Environmental Change Institute



Where next for SMEs and Net Zero?

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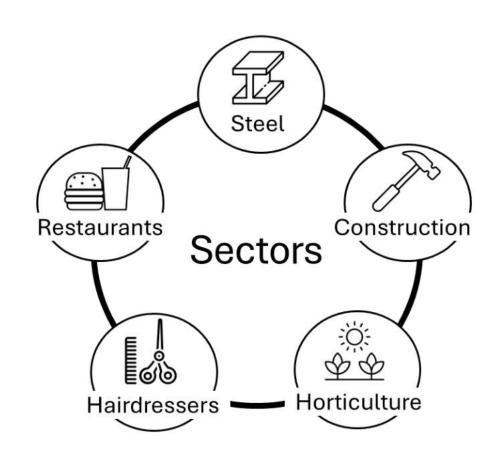


Overview

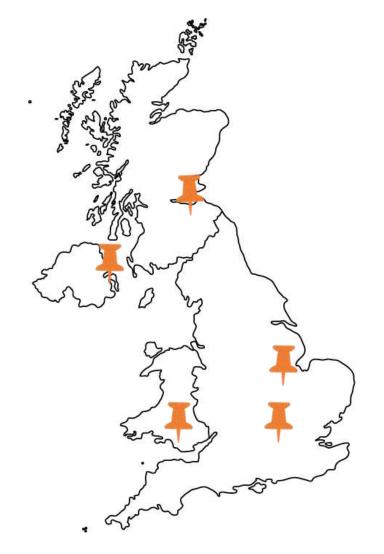
- 1. GoZero project
- 2. Where are we now?
- 3. Where next?
 - Role of government in a changing context
 - Principles for Place-Based approaches
 - Entrepreneurship
 - Multiple roles for climate action
 - Just transitions
- 4. Conclusions

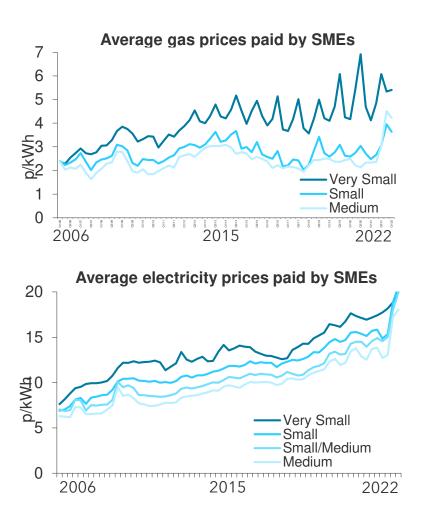


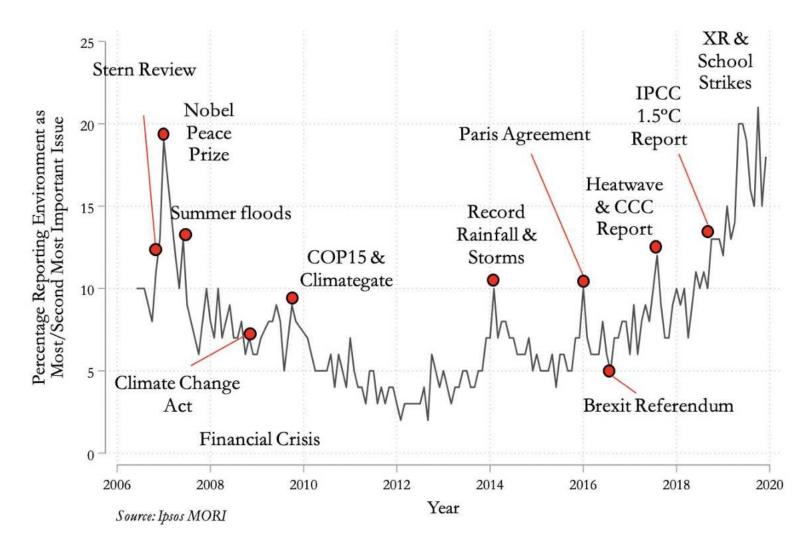
Governance for SME Decarbonisation: GoZero

















57% of SMEs are aware of government's commitment to reach **net zero by 2050**

47% say carbon reduction is a **high** or **very high** priority 71% could **not recommend a single web source** for help on decarbonisation.

