

London Borough of Hackney  
Skills, Economy and Growth Scrutiny Commission  
Municipal Year 2021/22  
Date of Meeting Tuesday 22 February 2022

Minutes of the proceedings of  
the Skills, Economy and  
Growth Scrutiny Commission  
held at Hackney Town Hall,  
Mare Street, London E8 1EA

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<b>Chair</b>	<b>Councillor Polly Billington</b>
<b>Councillors in Attendance</b>	<b>Cllr Clare Potter (Vice-Chair), Cllr Steve Race, Cllr Nick Sharman, Cllr Patrick Spence and Cllr Vincent Stops</b>
<b>Apologies:</b>	<b>Cllr Richard Lufkin</b>
<b>Officers In Attendance</b>	<b>Suzanne Johnson (Head of Area Regeneration) and Jasmine Ceccarelli-Drewry (Regeneration Officer)</b>
<b>Other People in Attendance</b>	<b>Philip Graham (Greater London Authority)</b>
<b>Members of the Public</b>	
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## Councillor Polly Billington in the Chair

### **1 Apologies for Absence**

1.1 Cllr Richard Lufkin

1.2 There were no other apologies for absence

### **2 Urgent Items / Order of Business**

2.1 There were no late items and the agenda was as published.

### **3 Declarations of Interest**

3.1 There were no declarations of interest.

### **4 Decarbonising Hackney's Economy - Supporting SME's to Decarbonise**

4.1 Decarbonising Hackney's economy was a theme throughout the work programme of the Commission in 2021/22. The focus for this session was the work to

support small and medium size business enterprises (SME) to decarbonise. The Commission took evidence today from the Area Regeneration Team within Hackney Council and Greater London Authority.

#### Greater London Authority

4.2 Phillip Graham from the Greater London Authority (GLA) presented to the Commission. A summary of the key points from this submission was as follows:

- Mayor published a pathway to net-zero by 2030. An analysis of the most practical route to get to net-zero was set out in the Accelerated Green Pathway.
- The Mayor's view was that this was both an environmental and social justice issue, and that plans to decarbonise not only reduce emission, but can also create jobs, improve health and wellbeing and reduce inequalities. Failure to act will exacerbate inequalities.
- New Green Deal aims to double the size of the Green economy by 2030 - there are over 1 million self employed, micro and small businesses which need to be supported to net zero.
- Microbusiness (< 10 employees) account for most business - Hackney has a large number of businesses - 5th highest in London.
- Science based Targets Initiative has introduced a specific SME route to carbon reduction for 3 areas (i) direct on-site emissions and fleet (ii) indirect emissions generation of purchased electricity and steam (iii) all other indirect sources.
- There is a positive appetite for net zero, but the biggest challenge for SME's to net zero is understanding their own emissions and what can be done to reduce these.
- London Council's Business 1000 Survey demonstrated a high degree awareness of government net zero ambitions with over 2/3 doing at least one activity to reduce their environmental impact.
- SME's need help to understand their carbon baseline and strategies to reduce this (e.g. energy usage, finance for retrofit).
- Local Authorities (LA) have an important role in the shift to net zero in setting targets and putting in parallel support to reach these targets. LA can shape and influence net zero work in relation to housing, transport, energy use and procurement and can act as convener for action among local stakeholders.
- GLA's view of the LA role - no wrong door approach, support for innovation, support for retrofit and access to funding.
- The Mayor runs a number of programmes to support businesses including the Business Climate Challenge, London Business Hub and Better Futures and Better Future Programme.

#### Questions from the Commission

4.3 Can further details be provided on the nature, value and uptake of grants available to support SME to decarbonise?

- The main programme of support was through the Business Climate Challenge which would provide £1m of support for up to 250 businesses. There was a range of other support provided through the scheme aside from grants. The pilot was oversubscribed and, given the number of business in London and the appetite for carbon reduction, it was likely the expanded scheme would be oversubscribed as well. Whilst there were other areas of business support at the GLA which businesses might be able to obtain support, these were not dedicated net zero funds.

#### Hackney Council - Area Regeneration

4.4 A summary of the Area Regeneration teams plans to decarbonise the Hackney economy and the nature of support available to SME's is provided below:

- The Council has a target of net zero by 2040 which will be supported by 7 thematic climate action plans:

- Retrofit
- Low carbon development
- Renewable power
- Low carbon transport
- Consumption emissions
- Green economy and transport
- Resilient and green.

