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# Build a Better Future

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## Essex Climate Action Commission
## 26th Sept 2022

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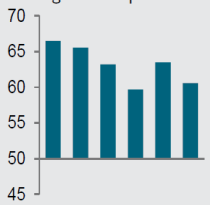
# The wider marketplace

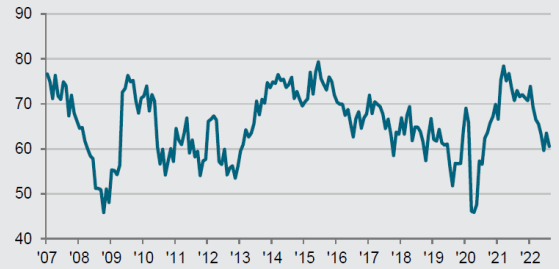
## Business expectations

Future
Activity Index
Mar '22 - Aug '22
>50 = growth expected




UK construction firms continued to predict increases in activity over the coming 12 months, with optimism often linked to good pipelines of new work. That said, sentiment dropped in August, was below the series average and much lower than seen around the turn of the year. A number of respondents expressed concern about the impact of a wider economic downturn on the sector.

Future Activity Index 60.6
>50 = growth expected over next 12 months Aug '22



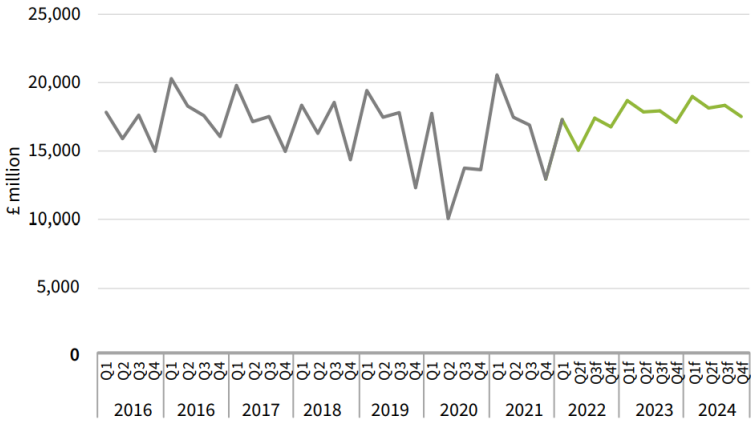

*Source: S&P Global / CIPS UK Construction PMI®*

**Table 1: Value of Underlying Project starts by Sector**

| £ million | 2021 | 2022f | 2023f | 2024f |
|---|---|---|---|---|
| PRIVATE HOUSING | 27,752 | 26,239 | 29,839 | 30,161 |
| SOCIAL HOUSING | 8,031 | 7,279 | 7,378 | 7,381 |
| INDUSTRIAL | 5,555 | 6,182 | 5,651 | 5,331 |
| OFFICES | 5,232 | 5,749 | 6,157 | 7,149 |
| RETAIL | 1,937 | 2,027 | 2,214 | 2,302 |
| HOTEL & LEISURE | 3,233 | 3,412 | 3,789 | 3,804 |
| EDUCATION | 4,828 | 5,153 | 5,873 | 6,076 |
| HEALTH | 3,075 | 2,927 | 2,766 | 2,801 |
| COMMUNITY & AMENITY | 967 | 1,198 | 1,249 | 1,308 |
| CIVIL ENGINEERING | 7,266 | 6,371 | 6,671 | 6,677 |
| **TOTAL** | **67,874** | **66,536** | **71,587** | **72,991** |

