



ROAD TO NET ZERO STUDY

# Sector Focus: Construction



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Mobilityways commissioned specialist market research agency Opinium to design and fulfill this online study which gained responses from 300 large firms in the construction and civil engineering, financial services and healthcare sectors. 100 designated senior decision-makers from each of these three core sectors responded to a 37 question questionnaire which was fully completed online between 4th and 18th April 2023.

All respondents were senior level decision-makers in Transport/travel/fleet management, Operations, Facilities Management and Sustainability, with many holding responsibility for several of these areas simultaneously. 168 of the 300 respondents to the Opinium study had senior level responsibility for Sustainability; 106 for transport/travel/fleet management; 116 for Office/Facilities Management; and 112 for Operations.

Over two-thirds (70.33 per cent) of all organizations responding had more than 1,000 employees. The balance had 501-1,000 employees. Unless otherwise stated, all results reported in this study are from the Opinium three sector study.

This core study was supported by a parallel study conducted by Cognitive Publishing to reach the same mix of senior decision makers in over 50 Local Authorities and 50 Further Education establishments. Mobilityways received a total of 125 relevant decision-makers from these sectors between 5th April and 13th May 2023.

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Version 1

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## Construction sector specific findings

The construction sector lags both the financial services and the healthcare sectors in terms of setting 'a target date for achieving carbon neutrality (i.e., have a commitment for reducing carbon dioxide emissions and balancing any remaining carbon emissions through removals)'.

Over half, 57 per cent, of privately held large UK construction firms captured in this study have set a date for carbon neutrality, whereas in both the healthcare and financial services sectors 61 per cent of firms have set a carbon neutrality target date. Two-thirds of construction firms responding had over 1,000 employees.

Less than half (45 per cent) of private construction firms had established 'some or all short and medium term milestones to help achieve Net Zero', whereas 65 per cent of the financial services sector had published their Net Zero roadmaps.

### Sector lagging on Scope 1, 2 and 3 data collection & reporting

The sector also lags others in terms of going live with Scope 1, 2 and 3 GHG emissions data collection and reporting. Just half (50 per cent) of large construction firms had started implementing Scope 1 and 2 'direct' emissions reporting; while 62 per cent of healthcare sector respondents had begun 'direct' environmental reporting.

The construction sector is also behind other sectors in terms of the more impactful Scope 3 'indirect' emissions reporting in companies' supply chains. Just over half (54 per cent) of construction firms have begun collecting Scope 3 emissions numbers. This compares poorly with both the financial services and the healthcare sectors where 71 per cent of equivalent-sized firms had started Scope 3 emissions reporting. Yet experts predict that Scope 3 emissions are likely to be responsible for at least 70 per cent of a typical firm's total GHG emissions.

Exploring more deeply the progress of the 54 per cent of large privately held construction firms which have begun Scope 3 emissions data gathering, the Mobilityways study found that here too they were behind on specific emissions category levels. For example, only 41 per cent of these construction companies have 'worked out a way of measuring GHG emissions from employee commutes to their place of work'. Employee commute is one of 15 categories of 'indirect' Scope 3 emissions which need to be collected and reported on. This compares poorly with the financial services sector where 54 per cent of companies have worked out a method of capturing employee commute emissions data. Yet Scope 3 reporting disclosure is already required for construction firms wishing to tender for UK public sector contracts worth over £5m.



# 45%

of private construction firms had established 'some or all short and medium term milestones to help achieve Net Zero', whereas 65% of the financial services sector had published their Net Zero roadmap targets.



**Lack of progress by sustainability decision makers in the construction sector was found to be associated with the fragmented nature of the UK construction market.**

### **Structural issues in UK construction holding up decarbonisation**

Lack of progress by sustainability decision-makers in the construction sector on emissions reporting and Net Zero goal setting was found to be associated with the fragmented nature of the UK construction market. The fact that even the largest players are not big enough to force adoption of more sustainable practices, was given as the chief reason for lack of progress towards Net Zero, by nearly half (47 per cent) of the UK-based construction firms.

