###### Good Growth Directorate - Greater London Authority

###### Tender Specification: GLA 82594 - London Low Carbon Market Snapshot Update

1. **Introduction**

The GLA and its partners are looking for suggestions to baseline and provide projection of the Green Economy. An example of the approach could be integration of two key datasets that have been used before, the kMatrix London Low Carbon and Environmental Good and Services sector and WPI Economics Green Jobs and Skills report which focuses on 11 priority emerging green economy sectors.

The proposed contract will run for 3 years. The GLA and its partners want to update the dataset with data for 2023/24, 2024/25 and 2025/26 to continue the 16-year data set to create a baseline for the ‘green economy’ from which to evaluate the impact of the Green New Deal mission, shape the delivery of the Green Economy theme of London Councils’ Climate Programme, as well as borough net zero and skills programmes, and help support overall awareness of and engagement with the green economy across the public and private sector in London.

This dataset will quantify the size, nature and growth patterns of the sector, and its sub-sectors, and provide important intelligence that will provide data to monitor growth in the ‘green economy’ for 2023/24, 2024/25 and 2025/26.

It will also help provide an insight into the make-up of London’s ‘green economy’ at a London borough and sub-regional level so that economic and environmental support can be tailored to the needs of different parts of London. It will also provide analysis and long-term forecasts for London specific priorities and cover sectors such as climate adaptation and green infrastructure.

1. **Background**

London’s Low Carbon Market Snapshot has been used to quantify the size and nature of London’s low carbon and environmental goods and services sector since 2013. This has been used as a proxy for the ‘green economy’ since then as a way of estimating activity across the economy to reduce carbon emissions and consumption of natural resources.

In 2020 the Mayor and London Councils’ Chair established the London Recovery Board to co-ordinate London’s response to the impacts of the coronavirus pandemic on both society and the economy. The board established a mission-based approach to the recovery with nine missions focussing on a variety of issues from high street revival and good work to engaging youth, social cohesion and green new deal. In 2022, the board was renamed the London Partnership Board, to reflect its ongoing mission beyond the Covid-19 pandemic.

A Green New Deal (GND) for London is one of those missions and environmental sustainability is also one of the cross-cutting themes that runs through every mission. The objective of the Green New Deal mission is to help drive London’s recovery by tackling the climate and ecological emergencies and improving air quality whilst doubling the size of London’s green economy by 2030 and accelerating job creation for all.

Within and beyond the GND, London boroughs have been actively engaged in supporting their local green economies, for example by:

* Local Skills Improvement Plans;
* Green skills academies and delivery of green skills bootcamps;
* Promotion of green career pathways;
* Green innovation and enterprise business support programmes;
* Borough wide Green Economy Action Plans.

London’s Sub-Regional Partnerships are actively involved in skills and economic development work on behalf of their borough members, including in growing the green economy. In 2021, they [commissioned a report](https://wpieconomics.com/green-jobs-and-skills-in-london-cross-london-report/) produced by WPI economics and the Institute of Economic Studies to assess green jobs and skills. The report adapts the list of priority sectors identified by the Green Jobs Taskforce to create an approach that meets London government’s needs. It identifies 11 sectors for London which are necessary to meet net zero and broader environmental goals. The authors estimate employment and revenues in 11 green priority sectors for 2020 and produce forecasts for 2030 and 2050. It had been anticipated that that this research would be updated by London’s sub-regions every two years, allowing comparisons to be made over time.

London boroughs are also collaborating through London Councils. Recognising that in this work, as in many areas of climate action, they can maximise their learning and impact through collaboration, they established London Councils’ Climate Programme in 2020. The Green Economy theme of this programme, led by the London Borough of Hounslow, has aligned its overall target with the GND, and is also developing complementary indicators that will enable London government to track the nature and impacts of green economic growth.