*Source: Glenigan*

**Chart 1: Value of Underlying Project starts**




*Source: Glenigan*
*f = forecast*

# Regional Marketplace

Housing continues to dominate

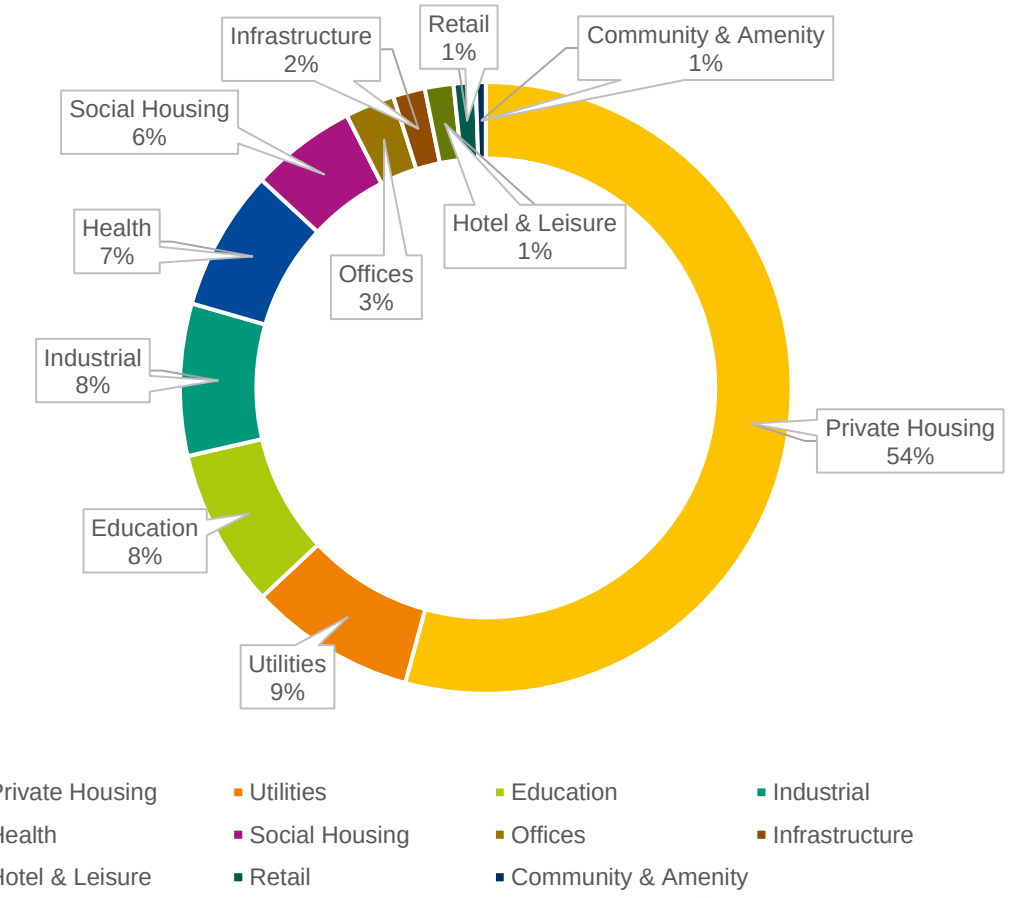
The full impact of large scale projects not yet felt, but they are on the way. e.g. Berth 4 at London Gateway (£120m)

Levelling up Funds are (slowly) coming through

Investment in decarbonisation and zero carbon schemes is patchy

People movement for work has changed, but only a bit

Inflation, materials supply and wage rises are affecting everyone



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# Regional Marketplace

**This is what the 5 growth sectors are currently worth to the Essex Economy:**

| Construction | Energy | Advanced Manufacturing & Engineering | Digitech | Life Sciences |
|---|---|---|---|---|
| £5.4billion | £288million | £2billion | £1.2billion | £9million |

**Over the next 20 years, our growth sectors are projected to contribute an extra:**

- £4.1billion, 37,000 jobs
- £340million, 2,700 jobs
- £312million
- £18million, 1,000 jobs
- £94million, 3,500 jobs

**18,000 green jobs** will be needed by 2030, including:

- **4,200** in low carbon heat
- **3,800** in low carbon electricity
- **3,800** in energy efficiency

**Essex is full of assets and strengths that create a huge opportunity for growth:**

- 2 freeports
- £15bn retrofit opportunity
- 3 universities
- 4 upcoming garden communities

**Proposed Nationally Significant Infrastructure Projects could create at least:**

- **1,000** permanent jobs
- **10,000** temporary construction and engineering jobs

