



Skills, Economy and Growth Scrutiny Commission

Climate Action Plan and Borough Businesses

Wednesday 19th July

Key pillars of the Climate Action Plan

Themes: define the **broad areas of focus** within the Hackney Climate Action Plan, reflecting the need to reduce greenhouse gas emissions, protect the natural environment and build resilience to climate change alongside wider benefits to responding to climate change, co-benefits are key.

Goals: set out the **ambitious changes** that we collectively need to make by 2030. These goals are **borough wide and for everyone**: residents, community groups and organisations, businesses and institutions.

Objectives: Activities that we will need to **work on together** to progress toward realising the 2030 goals with a focus on the next three years.

The five themes in the Climate Action Plan

1.

Adaptation

Ensuring that we are prepared for and resilient to the impacts of the climate emergency, protecting our most vulnerable residents.



2.

Buildings

Removing gas boilers, adding solar panels and decreasing energy use in our buildings, reducing fuel poverty.



3.

Transport

Reducing emissions from the transport network, improving air quality and helping residents live active and healthy lifestyles.



4.

Consumption

Changing what and how we buy, use and sell, creating a new green economy in Hackney.



5.

Environmental quality

Maximising the potential for biodiversity in our green spaces, reducing pollution and helping local ecosystems thrive.



Associated manifesto commitment



Double the size of the local green economy, with an ecosystem of net zero businesses and more residents working in good quality, green jobs

Key objectives to deliver the goal

Six key objectives over the next three years within the Council Implementation Plan with a suite of actions:

- Increase the number of Hackney businesses and jobs that contribute to the green economy, including through regeneration delivery programmes and procurement;
- Create green apprenticeships and training pathways, with a focus on disadvantaged groups;
- Ensure Hackney residents have the skills for and access to training and job opportunities linked to the green economy;
- Support Hackney businesses and partners to decarbonise;
- Attract new green businesses into the borough; and
- Reskill, retrain and/or recruit staff to meet the needs of the climate emergency.

Work to date



CAP & associated economic strategies





Economic implications of the CAP and transition to Net Zero in Hackney

Context

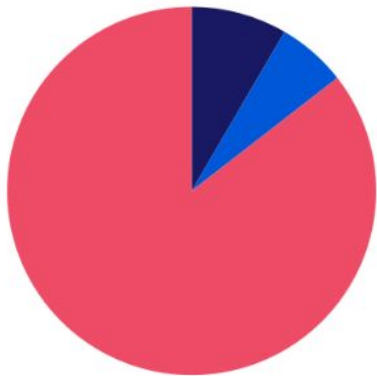
There are data limitations about carbon emissions by business size

- Available data deals with SMEs (up to 249 employees) as a single block
- Nationally, SMEs are 99.9% of total business count, 52% of GDP, potentially 53% of business related carbon emissions, 43% of business related energy consumption
- Business related emissions are under-reported, ie scope one (direct) vs scope two (wider energy use such as utilities) or scope three (true impact covering supply chain, staff commuting, goods/services provided, etc)
- Hackney's business profile matches the general SME proportions but features a higher share of "mini micros" of up to 4 employees 19.7k of our total 24.4k

However, research is clear that the most impactful action SMEs can take is:

- Switch to a renewable energy provider
- Improve the energy efficiency of their buildings and equipment

Some examples



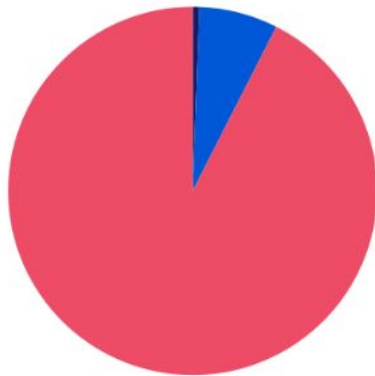
● Scope 1 ● Scope 2 ● Scope 3

130 Tonnes

Digital Agency

70 Employees

- Transmission and Distribution of electricity
- Web Hosting
- Working From Home
- Business travel
- Employee commuting
- Use of online services
- Purchased Items
- Waste
- Water