4.5 In terms of business support to transition to green economy and net zero there were three areas of work:

- Businesses transitioning to the green economy - businesses in green industries;
- Businesses supporting green consumption - green consumer choices and spending;
- Business contributing to net zero- greener business practices and operations.

4.6 London is expecting a five fold increase in green jobs by 2050, with over 730k employed in the green economy. It is important to ensure that local residents and businesses are ready for this opportunity.

4.7 SME's were important stakeholders in Hackney's journey to net zero, through retrofit, low carbon development, renewable power, low carbon transport and by being resilient and green. SME's can adopt a wide range of actions to support their transition to net zero which may include retraining for green economy through to improved recycling or electrification of fleet.

4.8 Whilst there was a high degree of awareness among SME's of the need to move to net zero, London wide data suggests that 23% were not taking any action. Key barriers to transition were cost, feasibility and lack of information. It was suggested that a more localised business survey was needed to understand the nature and level of support SME's needed to transition to net zero.

4.9 Of the 22,000 businesses identified in Hackney, 22,400 were considered to be micro-businesses with 9 or fewer employees, and 1,640 were small businesses of between 10 and 249 employees. This illustrates the scale of the challenge in engaging and supporting SME's to transition to net zero.

4.10 It was noted that there were a range of bodies supporting small businesses including UK Green Building Council, Centre for Low Emission Construction, Federation of Small Businesses, Zero Business Network and London growth Hub (amongst others). Funding was available through the GLA Greater London Fund and Greater London Investment Fund.

4.11 The Council had provided some of the following grants to small businesses to assist them to transition to net zero:

- Adapt Your Business Programme: £405k available for businesses across Hackney to bid for adaptations to make to their business as a result of the Covid-19 pandemic and/or to make their business more sustainable.
- Hackney Central Impact and Ideas Fund: £360k available for businesses across Hackney to deliver projects and interventions in Hackney Central that align with

the aims of the emerging Hackney Central Strategy, including making businesses greener and more sustainable.

- Hackney High Streets and Town Centres Fund: £500k available for high street and town centre businesses to support the vitality and viability of Hackney's high streets and town centres, including making businesses greener and more sustainable.
- Allia Business Support Programmes: £50k funding available for Hackney businesses to access Allia's business support programmes aimed at supporting small businesses to grow and helping ventures to create greater social and environmental innovation.

#### Questions from the Commission

4.12 Next steps of Hackney were outlined to be

- Continued development of the Hackney Climate Action Plan
- Further research into the existing green economy and green jobs in Hackney and opportunities for the future
- Preparation of the Hackney Economic Development Strategy
- Hackney business survey
- Engagement, support and communications with businesses
- Delivery of grant funding to business

#### Questions from the Commission

4.13 Whilst both presentations were helpful in setting out the range of work being undertaken to support SME's, neither the GLA or Hackney papers adequately set out the scale of the challenge involved or the level of resources required to make this transition. There was also a lack of guidance as to what actions SME's needed to take to have the most impact in reducing their admissions.

- The GLA suggested that the net cost of transitioning to net zero by 2030 would be around £290 billion for London alone. It was also noted that the costs for reaching net zero by 2050 was not significantly different from this. The 4 key areas in this were energy generation, retrofit, transport and building emissions. The Mayor has announced a £500m green bond scheme to support retrofit, EV infrastructure and district heating networks (DHN). Transport for London (TfL) were key players in supporting active travel, EV infrastructure and maintaining an effective public transport network across London.

- The GLA were aware of the scale of the challenge needed to achieve net zero by 2030:

- 200k homes would need to be retrofitted each year to 2030;
- 15k commercial properties would need to be retrofitted each year to 2030;
- Private vehicle mileage would need to be reduced by 27% by 2030
- 1.5 gigawatt of solar energy was needed by 2030.

- GLA noted that there were a number of priorities in transition to net zero: development of green skills academies to ensure that local businesses had properly trained and qualified staff, EV infrastructure to support businesses moving to electric vehicles and sufficient finance to support retrofit.

- LBH - the scale of finance needed to support the net zero ambition was huge and with limited resources the Council must prioritise its spending which will be set out in the Climate Action Plan and Economic Development Strategy. The scale of the challenge also underlined the importance of working with partners both within the borough and externally to make the most of potential synergies and coordinated action.

4.14 (q1) Successful delivery of a low carbon strategy needs effective linking of all related strategies such as (for example) the Active Travel Strategy, Air Quality

Strategy and Biodiversity Strategy. How can the Council ensure that directorates do not work in silos but actively work together and join up work to contribute to net zero?

