

**Baroness Jones of Moulsecoomb AM**

London Assembly
City Hall
The Queen's Walk
London
SE1 2AA

15 January 2015

Dear Jenny

Re: Key questions: Economic Impact of Climate Change

Thank you for your letter of 17 November 2014, and for the opportunity to provide further response to your investigation into the economic impacts of climate change in London. Please find my answers to your questions below.

Opportunities for London firms and the role of LCCP and London & Partners in supporting them

London already has distinctive capabilities in the Adaptation Economy, with opportunity areas mirroring the sectors it already excels in, including the Finance and Built Environment sectors. LCCP has been supporting London businesses to increase their capacity in adaptation since its inception in 2001. For example, we have carried out a demonstration project on retrofitting buildings which, whilst demonstrating the cost savings of integrating retrofit work into routine refit, has highlighted skills gaps and captured learning¹. We have also worked with the private sector to develop expertise on the adaptation options for commercial property², and undertaken research on the value of urban climate data in partnership with the insurance sector³.

The Greater London Authority and LCCP have completed a report on London's Adaptation Economy, which has not yet been publicly released. The report aims to better define, measure, assess and predict the adaptation economy. It also provides a baseline to identify opportunities for the Mayor and others to foster sustainable economic growth in sectors that increase London's resilience to extreme weather. The primary focus is for the year 2012/13 but the research also includes historical

¹ For more information on how we worked with contractors, architects and housing providers to gather the lessons learned, please see our report on the Barking and Dagenham project:

<http://climatelondon.org.uk/publications/yshcc/> and our follow up leaflets on the business case for holistic retrofit and dos and don'ts: <http://climatelondon.org.uk/publications/retrofitting-london/>

² See <http://climatelondon.org.uk/publications/londons-commercial-building-stock/>

³ Our report, co-funded by Lloyds of London and the Met Office, identified a large economic opportunity for better management of urban climate data: <http://climatelondon.org.uk/publications/observing-london/>

analysis back to 2008/09 and growth forecasts to 2020/21. The report found that although still relatively small, London's Adaptation Economy has been growing throughout the recession period at a rate that has outpaced other sectors and is forecast to continue expanding rapidly. We also found that in London there is more opportunity for business to provide adaptation goods and services in the Built Environment and Professional Services sectors than there is nationally. Once the report has been published I will be pleased to provide you with a copy.

This week, LCCP and GLA are jointly holding an Adaptation Economy workshop. We will convene a group of around 20 experts on business, innovation and climate change from various sectors to discuss the findings of the report and identify the key opportunities and barriers to increasing London's market share. Once we have received this feedback, we will be publishing a report in Spring 2015, which will include our recommendations on the ways in which LCCP, London & partners, and others can support the growth of the Adaptation Economy in London.

Supporting small businesses to adapt

The public sector, including the Greater London Authority, procures the services of a large number of small businesses. One concrete action the GLA and other public sector bodies could take would be to ensure that its procurement criteria explicitly require evidence that the businesses are resilient and have considered adaptation. The London Climate Change Partnership has recently welcomed LHC as a new partner and will be working on updating procurement guidelines to include adaptation. Strong support from London's government would be very beneficial in getting these new guidelines adopted.⁴

The Greater London Authority and London Enterprise Panel could also assist in increasing the resilience of small businesses through their control and promotion of through European structural funds that support small businesses. Emphasis on adaptation as an important part of sustainability would not only raise awareness but also direct funded activity towards adaptation.

Businesses of all sizes can access free information and support online by visiting the Climate UK Business Resilience Health Check (www.businessresiliencehealthcheck.co.uk) which was created in partnership with the Environment Agency and Business in the Community. The Greater London Authority and its partners could assist by promoting this resource through its networks and via the London Enterprise Panel.

Monitoring of uptake of adaptation measures among London businesses


For larger companies, reporting via the Carbon Disclosure Project (CDP) may be an effective way of keeping tabs on uptake of adaptation measures. In their 2014 report, [Protecting Our Capital](#), CDP reported on the adaptation activities of 207 cities worldwide, including London. The report highlighted evidence that in many cases governments and businesses share the same adaptation issues and goals, and that there is significant opportunity for collaboration.

⁴ For more information on LHC and their new membership of LCCP, please visit our website: <http://climatelondon.org.uk/news/lhc-plans-to-help-lccp-deliver-its-vision-for-londons-future/>

However, while trends among larger businesses will be picked up by the CDP reports, the activities of smaller businesses will not be captured. As highlighted in your letter to me, smaller businesses may have less capacity to engage with climate adaptation and so will be slower to take up actions. The Adaptation Sub Committee will provide an overall picture of business resilience and adaptation as part of its reporting process to Government. Many of the datasets used may be able to be broken down to a London level.⁵ In order to get a picture of how small businesses are doing it may also be beneficial to engage with the Federation of Small Businesses to explore the option of monitoring via their membership.

I welcome the London Assembly's continued interest and support on this issue, which is of vital importance to the future prosperity and success of London as a global economic centre. Please do not hesitate to get in touch if I can be of further assistance.

Yours sincerely

A handwritten signature in black ink on a light beige background. The signature is cursive and reads "C. Rapley".

Professor Chris Rapley CBE

**Chair
London Climate Change Partnership**

⁵ For further information on the draft indicator set selected by the Adaptation Sub Committee, please visit the Committee on Climate Change website: <http://www.theccc.org.uk/media-centre/consultations/>