Only 16% of SMEs responded to the energy price crisis by improving energy efficiency. 46% were forced to raise their prices.

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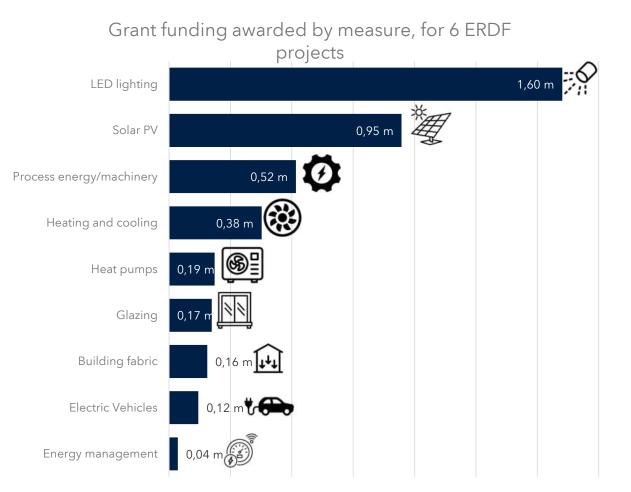
Policy paradigm

Market failure:

- Energy efficiency gap
- Information deficit

Response:

- Incentives: audits, advice, grants
- 'Win-Win' framing
- Growth first
- Place-based





Signs of market failure functioning?





94% have taken at least one action to reduce their emissions





1. The Role of Government in a Changing Context



Changing role of government

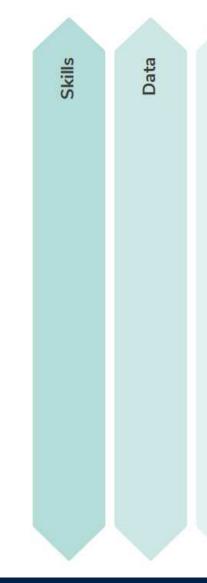
Adapt, don't retreat!

	Market and policy maturity for SME decarbonisation						
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Soft levers Hard levers			Early stage intervention		Framing, piloting, market forming	Scaling, mainstreaming, market building	Acting in mature markets and policy contexts
	Steward		Champion Signal support for SME decarbonisation		Convener BEIS SME Working Group, Sector Councils	Connector Net Zero Council, UK Business Climate Hub	Co-producer Convene and steer stakeholders across sectors
	Leader		Agenda setter Highlight need for action to support SMEs on Net Zero		Planner Promote green skills and signals policy direction	Educator Information provision e.g. UK Business Climate Hub	Collaborator Providing platforms for SMEs to learn, pledge, share
	Customer		Catalyst Review and identify opportunities		Standard setter Support GHG reporting protocols	Smart customer Public procurement requirements (e.g. 06/21)	Consumer protection Clarify and uphold standards incl offsetting
	Provider		Innovator Showcase demonstrators and technologies		Reformer Consistent policy approaches and political will	Service provider Provides solutions via local projects	Choice architecture Behavioural interventions to make Net Zero choices easy
	Funder		Early adopter Support low carbon solutions for SMEs		Incentive-giver Grants and finance for Net Zero measures	Grant-maker Provide grants for strategic technologies e.g. heat pumps	Platformer Scale up solutions via strategic market interventions
	Regulator		Voluntary codes Steer self-regulation for SMEs via codes and standards		Governance Design and trial regulation without exempting SMEs	Implementator Implement and evaluate Net Zero regulation for SMEs	Compliance Enforce, harmonise, evaluate
s	Legislator		Green papers Strategies and plans		White papers Consultations and requests for evidence	Law-maker Pass bill through parliament targeting SMEs and Net Zero	Amend rules Evaluate and amend using statutory powers
	Existing activity	Emergir	ng activity	No activity		Ac	dapted from Policy Lab (2017)