**99%** of Essex businesses are SMEs

**Boosting SME growth by 10% could generate an additional £370million**

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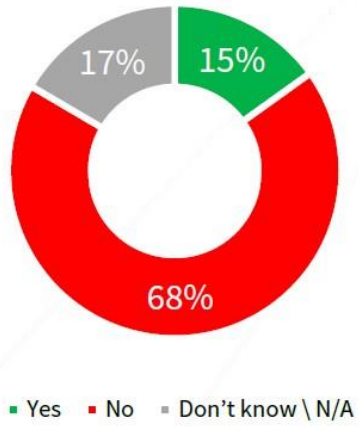
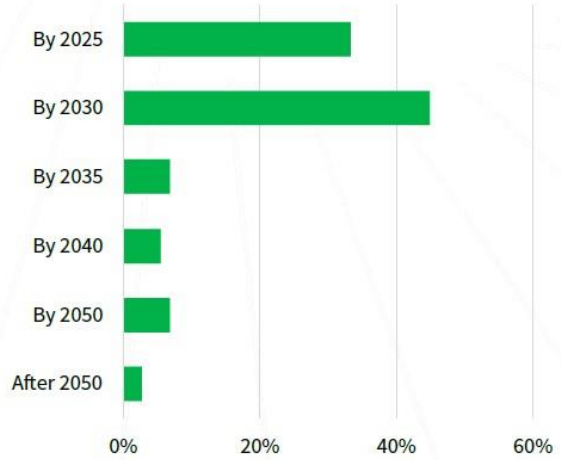
# Business Opportunity

Does your business currently have a target date for reaching net zero emissions?

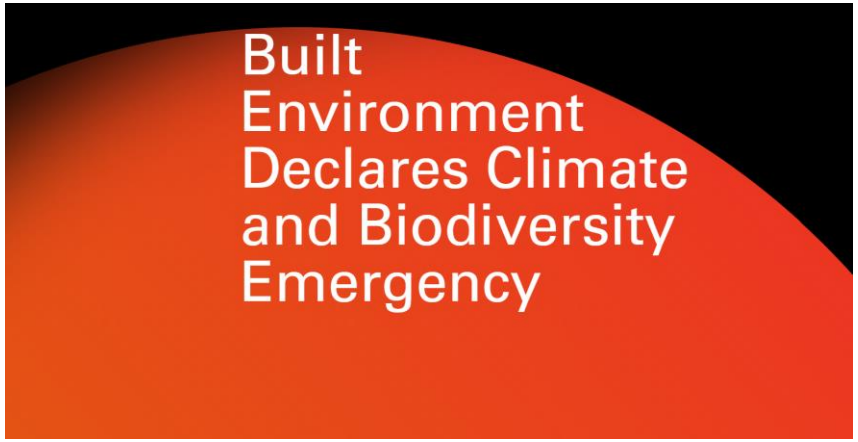



Sources: Accenture, IHS Markit.

What is your target date for achieving net zero emissions?




Sources: Accenture, IHS Markit.



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# Consumers are (nearly) ready

Our research shows that first time buyers are willing to pay more for:

| 1st time buyers | | | 2nd time buyers |
|---|---|---|---|
| 67% | Double/triple glazing | 61% | |
| 74% | Better energy efficiency | 67% | |
| 70% | Better water efficiency | 60% | |
| 61% | Better recycling points | 50% | |
| 71% | To have energy saving measures | 62% | |

https://www.shma.co.uk/our-thoughts/releasing-our-green-homes-report-what-buyers-want/#



## Does location make a difference?

Location had very little influence on whether respondents were considering a green home however, respondents in the Midlands were least likely to state that there were green homes available in their desired location.

