

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2200

### Title: Analysis to inform expansion of Commercial Sector action on climate change in London

#### Executive Summary:

Commercial buildings are currently responsible for 32 per cent of London's carbon emissions. The draft London Environment Strategy recognises that to achieve the Mayor's zero carbon ambition by 2050, the emissions footprint of London's workplaces will need to fall by circa 90%. To achieve this approximately 15,000 workplaces will need to install energy efficiency measures and renewable technologies each year to 2050. The Environment strategy also states the Mayor will work to help SMEs, which comprise over 90% of businesses in London, to use less energy and other resources to save them money and making them more competitive.

To support the GLA in developing and targeting interventions to meet the above goals, the GLA plans to commission research to strengthen the evidence base on the commercial sector in London. This will provide an improved understanding of the carbon emissions by sector and organisational type in London as well as examples of work already underway that can be replicated and recommendations on action that can be led by the GLA to achieve the desired outcomes. It will seek to disaggregate the SME sector to ensure that future GLA programmes help the SMEs in most need of support.

Procured and managed by the GLA, the research will be fully funded by the GLA's budget earmarked for the development of a new commercial energy programme. It will directly guide the development of the GLA's policies and programmes in this area, as well as contribute to existing initiatives underway such as the Carbon Disclosure Project (CDP)/C40 Business Programme of which London is the pilot city.

#### Decision:

That the Assistant Director of Environment approves expenditure of up to £50,000 for the procurement and appointment of consultants to undertake research on the characteristics and opportunities for the GLA to work with the commercial sector on climate action.

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

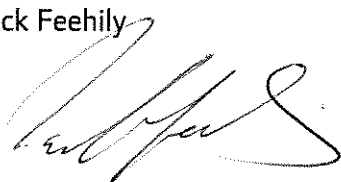
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Patrick Feehily

Position: Assistant Director - Environment

Signature:



Date: 14/02/2018

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The draft London Environment Strategy recognises that the commercial sector will play a key role in meeting the Mayor's zero carbon ambition by 2050. For example, as part of the trajectory to zero carbon, it is estimated that emissions footprint of London's workplaces will need to reduce from 16.6 MtCO<sub>2</sub>e to 1.6 MtCO<sub>2</sub>e by 2050. This equates to around 15,000 workplaces being retrofitted with energy efficiency improvements and renewable technologies each year to 2050.
- 1.2. The Greater London Authority (GLA) is looking to develop a new overarching programming with the commercial sector as part of its efforts to work with businesses to help make London zero carbon by 2050.
- 1.3. Further research and analysis is needed to develop an effective work programme to tackle carbon emission in the commercial sector. This is both due to the need for an updated picture of the commercial sector in London and its carbon footprint, and the changing national policy context and the subsequent potential for action in London. There is also a need to fully map existing activities across the city as anecdotal evidence suggests there are a large number of existing programmes underway in London (e.g. at Local Authority level) that could be scaled up and rolled out more widely by the GLA.
- 1.4. As a result, research is needed by the GLA, on the following aspects.
  - Review of the existing relevant regulations driving action in this area
  - Market segmentation of the business sector, identifying the different ways in which the sector can be disaggregated – e.g. by size, sector, location, turnover etc – and which approaches to segmentation are the most appropriate to draw upon.
  - Collating and analysing information on business energy consumption and other GHG emissions and wider environmental activity data by organisation, segment(s) and sectors
  - Identify the business support services which currently exist and how they operate. This will then enable a gap analysis of existing provision of business support.
  - Drawing together a list of existing business activities and engagement on this issue, working with existing partners' data bases such as Carbon Disclosure Project (CDP)
  - Researching business attitudes towards this agenda: identifying barriers, drivers and opportunities
  - Detailed analysis of the SME sector considering factors such as the socio-economic group of owners and employees, energy bills as a proportion of turn-over, and efficiency of building stock.
  - Stakeholder mapping to identify the business support services that currently exist and how they operate. This will then enable a gap analysis of existing provision of business support.
  - Desk review of regional, national and international best practice, including a review and evaluation of the GLA's previous Business Energy Challenge.

#### **2. Objectives and expected outcomes**

The research will

- 2.1. Provide greater understanding of the existing regulatory landscape enabling a better understanding of what businesses currently have to do.
- 2.2. Assess current energy usage across the business sector in London and associated financial cost.

- 2.3. Enable an improved mapping and segmentation of the business sector in London and understanding of current business engagement on this issue.
- 2.4. Map existing business support and business activities to identify gaps and opportunities in London.
- 2.5. Research best practice, drawing together local, regional, national and international examples of business engagement and support on environmental and climate change issues.
- 2.6. Prioritise group of sectors and organisations to engage with from both the business and support sides, including an analysis of the SMEs most in need of support.

This will enable the GLA to develop new evidence based policy initiatives to improve energy, environmental and climate performance in London's business sector.

### 3. Equality comments

- 3.1. The evaluation process will be conducted to ensure that submissions are evaluated fairly to select the offer that provides the relevant experience and offers value for money.
- 3.2. The analysis will consider how greater support could be provided to SMEs that provide local employment in areas of social deprivation.

### 4. Other considerations

- a) High level risks

Risk description	Mitigation actions
Lack of robust evidence base to draw meaningful conclusions.	Existing in house desk based analysis and research through other GLA programmes (e.g. CDP/WMB programme, 1.5 degree action plan) will complement this research to enable a comprehensive and varied evidence base
Development of commercial energy programme is slowed by delivery of research	Elements of GLA's new commercial energy programme (eg CDP/WMB leaders programme, Commercial boiler scheme) are not dependent on research findings and have already been initiated
Conclusions of the assessment do not align with Mayoral priorities and existing	Impact of no action will be quantified to set all proposed programme costs in context.

- b) This research links to the Mayor's draft Environment Strategy and a zero carbon London by 2050 ambition.

### 5. Financial comments

- 5.1. Assistant Director's approval is sought for expenditure up to £50,000 for the procurement and appointment of consultants to undertake research on the characteristics and opportunities for the GLA to work with the commercial sector on climate action. This is to be funded from Environment's 2017-18 Commercial Programme budget. The work is expected to be completed in 2017-18.

**6. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Procurement of contract	February 2017
Contract awarded	Mid February 2018
Delivery End Date	31s March 2018

**Appendices and supporting papers: None**

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

**Drafting officer:**

Jazmin Burgess has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 12 February 2018.

**HEAD OF FINANCE AND GOVERNANCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

13.02.18