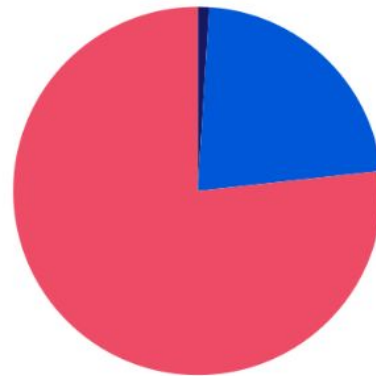
● Scope 1 ● Scope 2 ● Scope 3

31 Tonnes

Coffee Roaster

Roasts 15T of Coffee per Year

- Transmission and Distribution
- Green Coffee Purchasing
- Packaging
- Deliveries
- Logistics
- Employee commuting
- Purchased Items
- Waste
- Water



● Scope 1 ● Scope 2 ● Scope 3

61 Tonnes

Jewellery Retailer

2 Retail Shops

- Transmission and Distribution
- Travel and Deliveries
- Packaging
- Employee commuting
- Purchased Items
- Waste
- Water

CAP consultation and businesses

The consultation was shared via standard channels for businesses:

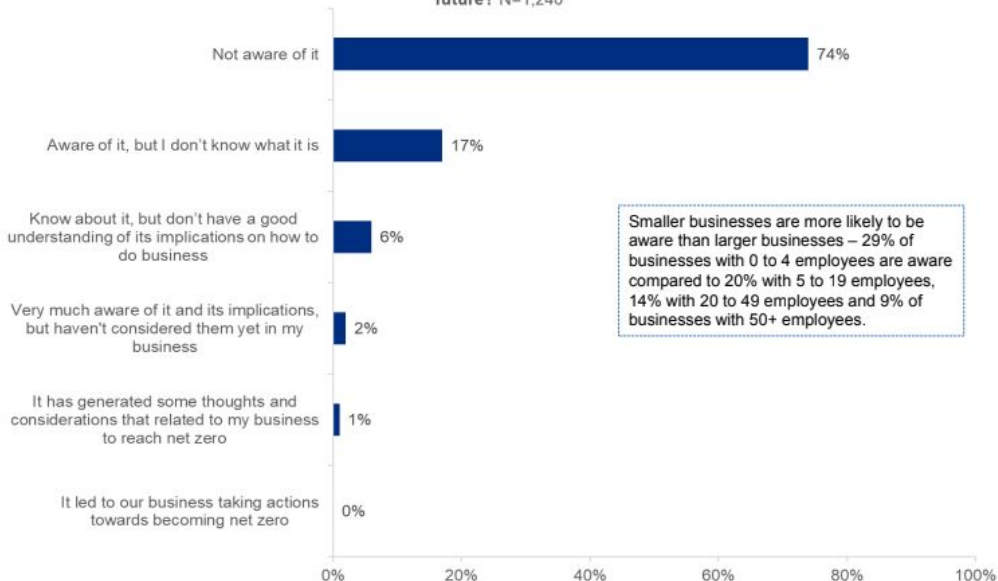
- HBN newsletters - circa 4,000 business email addresses
- HBN website landing page
- Direct email to local organisations that either represent or have business members

- Consultation responses from organisations was low at 14 out of a total of 219 (full responses) plus six out of 12 general email responses
- Of these organisation responses, only around 20% were trading businesses, which offers little insight

Hackney Business Survey (1,200 responses)

Businesses have low levels of awareness of the Council's CAP

Are you aware of the Council's Climate Action Plan, and its implications on doing business in the future? N=1,240



And planning for net zero does *not* appear to be a priority in the immediate future

- Just 4% of businesses have made a commitment to reach net-zero by 2030 and a further 7% are working towards being net-zero
- Most commonly cited issues are lack of knowledge, grants or finance
- About 20% of respondents said they do not need help because it is not a priority for them, especially in the current economic conditions.