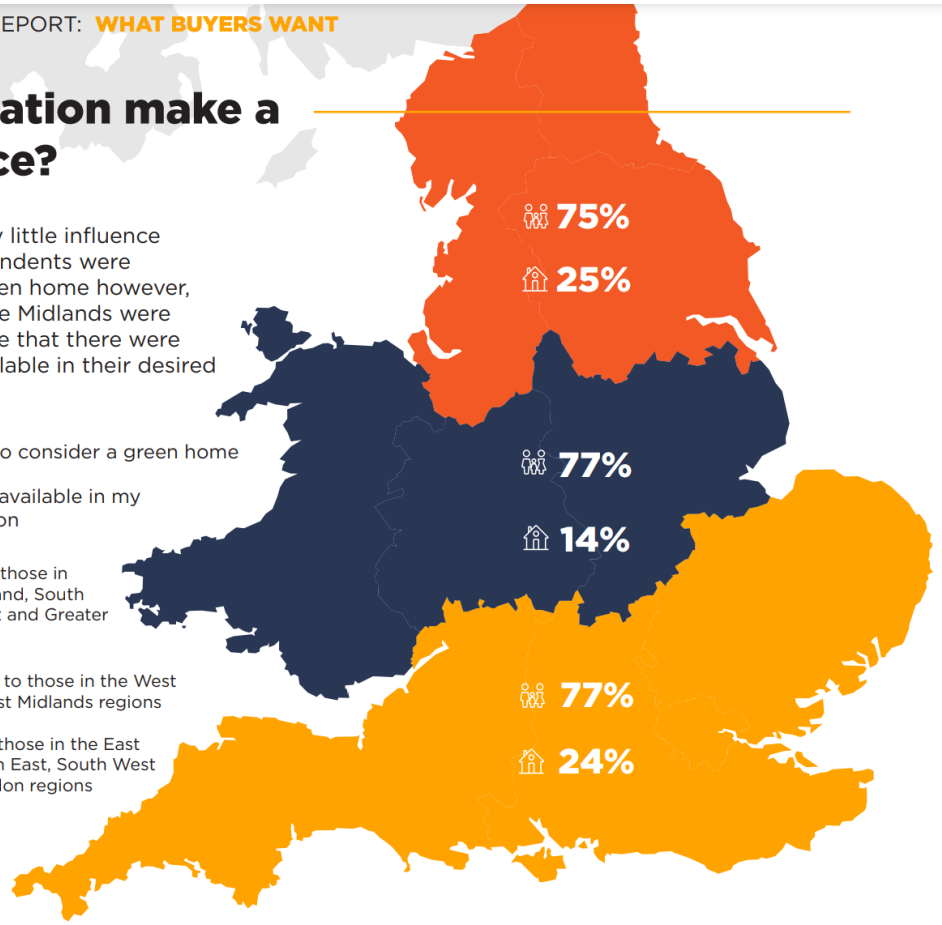
People likely to consider a green home

Green homes available in my desired location

North - refers to those in the East of England, South East, South West and Greater London regions

Midlands - refers to those in the West Midlands and East Midlands regions

South - refers to those in the East of England, South East, South West and Greater London regions




'It's better for the environment' was more important to those in the South (43%)

Those in the North were most concerned about getting ahead of the curve: 45% would consider a green home as they believe all homes will be required to be green so pre-empt it - compared to just 26% in Midlands and 34% in South.

