

MAYOR OF LONDON



Skills, Economy and Growth Meeting - Hackney

Scrutiny Committee

February 2022

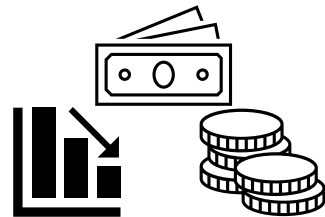
NET-ZERO BY 2030

Trajectory

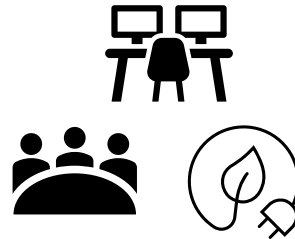
- In January of 2022 the Mayor published his Pathways to Net-Zero by 2030 report, and set out his preferred pathway for London- accelerated green.
- This analysis has confirmed what we have known for some time: it makes economic sense to act now.
- Managed well, the transition to a green and sustainable economy will create jobs for Londoners, it will save on fuel costs and it will provide us with a cleaner and healthier city.
- The Mayor has set out the **Accelerated Green Pathway** as his preferred approach for London. This pathway recognises the need to protect the most vulnerable, whilst moving at the urgent pace needed.



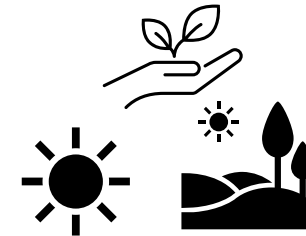
Create Jobs



Save fuel costs



Grow the Green
Economy



Address the climate
emergency

THE GREEN NEW DEAL

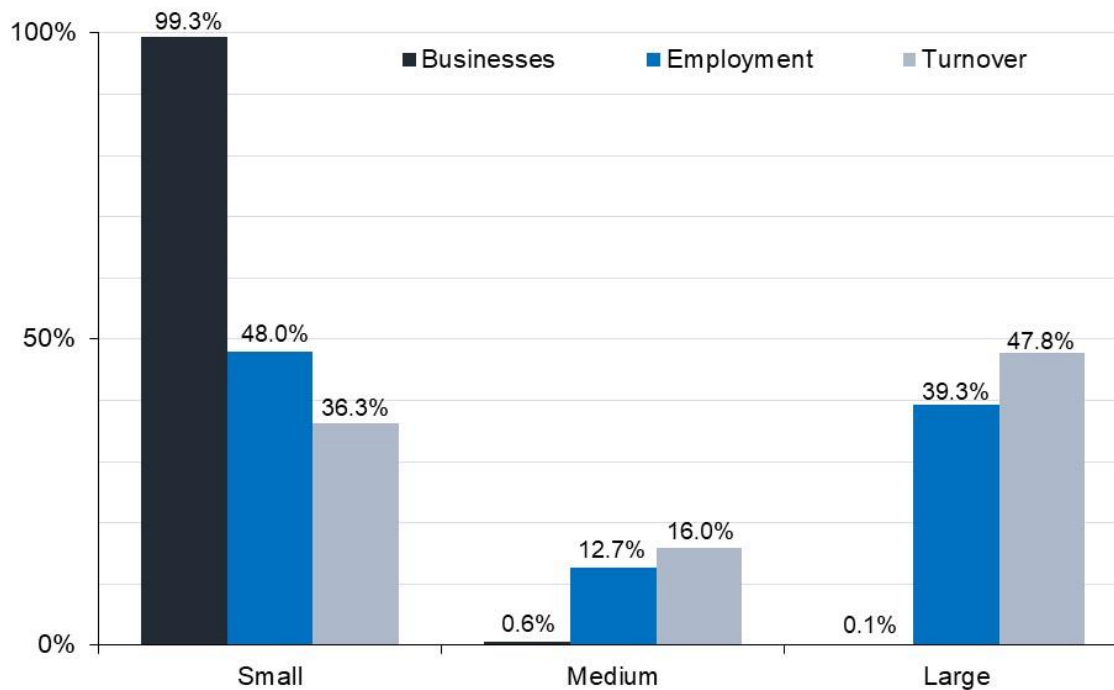
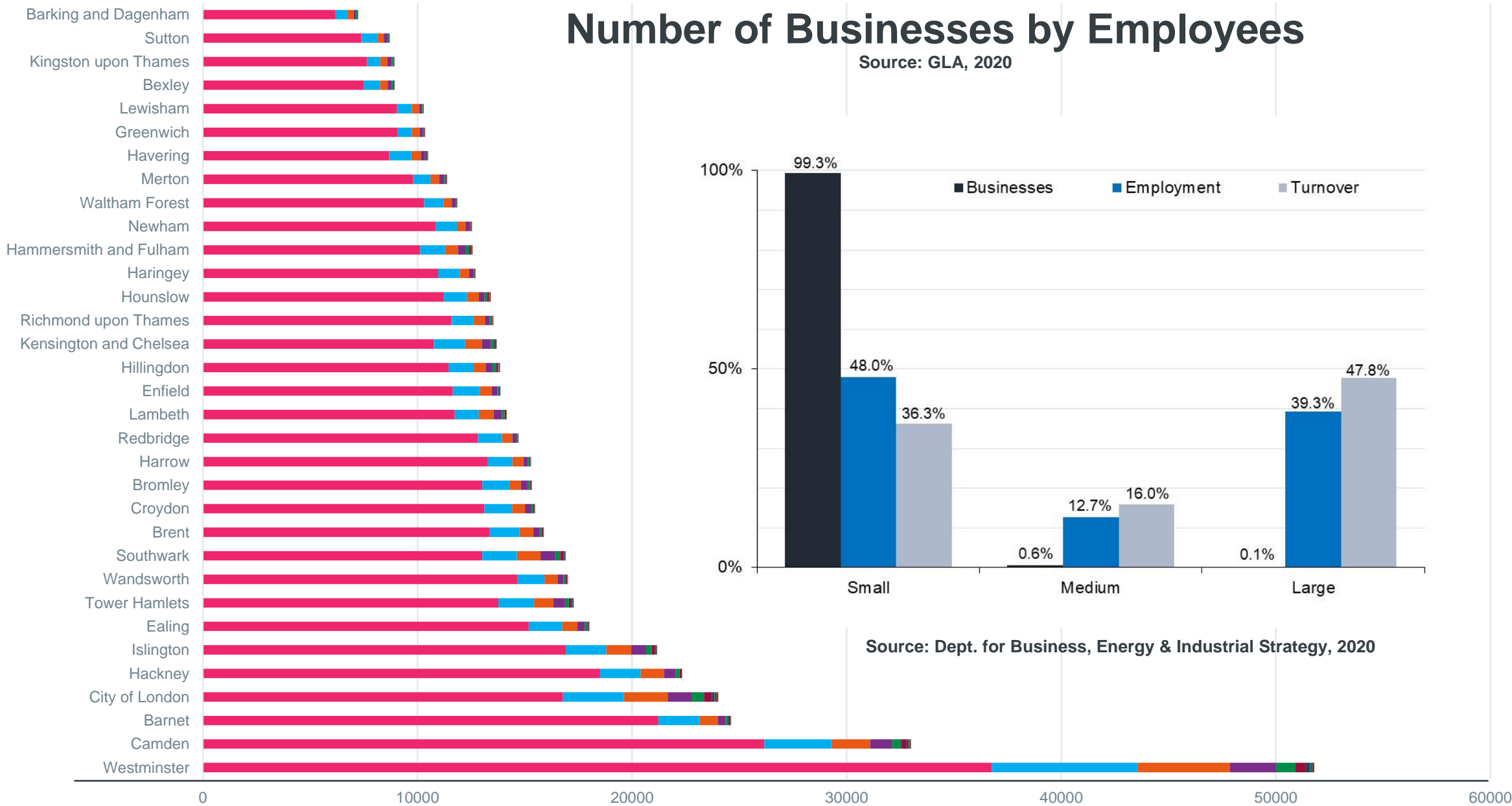
The Mayor's Green New Deal aims to double the size of London's Green economy by 2030, through retrofitting buildings, installing renewable energy and electric vehicle charging infrastructure and creating high quality green spaces.