The low carbon and environmental goods and services sector (LCEGS) is being used as the proxy for the ‘green economy’ by the GLA, and this snapshot update brings the timeseries up to date so that there is a more comprehensive dataset to use in quantifying the baseline for the ‘green economy’.

However, in line with joint working through the London Partnership Board the decision has been made to seek new approaches to measure green economy, for example by integrating both the LCEGS and WPI/ IES approaches in to one dataset and approach, to enable effective data-led joint working across London government.

To do this, it is essential to not only know the size, nature and capacity of this sector but also to better understand the geographical make-up of the ‘green economy’ and more detailed priority sectors. The enhanced dataset will provide intelligence and insights to develop programmes and projects that the Mayor and London boroughs can support to help grow the ‘green economy’, generate jobs for Londoners and market opportunities for London’s businesses whilst helping to solve the environmental challenges that London and other cities are facing.

1. **Requirements**
2. Either integration of the kMatrix Low Carbon and Environmental Goods and Services (LCEGS) data and WPI economics green jobs and skills data to provide an overall assessment of the ‘green economy’ in London for the years 2023/24, 2024/25 and 2025/26, or the proposal of a new dataset that will meet the requirements of the tender.
3. Able to provide backwards comparison consistent with the existing timeseries that the GLA has from 2007/08 to 2022/23. This should be presented at a London and sub-regional level for all years, in a dataset that can be broken down to a London borough level as required.
4. To provide a comparative dataset for the rest of the UK regions and nations to both assess London’s performance and strengths against them as well as identify where there are opportunities for collaboration and partnership within the supply and value chain.
5. To provide a projection/forecast of sectoral growth in London to 2030 for London’s Green Economy, e.g., utilising both KMatrix Low Carbon and Environmental Goods and Services sector (LCEGS) and WPI Economics. This should be presented at a London and sub-regional level for all years, in a dataset that can be broken down to a London borough level.
6. For current baseline and future projection of the Green Economy in London to have a borough level breakdown of the datasets to support:
	1. Giving boroughs access to up-to-date data on the green economy in their borough, with a comparison to their sub-region, London and the UK
	2. Enabling boroughs to tailor interventions to support their green economy:
		1. Skills and employment support programmes for residents
		2. Convening partnerships, for example with colleges and businesses in the supply chain
		3. Supporting infrastructure, such as Meanwhile Space
	3. Identifying opportunities to collaborate with other boroughs/ sub-regional partners around sector support.
7. In addition to the LCEGS sectors and WPI 11 priority sectors, the dataset should be expanded to include additional sectors from the green economy and Circular Economy not already captured in the existing datasets that would enrich the green jobs and skills analysis. The supplier can propose additional sectors to be included.
8. To use the datasets to identify which sub-sectors offer the best opportunities for developing economic activity and jobs in London as a response to the environmental and economic challenges facing London in recovering from the pandemic and driving the transition to a low carbon, circular economy.
9. To provide estimates of other sectors within London’s economy to provide some perspective as to the relative size of the ‘green economy’ compared to these other sectors and its contribution to the wider London economy.
10. The methodology that is adopted to be clearly set out and in line with published Office of National Statistics standards for [Quality and Methodology Information](https://www.ons.gov.uk/economy/environmentalaccounts/methodologies/lowcarbonandrenewableenergyeconomylcreesurveyqmi).
11. **Scope of Works**

**4.1 Study Area and Methodology**

The geographical area will be the London region as defined by the GLA, which is the 32 London boroughs plus the City of London.

Data will be presented in three geographical hierarchies.

1. Pan London using the GLA defined London region of 32 boroughs plus the City of London
2. Sub-regional partnership – Central London Forward, West London Alliance, Local London and South London Partnership
3. Single borough level breakdown.

The methodology will use the same multi-variate approach taken for previous studies but informed by improvements to your methodology. It will also have to incorporate the [WPI methodology](https://wpieconomics.com/publications/green-jobs-and-skills-in-central-london/), including aspects such as long-term forecasts that are better tailored to London’s priorities, and any relevant additional sectors not originally included in LCEGS.

