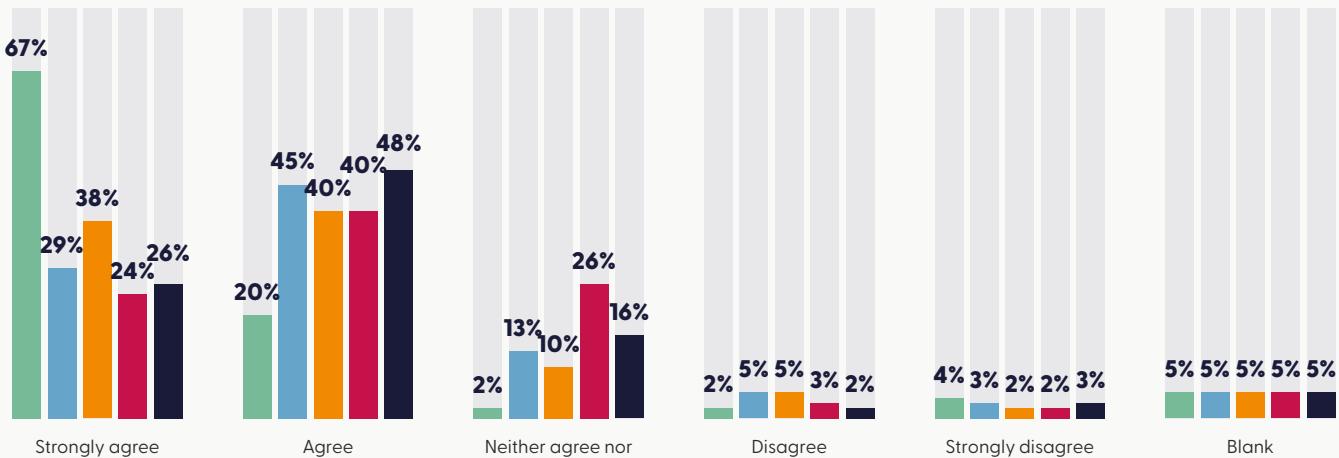
“Providing grants to community groups to acquire stakes in projects would foster local engagement and support for renewable energy initiatives, empowering communities and ensuring project benefits are widely distributed.”

Survey respondent

What is your top ask for central government when it comes to accelerating regional growth, investment and the net-zero transition over the next 12 months?



Survey sentiment on the net-zero transition



- A city-scale transition to net-zero requires greater collaboration between central government, local government and the private sector.
- Local authorities lack sufficient knowledge and funding to facilitate net-zero projects.
- A local systems approach to decarbonisation can derive previously untapped value from the net-zero transition

In business' own words: priorities for government support

Asked to discuss how central and local government could improve collaboration and drive forward a place-based net-zero transition, respondents had several suggestions. The larger body of suggestions related to a single, clear and defined government net-zero roadmap to “see what to do and how to achieve it, then source the finance needed”. This demand underpins the need for central government and regional leaders to work together and join up existing efforts in actionable plans for businesses.

Other suggestions included funding more demonstrator projects to de-risk investments in expansion of selected systems and technologies, drawing in private investment through blended finance; engaging earlier with the policymaking community in the design of policy instruments; mandating green building standards for commercial buildings; and mandated reporting on embodied carbon in construction processes.



“Many of the challenges, benefits and opportunities sit across multiple government departments, making it difficult to engage in a meaningful way. Each department has its own remit and budget, making the cross-fertilisation of ideas and funding a challenge.”

Survey respondent

“Government should widen the scope for general business decarbonisation grants, making it simpler to apply and receiving funding for decarbonising projects and equipment. Right now, businesses are put off by the requirements needed to apply for funding.”

Survey respondent

Finance and investment in place-based approaches to net-zero

Finance and investment were another clear area which businesses saw as a challenge to the net-zero transition, both during the roundtables and in the survey. Interestingly, responses were almost unanimous when asked what source of capital is most critical to accelerating the regional transition: 59% of respondents stated that a blended finance model (public and private) was key to accelerating regional growth, followed by government grants at 8%.

The reason for this is evident: as geopolitical uncertainty continues, there remains a risk that investors are more reluctant to put additional finance into green projects. By cutting the cost of capital and reducing risk through an element of public financing, green plans are more likely to see private investment as early-stage or long-payback projects become less risky.

However, given business' ongoing need to unlock finance, it comes as no

surprise to see that other sources of finance are also desperately sought after. When asked if banks can play a meaningful role in supporting regional growth and investment, 94% of respondents agreed or strongly agreed, with only 5% disagreeing at all.

This was the case across the range of respondent organisations, with both SMEs and businesses with a £100m+ turnover seeing the positives of bank support.

Which source of capital do you believe is most critical to accelerate regional growth, investment and the net-zero transition?