National research

Smaller businesses and the transition to net zero



Smaller businesses estimated to account for

50%

of all UK business-driven emissions



Smaller businesses are mostly at the early stages of transition

76%

are yet to implement a decarbonisation strategy



but

94%

of smaller businesses said they have taken at least one action to reduce their emissions



Awareness is becoming significant, although attitudes are split

57%

of smaller businesses are aware of the government's commitment to reach net zero emissions by 2050

2050



47%

of smaller businesses state carbon reduction is a high or very high priority

53%

are not yet ready to prioritise decarbonisation



Barriers are multiple, complex, and business specific

Smaller businesses identified more than 20 barriers preventing action on net zero

35%

cited costs as a barrier for reducing carbon emissions including upfront costs



32%

cited feasibility, such as lack of control due to tenancy agreements or lack of an appropriate technology



12%

cited lack of information



Finance as an enabler to net zero transition

11%

of smaller businesses have accessed external finance to support net zero actions so far, equating to 700k businesses



22%

are prepared to access external finance to support net zero actions in the next five years, equating to 1.3m businesses



National research

Top 10 barriers to net zero actions

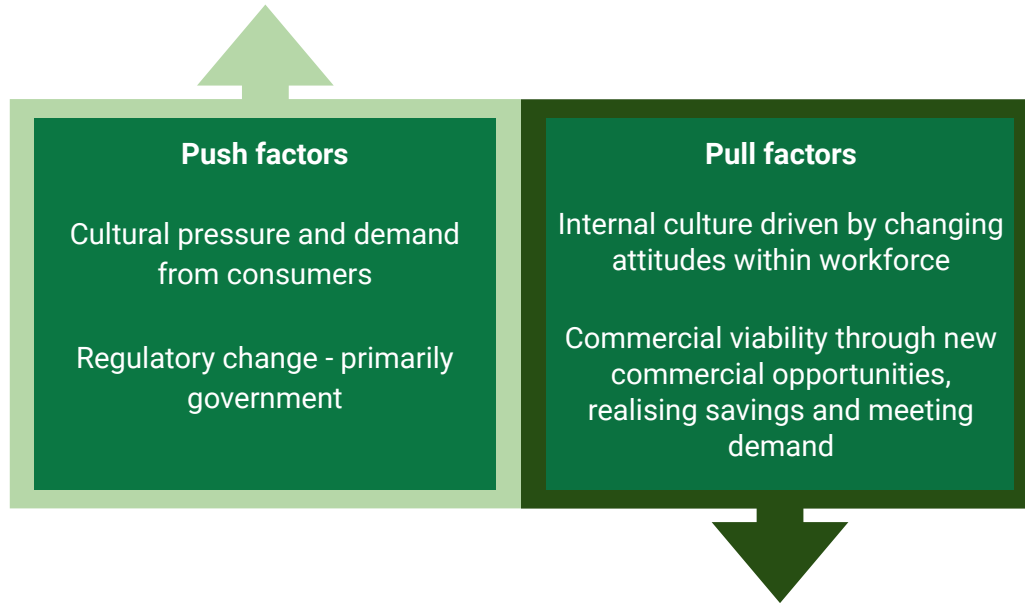
Source: British Business Bank's net zero SME survey

Base: All participants (1,200); multicode*



Source: British Business Bank

Businesses will be forced to adapt



Common business challenges

- SMEs are largely viewed as facing bigger challenges on their journey to net zero, as such changes will often be capital and time intensive
- 38% of Hackney based businesses have seen income decline over last 12 months and 14% not confident of existing beyond the next 12 months. Low or long term financial return on sustainability investments is difficult in the current trading environment
- For import dependent businesses, the transition to net zero likely to reduce supply chain lengths, creating potential cost implications if importing from closer but more expensive partners
- New regulations are likely to exacerbate costs issues for firms in most sectors and sizes, but costs of compliance more pronounced for SMEs as a % of income
- Often there is little staff time and capacity in smaller businesses (2-3 employees) for additional training or strategic planning that allow for planning for a transition to net zero
- SMEs cite difficulty in reducing emissions directly outside of their own operations (ie in supply chain) and how to implement impact measurement as other barriers

Common business challenges

- If vehicle dependent, capital cost of new electric vehicles is prohibitive for more marginal businesses.
Transition to becoming entirely active travel dependent not always feasible
- Cost of retrofitting business premises can be a major deterrent, particularly if the property is leased from a landlord. New EPC rules for commercial landlords at a time of weakening demand for office space also represents a risk
- More sustainable options - such as reusable plastics or refurbishing broken goods - often more expensive than buying new, and there is often low levels of awareness of these options
- Likewise economic viability of spending time on waste separation to meet circular goals currently a major barrier to the success of a more circular Hackney
- Business models dependent on traditional linear economy may find it hard to adjust - for example retail businesses dependent on selling new products, others lack the skills or time to refurbish goods
- Traditional goods delivery can be more difficult around traffic calming measures such as LTNs. Solutions such as last mile delivery service models require more joined up thinking between businesses and providers
- More widely, there is a perception amongst SMEs that there is a lack of cross-business collaboration on potential solutions to transitioning to net zero plus there is little sector specific guidance on how to make or measure the transition