WPI methodology indicates priority sectors:

1. Homes and buildings: Including retrofit, building new energy-efficient homes, heat pumps, smart devices and controls, heat networks and hydrogen boilers.
2. Low carbon transport: Including low or zero emission vehicles, aviation and maritime, rail, public transport and walking or cycling.
3. Power: Including renewables (such as wind, solar and hydropower), nuclear power, grid infrastructure, energy storage and smart systems technology.
4. Industrial decarbonisation, hydrogen and carbon capture and storage: Including hydrogen production and industrial use, carbon capture, utilisation & storage (CCUS) and industrial decarbonisation.
5. Green Finance: The concentration of financial activity in Central London means that in our context Green Finance could be a key area to identify separately.
6. Climate change research & development: Including private sector, academic and public research.
7. Climate change strategy, policy, monitoring and planning: Including public, private and NGO sector strategy and policy, outreach to citizens, environmental monitoring and use of planning system to achieve net zero.
8. Climate adaption: Including flood defences, retrofitting of buildings to be resilient to extreme weather/climate events, nature-based solutions to reduce climate impacts and civil and mechanical engineering for infrastructure adaptation.
9. Reducing localised pollution: Including air pollution, water pollution and noise; London has ambitious goals across all three of these areas.
10. Reduce, reuse, recycle: Including waste management and circular economy.
11. Green infrastructure: Within a London context this will focus on urban green infrastructure, and include activity aimed at increasing biodiversity directly or through offsetting.

**4.2 Study Work Packages**

The bidder will be required, but not be limited, to undertake the following and provide a final report for each of the Work Packages that can stand alone or be combined into one overall report if required:

**Work Package 1- Develop a methodology for baselining and projecting growth of the green economy.**

**Deliverable 1a:** The technical assessment supported by a technical note should clearly set out any issues and constraints to the new methodology or the integration of the kMatrix and WPI Economics datasets. The technical assessment should be in sufficient detail to support an informed decision on suitability of this methodology which will form the basis for delivery of Work Packages 2-4. The methodology must at minimum allow for a dataset which meets the requirements set out in Section 3. Acceptance of the methodology and outputs from Work Package 1a is required before delivery of the subsequent work packages.

**Work Package 2 - Sector Analysis for the Green Economy, e.g., by integrating the kMatrix LCEGs and WPI Economics approaches, for the London Region and the 33 London Boroughs**

To provide London regional data, broken down to Sub-Regional Partnership (SRP) and individual London Borough level.

The following data should at least be included for the expanded dataset at both the regional, SRP and London Borough level:

* Market Values (Sales Turnover) - current
* Company Numbers
* Employment Numbers
* Growth Rates – Historical and forecast.
* Activity Code, such as manufacturing, supply etc. and SIC code.
* Sector breakdown
* Specialist or supply chain businesses
* Core and non-core activity
* GVA or conversion of sales to equivalent GVA

**Deliverable 2a**: Full data sets to be provided in excel spreadsheet format and in another analytical format (e.g., for Power BI, Tableau, Stata, R or Python) for London as a whole and allowing data to be retrieved at a London borough and SRP level. It should allow the data to be interrogated down to Level 5. This will be undertaken for the year 2023/24 in October 2024, for the year 2024/25 in October 2025, and for the year 2025/26 by October 2026, depending on the length of time it takes for the complete datasets to become available.

**Deliverable 2b:** Growth forecast to be provided to level 5 with the best sub-sectoral opportunities in London highlighted. This should also be provided for each of the 33 London boroughs.

**Deliverable 2c**: A full comparative analysis of the sub-sectors and associated supply chains should be conducted highlighting their strengths and weaknesses through an analytical model accessible to teams in GLA and London Boroughs and the results presented in a report format that is consistent with previous reports, including WPI/IES report.