(q2) What kind of green jobs will be available in Hackney?

(q3) What money and resources can the Council draw up to support SME's transition to net zero? To what degree can monies collected through Community Infrastructure Levy be used to support the green economy and SME transition to net zero??

(q4) What role can regulatory services play in local businesses transition to net zero? Can licensing stipulate that business should be plastic free? What role can the planning authority play in relation to transport or even the development of a scrappage scheme in Hackney?

(q5) Is there consistency in the regulatory levers being used? For example, whilst the presentation highlighted the need to reduce private mileage by 27% by 2030, whilst local authorities have introduced LTNs there has been an increase in the private vehicle hire?

Responses - GLA

- The GLA constantly reviews how its regulation can assist in furthering net zero. The London Plan drives how housing funds are allocated, including environmental construction and onward monitoring of new buildings. Transport is another important lever at the disposal of the GLA for example ULEZ which delivers on both air quality and reduced emissions. The GLA has a target of 80% of journeys made by public or active transport modes by 2030. This informs the funding package being put in place. There are other areas of the GLA business where it does not have strong levers, but can use its convening powers to nudge and facilitate change in other ways. Retrofit is amongst the most challenging issues in the transition to net zero, and the GLA has funded initiatives to kickstart this. Ultimately it will be about developing investable propositions and leveraging in private finance to roll this out at scale. Another pot of money that can be used is the Adult Education Budget and Skills for London Board. Green jobs go beyond retrofit to a much wider range of skills. The largest sector of green jobs in London at the moment by some distance is in green finance. But there are other significant areas including digital transformations and electrical vehicle servicing and maintenance. If petrol vehicle sales are to come into force in 20230, then this will require a large workforce to support electric vehicles.

Responses - LBH

- In terms of regulation, planning and building control were two of the biggest levers at the disposal of the Council. When a building, land or other asset comes into the planning system it is an opportunity to progress to net zero commitments.

- Local transport policy plays a major role in improving air quality, reducing emissions and furthering action towards climate goals.

- There was potential to exert further influence with local businesses in relation to the Council's role as Business Rates collector.

- Further work was needed in relation to what was meant by a green job and a green industry. Green finance and green technology was also very strong in Hackney in terms of green jobs.

- There were new tools which had recently become available which were shedding further light on green jobs that were becoming available and this was helping Hackney to map out what and where green jobs were.

**Tuesday 22 February 2022**

- In terms of finance from the government emergency Covid programme in terms of Area Regeneration the slides set out how much was available in total: £1.315m. Funding from the Zero Emission Network would need to be provided by another department in writing. Although further covid funding was unlikely, it was hoped that other sources of funding would be found to continue to support this important work. It should be noted that Area Regeneration were committing staff time and resources to this programme of work.

4.15 In relation to building homes and the embodied carbon in that process it was noted that 8% of the world's carbon is tied up to the construction industry and concrete specifically. Hackney is a global leader in tall timber buildings having the tallest and largest number, far outstripping other local authorities. Due to the impact of Grenfell, there appeared to be a logjam at City Hall in progressing this type of build. Would the GLA like to visit Hackney to see what can be achieved with timber build and talk to developers, insurers and fire specialists? At present it was suggested that the Mayor of London would not fund laminated timber frame construction.

- This was not an area of speciality or responsibility of the GLA representative, so a detailed response could not be provided at this meeting. There were a number of issues to raise in response to this question however firstly that the GLA were aware that there was not any Grenfell type risk to use of a multi-laminated timber build frame and no reason for development not to include this.

- A bigger picture of course was about the handling of embodied carbon in relation to material required for new build or refurbishment of existing buildings. The GLA was in the process of developing the next London Plan and was currently collecting evidence and baseline data to support this and net zero will run through all resulting policies and plans. It is likely that the role of embodied carbon will figure prominently in these discussions and subsequent policy development and target setting. The London Plan is a strong regulatory lever so it was important that this issue is reflected in the development process for this.

4.16 Can further information be provided in relation to the timeframe for the next steps and when these are likely to be achieved, for example, when will the Business Survey be completed, the Economic Development Strategy be signed off and Climate Actions Plan be agreed and published?

- It was expected that the Climate Action plan would be agreed later in 2022, with Cabinet approval expected around July 2022.

- It was noted that further research and consultation with business would be needed to inform the Economic Development Strategy, and consequently this would come later in the next financial year (early 2023). Businesses would need to be consulted on the nature and number of green jobs and support they require to transition to net zero. The Business Survey would take place in the autumn of 2022 as time was needed to plan and agree lines of questioning to ensure maximum benefit.