2. Principles for Place-Based Approaches to SMEs and Net Zero

Place-based approaches







Resources





4. Systemic solutions

reach' and 'harder to tackle' SMEs

especially key moments of business change

Ensuring that SMEs are included as stakeholders within wider place-based decarbonisation programmes

Situating place-based approaches within wider landscape of (for

Ensuring that transformative approaches address both 'harder to

Making every contact count with SMEs to engage and mobilise action,

example) sector-level, national and international governance

5. Clusters

1. Context

2. Going beyond

3. Change points

Supporting local sector-specific solutions where there is a strong presence within one industry

6. Whole place

Shared solutions at sub-local levels such as high streets or business parks

7. Coordination

Coordinating across networks and provides, including links into national and sector-level activity, and between places



3. Emerging Entrepreneurship to Deliver Decarbonisation at Scale



Four types of entrepreneurial activity

One-to-many business support platforms



Systemic, technologyenabled innovators



Place-based capacity builders



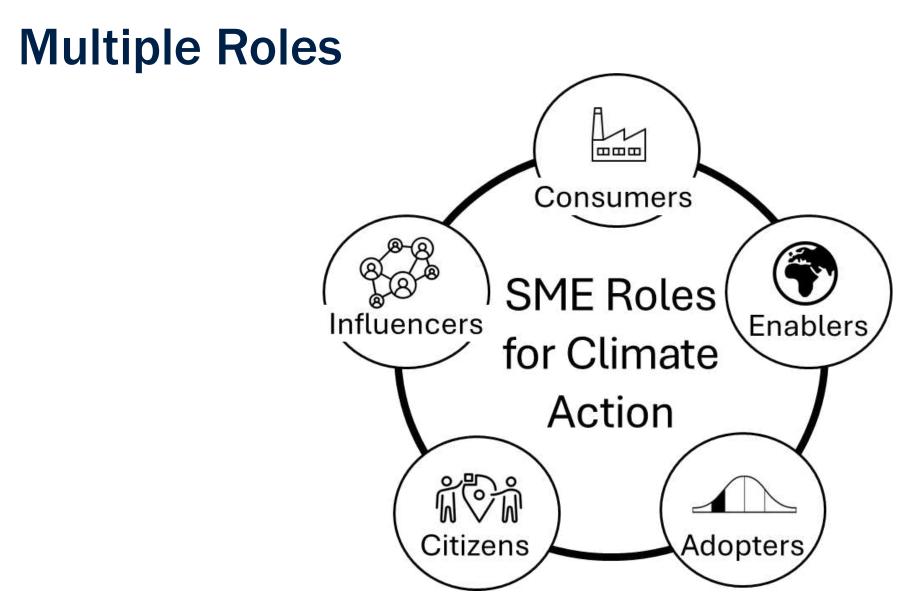
Place-based ecoinnovation catalysts





4. Multiple Roles for Climate Action







5. SMEs and Just Transitions



Just transitions

Exposure

Capability and Connection

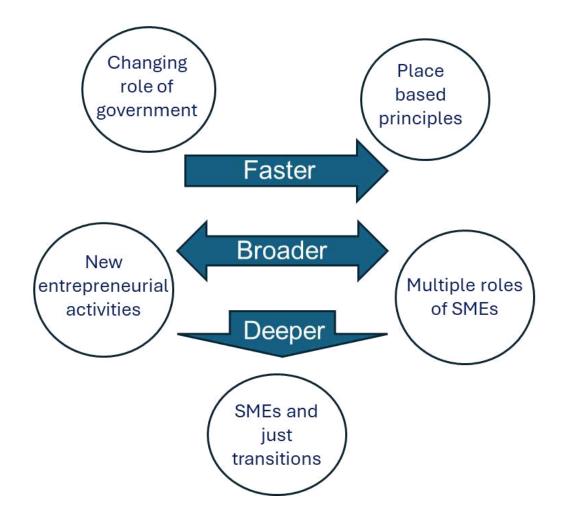
Recognising characteristics

Context

Differential roles



Conclusions







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Thank you

Sam Hampton