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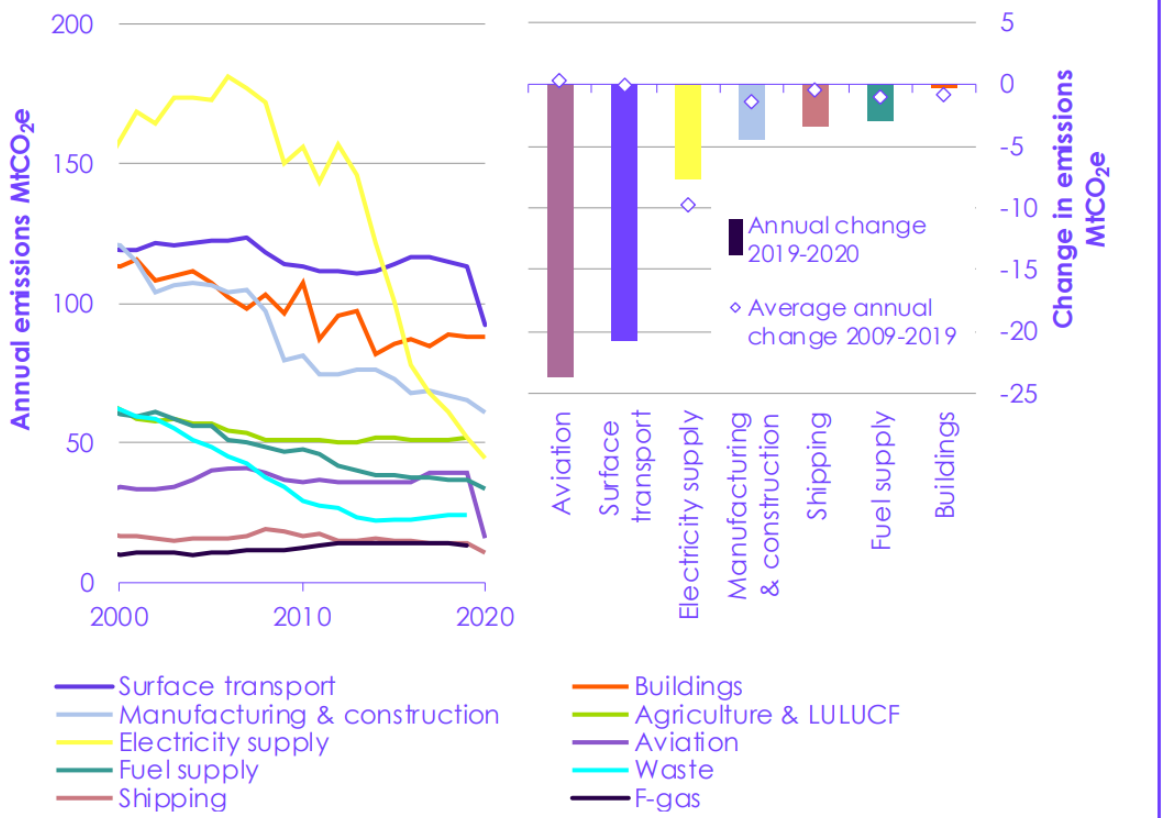
# The size of the challenge

UK emissions are nearly 50% below 1990 levels, but the journey to Net Zero is far from half done. Government must now match its bold statements of ambition with effective policies and implementation, and it must move at pace if it is to deliver against the UK's stretching targets.

*Progress in reducing emissions 2021 Report to Parliament Climate Change Committee June 2021*

Figure 1 Changes in UK emissions by sector




Source: BEIS (2021) *2020 UK Greenhouse Gas Emissions, Provisional Figures.*
Notes: LULUCF = Land use, land-use change and forestry. Estimates of emissions for sectors with large proportions of non-$CO_2$ emissions are not shown on the right-hand chart. Final estimates of 2020 emissions in these sectors will be published in early 2022. The sectoral emissions for aviation and shipping include the UK's share of international aviation and shipping emissions, and are CCC estimates.

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Milder winter temperatures mean that emissions were lower than they would have been in a year of average temperatures.

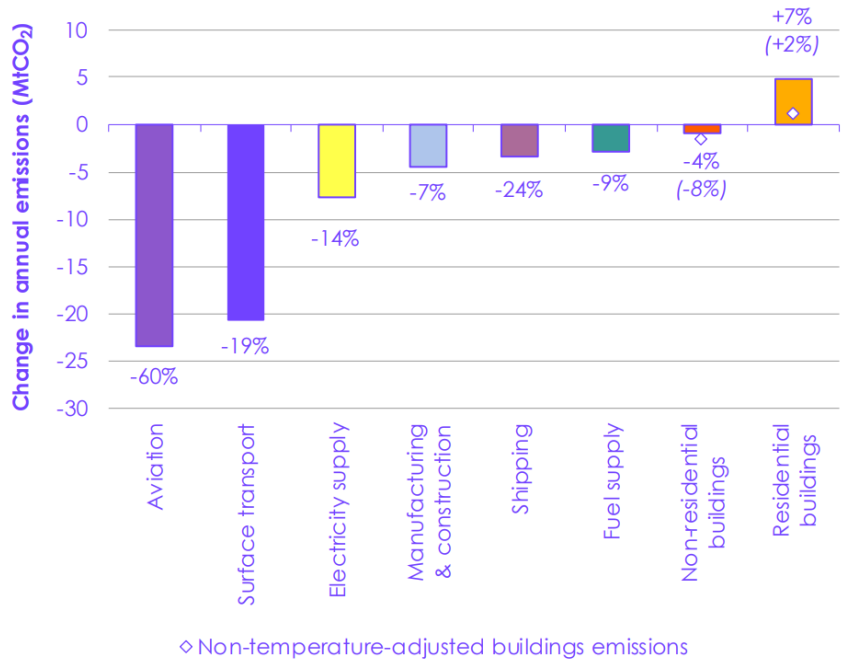
# The size of the challenge

**Table 1: Percentage changes in territorial carbon dioxide emissions by sector between 2018 and 2020 based on the temperature adjusted emissions and actual emissions**