Opportunities

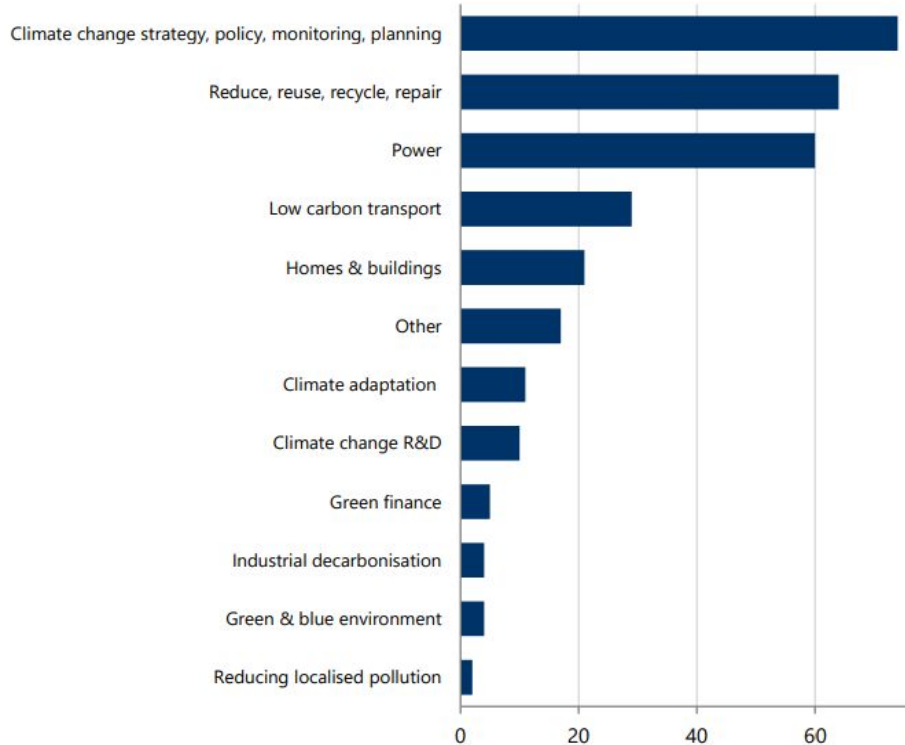
- The total number of green jobs in London is projected to shift from 234,000 in 2020, to 505,000 in 2030 and then a little over 1 million in 2050 - but there is little net additional here
- By 2050, four sectors are estimated to provide nearly 9 in 10 (88%) of the total number of green jobs in London :
 - Green finance (387,000), representing 37% of total green jobs in London.
 - Power (232,500), representing 22% of total green jobs in London
 - Homes and Buildings (151,700), representing 15% of total green jobs in London
 - Low Carbon Transport (147,200), representing 14% of total green jobs in London
- Even allowing for job losses due to the transition to net zero, WPI Economics estimates that 'there will be a small positive impact of a change to net zero policies on London employment, increasing net employment by around 50,000 jobs in 2030 and around 20,000 jobs in 2050.'
- As London is largely service industry focussed, scale of new job opportunities in the capital are less than elsewhere in the country, meaning it is also less vulnerable to job losses

Opportunities



Opportunities

Number of green businesses in Hackney by sub-sector (N=301)