Blended finance models (public and private models)

59%

Government grants

8%

Commercial banks

6%

Development banks (publicly supported institutions on a UK and international basis)

6%

Pension funds

6%

Did not respond

5%

Private funding from corporates and other investors

5%

New commercial financing models

3%

Public funding

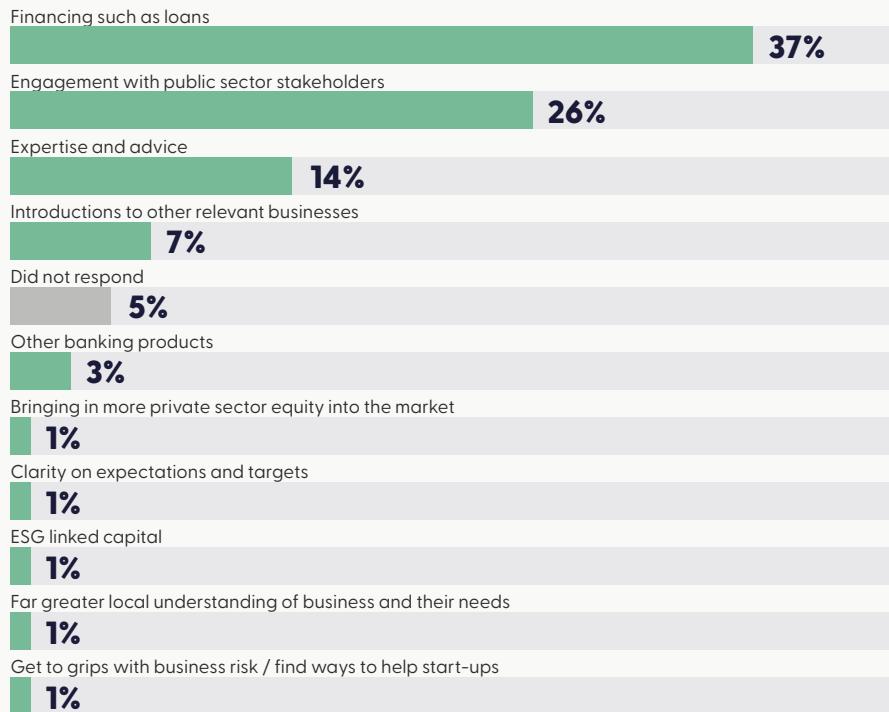
2%

“One of the greatest challenges is identifying and securing sustainable finance for a relatively small organisation that does not benefit from economies of scale.”

Survey respondent



What support would you like from your bank to support you to capitalise on the opportunity for regional growth and investment in the context of the net-zero transition?



Given the challenge many businesses face in financing green projects, financing options such as loans were unsurprisingly the option most respondents desired from their bank to support them in transitioning to net-zero, with 37% of respondents requesting it. This was followed by engagement with public-sector stakeholders (26%) and expertise and advice (14%) – showing that beyond simply finance, banks could increasingly fill the role of advisor and intermediary in place-based net-zero, providing the expertise, clarity and certainty businesses lack in their transition goals.



“We need better incentives for transition finance to de-risk investment in emerging net-zero solutions.”

Survey respondent

“We need more blended finance schemes that are easier for local and regional authorities to apply for.”

Survey respondent

Expert viewpoint



Lloyds Corporate & Institutional

The undertaking that led to this report – four roundtables spanning the UK, and a survey that took in 100 responses from UK businesses – was a significant project that yielded undeniable results. This report, created by edie and in partnership with Lloyds Corporate & Institutional, is the result of that hard work, containing vital information that helps inform our understanding of the net-zero transition, and where the most critical action is needed.



Mark Burton, group ambassador for Yorkshire and the Humber, head of UK regions and managing director, **Lloyds Corporate & Institutional**

Through both the roundtables and the quantitative research, we were able to draw out some of the key challenges and opportunities present in regions around the country. It was clear that while each region has different drivers, there are some core challenges present across the board: the gap between the UK Government's push for devolution and those opportunities reaching businesses on the ground; the need for further education and training programmes to encourage employee buy-in within business as well as incentivise young people to acquire green skills; and the need to work with local communities to create a culture of understanding and action around sustainability.

What became most clear to us was the role that banks like Lloyds Corporate & Institutional can play in this interaction. Situated between central government and business, banks have the incredible opportunity to harness the ambition of regional leaders and businesses and turn that into credible action.

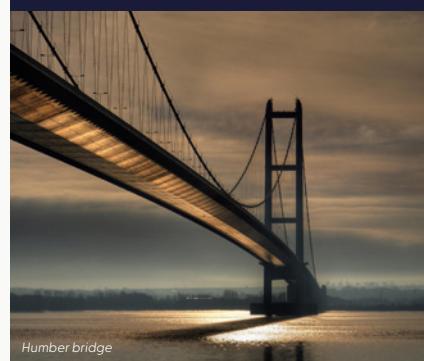
It is clear that sustainable finance is critical at this stage of the transition to encourage private investment, reduce risk for new projects and

encourage action around net-zero for organisations who might not otherwise have the capital to start. It is also clear from this report that banks can do so much more. We can facilitate conversations between large and small businesses, or between business and government. We have the tools and skills to educate businesses on the transition, and provide much-needed guidance on clear actions. Considering the overwhelming desire for blended finance options, banks are perfectly positioned to facilitate conversations and bring public and private finance together. That means derisking investment, incentivising sustainable action and driving the Just Transition forward across the UK.

We'd like to thank every sustainability professional and business leader who filled in the survey or attended one of our four roundtable meetings: your contributions are part of the important work that has gone a long way to improve industry understanding of the challenges facing each region in the UK, and what is most needed to drive forward our national approach to the net-zero transition.

All lending is subject to status. Eligibility criteria applies.

“What became most clear to us was the role that banks like Lloyds Corporate & Institutional can play in the transition.”



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