| | Temperature adjusted emissions | | | Actual emissions | | |
|---|---|---|---|---|---|---|
| | 2019 ($MtCO_2$) | 2020 ($MtCO_2$) | **Percentage change** | 2019 ($MtCO_2$) | 2020 ($MtCO_2$) | **Percentage change** |
| Energy supply | 92.6 | 84.1 | **-9.3%** | 89.6 | 79.0 | **-11.9%** |
| Business | 66.7 | 62.1 | **-7.0%** | 65.1 | 59.4 | **-8.7%** |
| Transport | 120.8 | 97.2 | **-19.6%** | 120.8 | 97.2 | **-19.6%** |
| Public | 8.3 | 8.4 | **1.3%** | 7.9 | 7.7 | **-2.0%** |
| Residential | 71.8 | 76.6 | **6.7%** | 66.5 | 67.7 | **1.8%** |
| Other | 15.1 | 15.0 | **-0.1%** | 15.1 | 15.0 | **-0.1%** |
| **Total $CO_2$** | **375.3** | **343.4** | **-8.5%** | **365.1** | **326.1** | **-10.7%** |

Source: Tables 3 & 4, Provisional UK territorial greenhouse gas emissions national statistics 1990-2020 Excel data tables

## Figure 2.4 Change in UK $CO_2$ emissions 2019-2020




Source: BEIS (2021) *2020 UK Greenhouse Gas Emissions, Provisional Figures*; CCC analysis.
Notes: The bar for change in emissions from residential and non-residential buildings shows the temperature-adjusted data, which adjusts emissions for warmer average temperatures in 2020. The change in actual buildings emissions in 2020 is shown in brackets.

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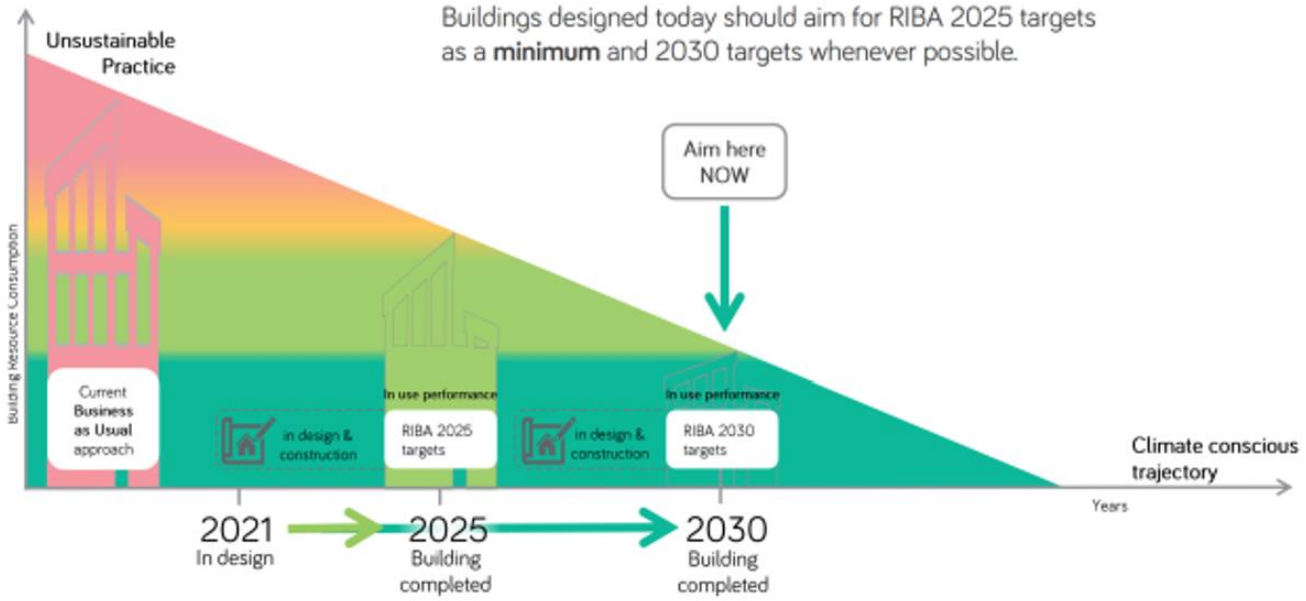
# Do nothing risks

