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Jenny Jones, AM
Chair, Economy Committee
London Assembly
City Hall, The Queens Walk
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Our Ref: LT/010/15

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Dear Jenny

Key Questions: Economic Impact of Climate Change

Thank you for your letter Re: Key questions: Economic impact of climate change dated 25 November 2014. May I also thank you once more for inviting me to speak at last month's Green Network breakfast seminar. It was a great opportunity to discuss and share ideas around how businesses in London can adapt to the challenges that climate change presents.

To address the questions you raise in your letter, regarding how businesses in London can respond to the economic risks of climate change, I have tried to cover them in the order you raised them.

On your first question, which asks what steps should be taken at a London-wide level, to help map the supply chain dependencies in the city's economy; The National Adaptation Plan (HM Government 2013: The National Adaptation Programme Making the country resilient to a changing climate) states that '*It is up to businesses to decide individually what level of risk they can accept*'. At a strategic level, the London Climate Change Partnership has mapping of interdependencies and critical pathways as one of its objectives.

As I mentioned in my presentation at last month's seminar, there is plenty of help and guidance on offer to businesses in London, via the Environment Agency's *Climate Ready services*. The Climate Ready Support Service, led by the Environment Agency, provides advice and support to the public, private and voluntary sectors to enable them to adapt to a changing climate. The London Climate Change Partnership, as part of Climate UK¹, supports our Climate Ready service and is involved in the development of a number of tools that can help businesses to identify and assess the risks that climate change and severe weather events present. The Climate UK website hosts a guidance document entitled '*Assessing and Managing Climate Change Risks in Supply Chains*'.

The document contains within it, a 5-step framework, for all sizes of businesses and different sectors, which helps identify new risks, increase resilience and identify business opportunities, within supply chain structures. Accompanying this framework are five real-life case studies that give examples of how this framework has been put into practice by companies. <http://climateuk.net/resource/supply-chains-adaptation-guidance>

¹ Climate UK is the national umbrella organisation for the Climate Change Partnerships. The London Climate Change Partnership is part of this network and will be the relevant branch for assistance in London.

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The guidance has been used by many firms, including ASDA, who have used it to test their own supply chain resilience, details of which are published in their 2014 report 'The challenge of a changing climate' [.Asda: changing climate report](#)

On your second question of how small businesses could be better supported to take the necessary steps to identify climate change risks to their businesses, and develop adaptation strategies: As mentioned at last month's seminar, there is a host of information and guidance available to small & medium enterprises (SME's) via the Climate UK website. Small businesses can register for the free Business Resilience Health Check Assessment. This interactive online tool is designed to help small businesses gauge how vulnerable they may be to extreme weather events by taking a multiple choice questionnaire. On completion of this assessment, a bespoke report and individual action plan is produced. This plan suggests which actions should be taken to help make a business become more resilient to climate change. <http://businessresiliencehealthcheck.co.uk/>

Climate Ready are presently working in partnership with Business in the Community and Federation of Small businesses to encourage further action with SME's to increase their resilience to Climate Change. More information on these projects can be found by contacting the Business Resilience lead Kylie Russell at kylie.russell@environment-agency.gov.uk

In addition to the tools and guidance highlighted above, we actively encourage businesses (big and small) situated in areas at risk of flooding, to register for Flood line Warnings Direct. Flood line Warnings Direct is our free 24 hour warning service for properties at risk of flooding from main rivers. When we issue a flood warning, we send registered properties and businesses in the flood warning area a message via text, email or phone so they are aware of the potential for flooding and have time to act accordingly. Businesses can sign up for our flood warnings via the GOV.UK website here: <https://www.gov.uk/sign-up-for-flood-warnings>

The London Enterprise Partnership (co-chaired by the Mayor of London) has a number of priorities including skills and employment, enhancing competitiveness of London's SME's, and investing in London's infrastructure (including business workplaces). With this in mind, there may be an opportunity for LEP investment programmes, for example the European Structural and Investment Funds 2014 – 2020, to help raise awareness and understanding of SMEs, to the potential risks and opportunities of climate change.

On your final question which asks what steps could be taken to enable monitoring the take-up of adaptation policies; We support the ambition for monitoring the take-up of adaptation measures by business as part of a London-wide monitoring and evaluation framework. Monitoring and evaluation are an essential element of adaptation planning for London. The Mayor's London climate change adaptation strategy recognises climate risks and the need for London to be more resilient. However it does not identify a full range of indicators to help monitor and evaluate adaptation actions which makes it difficult to measure effectiveness.

Ideally, a fuller range of indicators could be monitored and evaluated to inform decision making at a London scale of what adaptation actions will be needed at certain climate change scenarios. For example, how do we make London safe and tolerable during more frequent hotter summers? This type of flexible adaptation planning is the approach we have set out for long term planning for tidal flood risk in the Thames estuary (TE2100), with the backdrop of uncertainty of climate change impacts.

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The GLA and the London Climate Change Partnership are well placed to lead on developing a London monitoring programme, and to pioneer this city-wide approach. The Adaptation Sub Committee (of the Committee on Climate Change) are developing a national set of indicators which should provide an overall picture of how sectors are progressing, and could provide the basis of a London monitoring and evaluation framework. However the resource to develop, implement and maintain a London programme will be considerable, and will need the commitment of major stakeholders. With a remit to take a strategic overview of all sources of flooding, we welcome the opportunity to contribute to the development of this type of approach.

At the seminar, you spoke about the positive impact of the Thames Barrier and its associated defences, not just managing flooding, but also on giving confidence to people who live and work in London. I'd be very happy to arrange a visit to and tour of the Barrier for you and your colleagues, if you felt that would be of interest.

Thank you again for your letter and I hope my response is helpful to you. Please do not hesitate to get in touch if you wish to discuss this matter further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Hughes', with a stylized flourish at the end.

Simon Hughes
Deputy Director London
Environment Agency