**Deliverable 2d**: This will build on the analysis and report produced in Deliverable 1c. Along with the other packages of work and use of other relevant methodologies it should lead to a suggested list of potential business and supply chain support and development programmes, including key activities and outcomes, that could be developed in London to support growth in the Green Economy.

It will identify specific sectoral strengths and opportunities for sectoral growth in London to support a just transition and reflect both existing and emerging London and global market opportunities. Recommendations should be made for how these strengths can be capitalised on. This will require two meetings to discuss the findings, opportunities, and proposed support mechanisms.

**Deliverable 2e**: To identify any new sub-sectors that have emerged or been developed that could contribute to a new wider Green Economy and Circular Economy sector definition.

Work Package 3 – Benchmarking against the rest of the UK and identifying supply chain opportunities across the UK.

**Deliverable 3:** To provide data in excel and other accessible analytical formats (e.g., for Power BI, Tableau, Stata, R or Python) so that full benchmarking of London to level 5 can be performed against the rest of the UK and its regions. This should help to highlight regional strengths, weaknesses, areas of comparative advantage and provide clear insights into the make-up of sector supply chain across the UK. It should identify and develop inter-city and inter-regional supply chain opportunities and consider inter-regional trade within important sub-sectors in London to highlight how activity in London supports economic activity across the UK. The deliverable should also include case studies to show value that London provides to other regions.

**Work Package 4 – Compilation of Reports**

**Deliverable 4:** Compilation and completion of reports presenting the methodologies and findings for each of the Work Packages, to include up to three presentations.

**Table summarising deliverables and timelines for completion (to be discussed and agreed with the provider):**

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|  | **Deliverable** | **Timeline / Due Date** |
| **1** | Methodology notes | w/c 22nd July 2024 |
| **2e** | Identification of any potential additional sectors | w/c 22nd July 2024 |
| **2ai** | Updated London datasets – 2023/24 | 30th October 2024  |
| **2b** | Growth forecasts and opportunities | 30th October 2024 |
| **2c** | Analysis of sub-sectors and supply chains  | 30th October 2024 |
| **2d**  | Proposed support programmes and supply chain analysis to support green economy in London | 30th October 2024 |
| **3i** | Comparisons with other sectors from London’s economy also quantified using kMatrix methodology | 30th October 2024 |
| **3ii** | National and Regional mapping to identify supply chain opportunities | 30th October 2024 |
| **4** | Finalisation of Reports | 15th November 2024 |
| **2aii** | Updated London datasets -2024/25 | 30th October 2025  |
| **2aiii** | Updated London datasets -2025/26 | 30th October 2026  |

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| **Stage** | **Estimated completion date** |
| Inception meeting | w/c 27th May 2024 |
| Interim milestone 1: Deliverable 1, 2e | w/c 22nd July 2024 |
| Interim milestone 2: Deliverables 2ai, 2b, 2c, 2d, 3i, 3ii, 4 | 30th October 2024 |
| Milestone 3: Deliverable 4 | 15th November 2024 |
| Milestone 4: Deliverable 2aii | 30th October 2025 |
| Milestone 5: Deliverable 2aiii | 30th October 2026  |

1. **Price and Payments**

The total budget for this project is £50,000 excluding VAT for a 3-year contract. Quotes should be broken down (detailed in the pricing schedule provided as part of the tender pack) so that they include prices for each stage of the project along with an indication of the proportion of time that will be spent on each element of the project by each proposed team member throughout the duration of the commission including their day rates as per the pricing schedule.

Payment will be made in three instalments:

1) 60% of project value at Interim Milestone 2

2) 20% of project value at Milestone 4

3) 20% of project value at Milestone 5

Payment will be made subject to the satisfactory completion of the project milestones. This will be agreed at the inception meeting.

We will evaluate the tenderer’s submissions against the criteria detailed in the document ‘Volume 5 – Tender Evaluation Criteria’ provided as part of this tender pack.