- Investors go elsewhere
- Property and Estates become worthless after 2030
- Retrofit of new buildings (those built since 2022) becomes another PPI scandal
- Water and Energy shortages become a reality in East Anglia
- Uncontrollable climate change happens




**RIBA 2030 Climate Challenge as *built* target trajectories**

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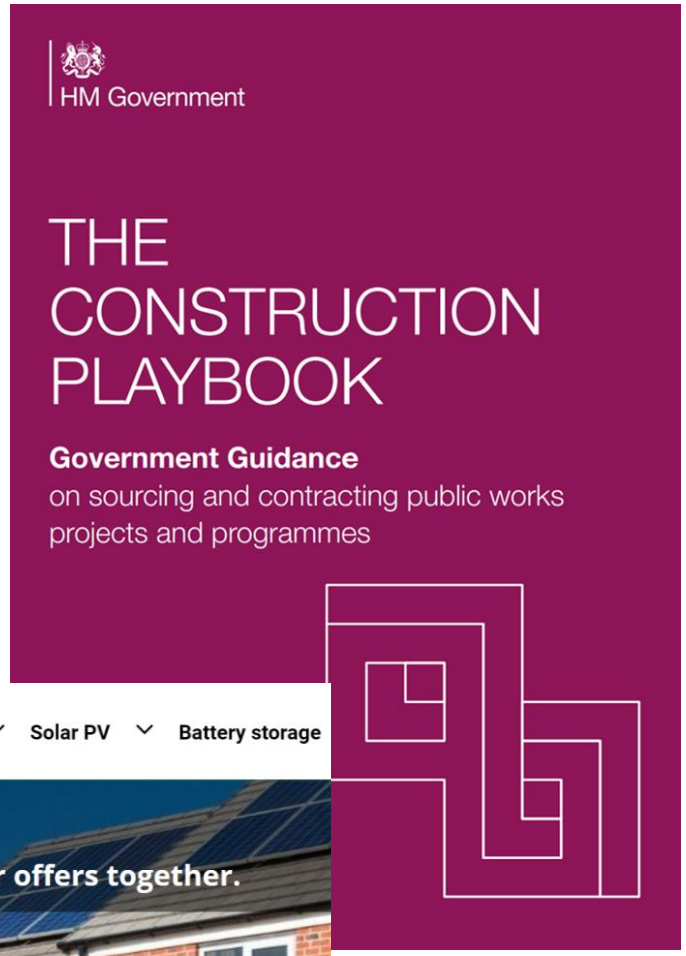
# Near future opportunities

- T-Levels, Apprenticeships and continued investment in MMC
- Solar Together Essex
- Retrofit Coordinators – start to help people plan their 5-10 year house improvements
- New Public Sector procurement rules could unlock coordinated decarbonisation of public buildings.

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# Skills conversations

Introduction of the Local Skills Improvement Plans (LSIPS) could see a shift in training and investment. Essex sector development strategy to be published in Oct 2022.

More training needed for planners, planning committees and officials.

South Essex Institute of Technology brings together industry, colleges, universities and local employers. Focus on logistics, advanced manufacturing and construction amongst others.

The **Sector Development Strategy** will enable Essex to overcome these barriers and unleash its full potential by:

- Giving businesses the tools they need to grow
- Promoting opportunities to women and all underrepresented people
- Enabling the creation of sector clusters in areas of strength
- Sparking a renewed appetite for innovation

For this to happen, Essex County Council needs to **lead**, **collaborate** and **convene** with partners across the County:

# Commissioners actions

- Continue to counter the cynics; we will not be saved by a new technology before 2030. We need to use what we have at hand for a while yet…
- Help simplify language. Is net zero confusing?
- Push for joined up thinking across the public sector