- The Green New Deal is the framework which guides our transition to a net-zero economy. This must be a just transition. **London's 1.083 million self employed, micro and small businesses must be heard.**
- We know the cost of no action will be high to business
- We must ensure that we are bringing our entire economy with us- and that all benefit from the growth in the green economy and new jobs
- The pandemic has badly affected this crucial segment of London's economy – but smaller businesses can recover with the right support and that support must have a net-zero focus.

■ 0 < Micro ≤ 4
 ■ 5 < Micro ≤ 9
 ■ 10 < Small ≤ 19
 ■ 20 < Small ≤ 49
 ■ 50 < Medium ≤ 99
 ■ 100 < Medium ≤ 249
 ■ 250 < Large ≤ 499
 ■ 500 < Large ≤ 999
 ■ 1000 < Large

Number of Businesses by Employees

Source: GLA, 2020



Source: Dept. for Business, Energy & Industrial Strategy, 2020

HOW BIG IS THE CHALLENGE

Every business journey is different

London is home to a hugely diverse ecosystem of SMEs, who will all have different needs, priorities, building typologies, tenancy arrangements and sources of emissions.

Some businesses will find it easier to measure their baseline and work towards net-zero than others

The **Science Based Targets Initiative** has introduced a specific SME route to setting verified Science Based Targets for a businesses. This route recognises that SME's often lack the resources and capabilities needed to set scope 3 targets and monitor progress against them.