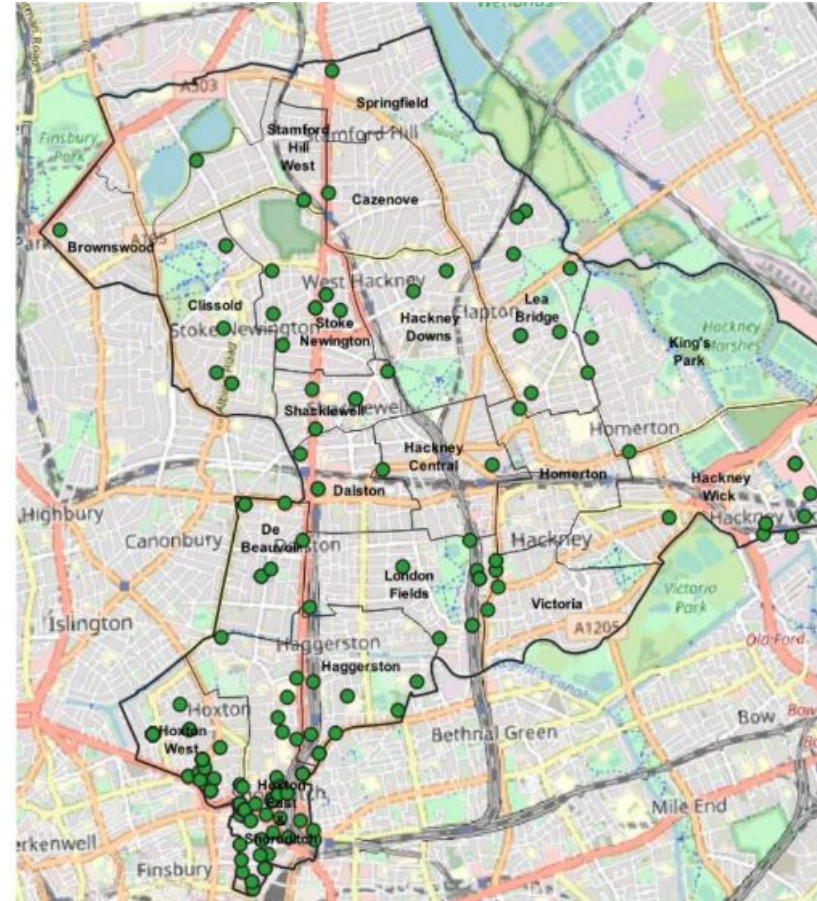
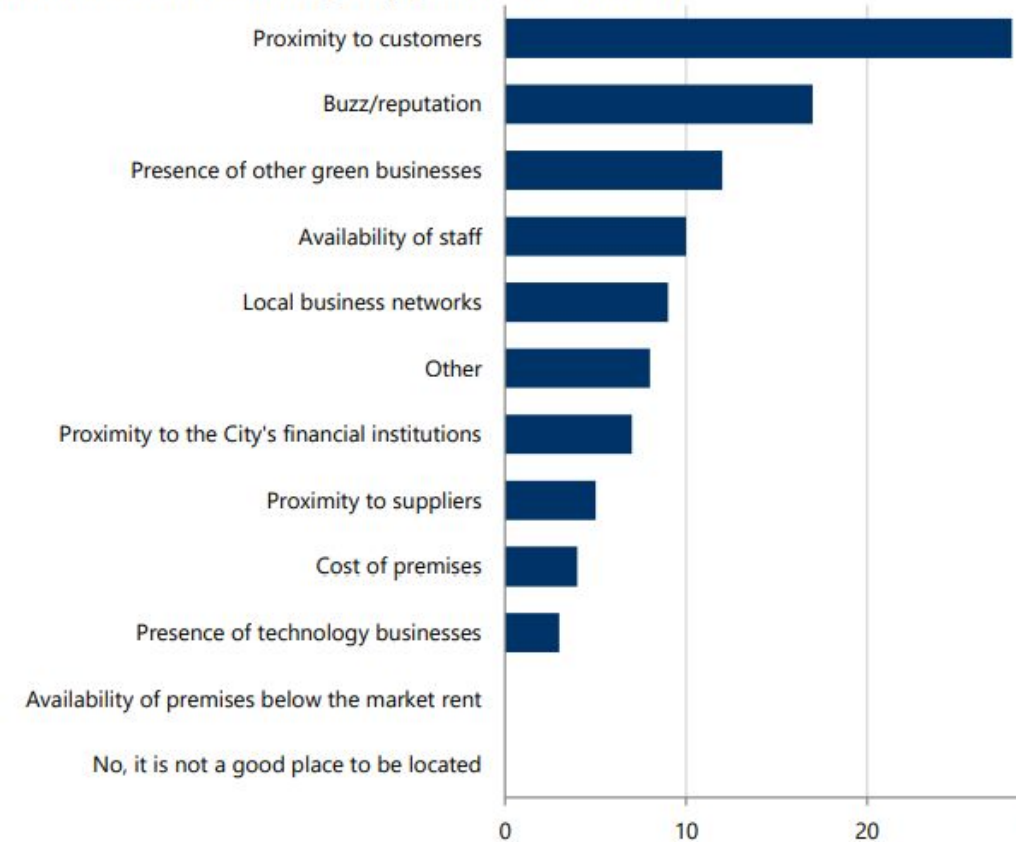