- In terms of delivery of grant funding for businesses, the aim was to ensure that funding would be allocated by 31st March 2022 and that delivery would be completed by December 2022. The Council was also in the final stages of giving out the Omicron business grant to support local businesses and this would complete by March 2022.

4.17 Given the ambitions of local and regional governments to achieve net zero, and the relatively small amount of funding to achieve this it is important to know where this will be focused and what respective authorities consider to be good outcomes or what success might look like with the levers and resources available?

- GLA - Given the scale of the challenge involved, the way that success will be measured will be more than the number of business which have received a grant or made green adaptations, but will also need to include the learning and awareness from such programmes (i.e. which businesses engaged and successfully adapted and those which did not). At the same time success should also be measured by improvements to sector wide scores for the numbers of businesses which are aware of the need to change and are actually making improvements. Success would necessitate that there are adequate tools for businesses to help them take action. It was acknowledged that the new £1m fund announced to support small business would not be of the scale to sufficiently influence the market. This will, however, help to create an evidence base for more effective action to be taken subsequently. In terms of regulatory levers of the GLA, the London Plan would only really impact in relation to new build which was unlikely to affect small businesses. Transport perhaps has a far greater regulatory impact for small businesses in regards to fleet. Waste was also an area of regulatory impact, particularly if more businesses can be encouraged to switch to a circular economy.
- LBH - As experience and learning from decarbonising initiatives grow it is expected that additional resources and investment will follow. Secondly, there would need to be reassurance that local businesses are engaged and taking practical positive steps within their business to being net zero. In this, it was important to understand why some businesses were not engaging with this agenda and how they can be supported to take action.

4.18 Is there enough information in the system to assess the environmental impact of green investment i.e. what is the return in relation to carbon removal of every £1 invested? This would help to assess effectiveness better than spending totals or grant allocations to businesses. What are the activities in small business which would give the most yield in decarbonisation?

- LBH - This is something that local authorities would need to understand more as this should inform local priorities.
- GLA - at a macro level this can be done in terms of value for money from investment, but for small businesses it is more challenging as the landscape is so diverse. The London Climate Challenge was focused on supporting sustainability professionals to enter business and making these assessments on how to reduce emissions, be it through reducing waste, reducing energy or improved fleet operations. Right now it is difficult to say what small businesses should be doing as the evidence base develops and there would be a need to segment advice and guidance to the diverse range of businesses in operation.

4.19 Is there any way in which Business Rate Relief can further local businesses transition to net zero?

- Further work would need to be undertaken with colleagues in Business Rates to explore possible ways in which transition to net zero can be supported. There was a Covid Business Rate Relief Programme which would be rolled out later in 2022 and the Area Regeneration team would be inputting into how those funds or grants can best be used.

4.20 Can the GLA consider acquiring business spaces in local high streets to help shape small businesses to transition to net zero?

- The GLA was not acquiring businesses on local high streets but was running a programme called the High Streets Challenge which was part of London's economic recovery programme. It was providing funding for local authorities to look at how they can repurpose and rethink how local high street businesses work more effectively.

There was a clear need to link sustainable high streets and commercially successful high streets.

4.21 It was noted that the local Zero Emissions Network covering part of Hackney was working well with over 1,000 members. Local work was having an impact in relation to use of cargo bikes, small electric vehicles and street scene improvement. It feels like this is a good model to roll out to other areas if there is a sufficient evidence base?

- GLA would like to extend the number of Zero Emissions Networks but cannot provide the same level of funding. The evidence base was positive in demonstrating that Zero Emissions Networks were positive for local business and helped to reduce carbon emissions.

- LBH - the Zero Emissions Network started in Shoreditch but is now borough wide.

4.22 The Chair thanked officers from LBH and GLA for attending and responding to questions from members of the Commission. The Chair indicated this would inform the recommendations that it would develop in relation to its scrutiny of decarbonising the local economy.

## **5 Skills, Economy and Growth Scrutiny Commission 2021/22 Work Programme**

5.1 The work programme report was noted and agreed by the Commission.

5.2 The next meeting would be on the 9th March 2022.

## **6 Minutes of Previous Meeting**

6.1 It was noted that Cllr Carole Williams was present but was not recorded as attending the meeting.

6.2 The minutes were noted and agreed.

## **7 Any Other Business**

**Duration of the meeting:** 7.00 - 9.00 pm