Scope 1 emissions are direct emissions from operations due to owned or controlled site and vehicle fuel consumption. **Scope 2** emissions are indirect emissions from the generation of purchased electricity and steam.

Scope 3 includes all other indirect sources of emissions that are within a company's value chain. Scope 3 emissions often represent the greatest proportion of a company's carbon footprint, and sometimes up to 90% of total emissions.

THE SHIFT TO NET-ZERO

What it means for small business

Understanding Net-Zero

Fundamental knowledge around “net-zero”- what it means and what businesses need to do is relatively low across the majority of sectors. Sentiment from SMEs that they need to act is higher than it has ever been – aligning with a shift in public perception regarding climate action.

The Mayor of London is running multiple, innovative programmes to offer bespoke support to businesses transition to net-zero:

- Better Futures (and Better Futures +)
- The Mayor’s Business Climate Challenge
- The SME Climate Hub.

In the run up to COP26 several campaigns brought net-zero to the forefront, including the UN Race to Zero, the SME Climate Hub, the Amazon Climate Pact and the UK Government ‘Together for our Planet’ Campaign.

HOW DO WE ASSESS THE CHALLENGE?

- Several studies have been undertaken to explore this challenge and design policies and programmes which support a just transition to a net-zero economy.
- **London Councils 2021 Business 1000 Survey** has key data from London Businesses, finding
 - London businesses are increasingly aware of the UK government's target to bring all greenhouse gas emissions to net zero by 2050 – nine in 10 are now aware of this target (89%)
 - Firms would welcome advice and support from their local boroughs, including information on how their company can be more sustainable (27%), technical advice on retrofitting for energy efficiency (17%), or business opportunities/networking (17%)
 - Consistent with 2020, over two-thirds of businesses are doing at least one activity to reduce their environmental impact (69%)
- British Business Bank has partnered with Ipsos MORI to publish the 'Smaller Businesses and the Transition to net-zero' report in October 2021.

WHAT DO SMES MOST NEED SUPPORT WITH?

SMEs need support understanding the steps to take to achieve net-zero. While there is a proliferation of guidance around net-zero and climate action businesses can take, London is home to a hugely diverse ecosystem of SMEs, who will all have different needs, priorities, building typologies, tenancy arrangements, emissions.

Cost and **feasibility** are the most common barriers to action on net-zero for smaller businesses.

Areas to prioritise for support include:

1. Support businesses to set their carbon baseline and then put in place robust sustainability strategies to get to net-zero- prioritise measures that are feasible for specific business types.
2. Reducing building/ workplace emissions, for example:
 - Overcoming the owner/ occupier split incentives
 - Provide support to understand energy usage and energy data
 - Guidance on energy saving actions, their payback periods and how to invest in them
 - Support and finance for extensive retrofit

LOCAL AUTHORITIES

Local authorities will have a huge role to play in the shift to net-zero

This includes setting clear targets for businesses which provide direction and empower businesses to take action. Targets set the direction - but must be paired with support to meet them.

The responsibilities of local authorities across housing, planning, transport, procurement and as convenors of local partners and residents means that councils can lead by example and advance decarbonisation through their own practices. Local net-zero targets are key to this.

SMEs have identified the following as levers to encourage more action:

- Information
- Tax
- External Finance (including grants)
- Clearer standards and regulations

LOCAL AUTHORITY RESPONSIBILITIES

Some key responsibilities include

- Providing trusted information and support to SMEs as they transition to net-zero
- Working with London-wide partners to map support and create clear pathways for businesses- **no wrong door.**
- Work to overcome owner-occupier split incentives and facilitate retrofit.
- Testing innovative approaches and working with regional partners to pilot these and roll them out
- Use funding available, such as offset funds, to support businesses to:
 - Set their carbon baseline
 - Put in place net-zero plans
 - Address the energy efficiency of their premises through retrofit

SUPPORT

The Mayor of London is running several innovative programmes to support businesses:

- **The 2022-23 Mayor's Business Climate Challenge**
- **Better Futures and Better Futures + programmes**
- **The London Business Hub (LBH)** has brought together a range of resources to support businesses to act on climate change. All information is on the LBH website dedicated page called the [Climate Hub - London Business Hub](#). As part of the [Business Ready Podcast - London Business Hub](#) new series which went live in January 2022, one of the three episodes is dedicated to Net Zero.

There is a high volume of support across London- but we know it is challenging for SMEs to navigate existing support and understand the various asks of Businesses.

The SME Climate Hub and Climate Commitment

The Federation of Small Business: Small Business Sustainability Hub

The London Chamber of Commerce and Industry Climate Hub

MAYOR OF LONDON