- Recent research suggests that Hackney has circa 301 green businesses within the borough
- This research suggested that there was already an emerging specialism within the ‘Reduce, reuse, recycle and repair’ sector, which largely overlaps with what are deemed to be ‘circular’ businesses
- Indicates that Council objectives around the circular economy complement economic activity already taking place

Opportunities

Is Hackney a good place to be located? If so, why?

Number of times reason flagged by green businesses (N=45)



Opportunities

Council has a number of levers available to support business net zero transition:

- **Procurement:** The Council can both embed sustainable practices within its procurement policies, encouraging supplier behaviour change, and also support the growth of innovative low carbon businesses through the award of Council contracts
- **Assets:** Use of Council assets or land may support the growth of key green sectors - officers are already working closely with Hackney Wick and Fish Island and UCL on a test model circular business hub called “the Loop” within LLDC boundaries
- **Skills and training:** Council Employment and Skills team will have a key role not just in coordinating training opportunities, but working with businesses to understand future skills requirements. Accreditation gaps **common** within many green subsectors
- **Networking and facilitation:** Council acts as a facilitator of green and non-green business dialogue to breakdown perceived barriers. Council could also help assemble finance options
- **Business support:** Securing and coordinating funding to support both green business growth and traditional businesses embed more sustainable practices. COVID Business Grants programme was a positive case study in how the Council can incentivise behavioural change

Opportunities - UK SPF specific

UK Shared Prosperity Fund activity will commence this autumn:

- Local level: within our local general business support funding (circa £440k) we have support for 80 businesses on understanding more about the transition to net zero as a theme alongside supporting socially orientated businesses and building the local business support ecosystem
- Local level: a specific activity stream (£150k) on business support to better understand energy consumption and carbon generation: 175 businesses to receive initial advice then 63 supported to reduce their carbon consumption by 25% through more detailed support
- Local level: businesses based in Hackney Wick Creative Enterprise Zone will have the opportunity to access grants (total pot of £50k) to implement carbon reduction measures
- Local level: businesses based elsewhere in Hackney will have the opportunity to access small grants (total pot of £40k - subject to GLA agreement) for equipment to help reduce energy use
- Regional: Three programmes totalling £3.9m that we can promote to Hackney based businesses to access
- Sub-regional: The Queen Elizabeth Olympic Park focussed SHIFT secured £1.4m for a wide ranging programme that includes elements of support for net zero transition and circular economy

What will the support look like

Detail will be developed over next few months but likely to cover:

- Some targeted outreach because learning to date points to low levels of interest in the transition to net zero amongst most micro businesses
- We will need to be able to look at multiple levers of influence with different communities and business types, for example links via community leaders might be more effective than standard business channels
- Promotion campaigns with signposting to existing resources (ie Carbon Trust) for businesses that have a degree of self-sufficiency
- Information, Advice and Guidance to directly engage with and take businesses through available information
- Direct support to help businesses less able to engage with existing material and/or those that would benefit from a more in-depth energy/carbon audit
- Senior officers are currently considering whether the GLA's Green Finance Fund offers any opportunities that could be relevant to supporting local businesses

Basics on the Green Finance Fund

- It is widely acknowledged that the lack of available funding is a hindrance to businesses making the transition to net zero - however, businesses prefer grants over loans

Key features of the GLA's Green Finance Fund:

- Loans of between £1m and £75m capital at around PWLB rate and up to 25 years to London Local Authorities, Social Housing Providers, NHS bodies, Universities, and Colleges
- Eligible proposals must be projects within these categories:
 - Energy efficiency
 - Clean transportation
 - Renewable energy
- Senior officers are reviewing the fund criteria and requirements to assess whether bowing through this fund would be suitable for any of Hackney's net zero aims