The second most significant reason for lagging on emissions reduction, as given by 42 per cent of large private builders, was the persistently *'slim margins in UK building which keeps firms' focus firmly on staying profitable at the expense of improving the sustainability of their building'*. New UK building projects currently achieve an average of under two per cent net operating margin.

Only slightly less, 40 per cent of large construction firms, said that lack of common standards for assessing and reporting on both the 'embedded carbon' and 'carbon in use' in buildings, was holding back progress towards Net Zero in the sector. Furthermore, a quarter (26 per cent) commented that the failure of Government to mandate use of low carbon building materials in new buildings was also delaying progress towards Net Zero.

### **Reforms most likely to accelerate progress towards Net Zero**

Government-led reforms can go a long way to stimulate decarbonisation in UK building, the Mobilityways study found. Firstly, pushing through planned legislation mandating a minimum energy efficiency rating to EPC B for all non-domestic buildings (both rented and owned) by 2030 was widely tipped to be a potential game changer. A quarter (25 per cent) of directors responsible for sustainability in large construction firms, put implementing of drafted UK building regulation changes as the primary factor 'most likely to help reduce carbon emissions' in their sector.



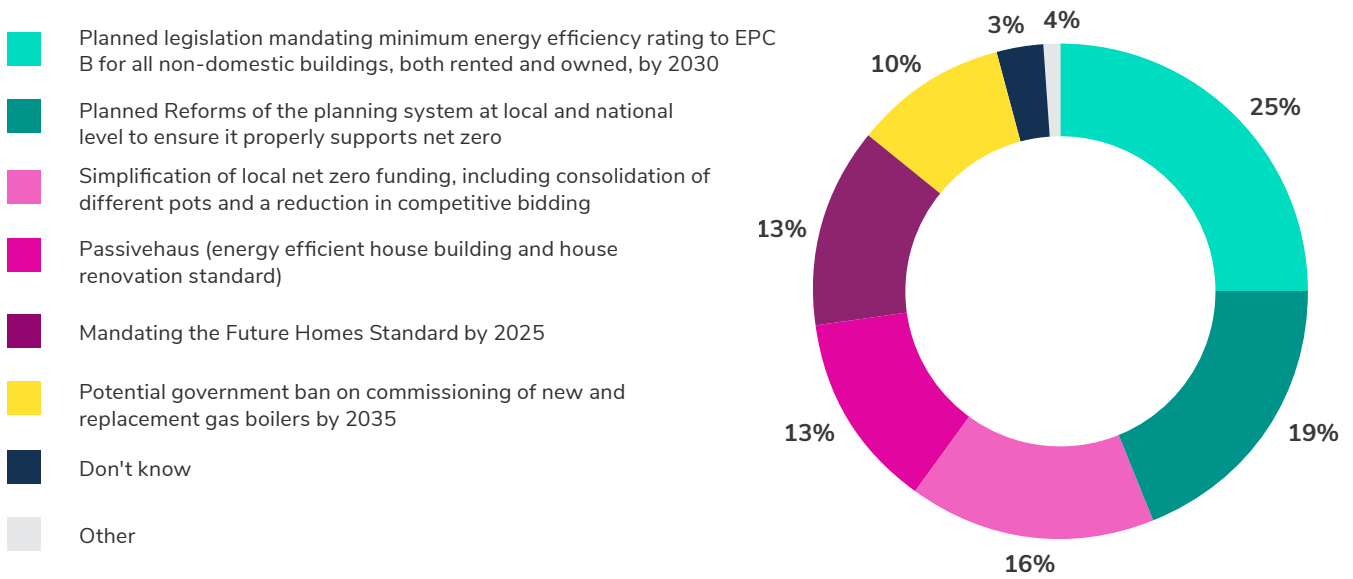
**40%**

**of large construction firms, said that lack of common standards for assessing and reporting on both the 'embedded carbon' and 'carbon in use' in buildings, was holding back progress towards Net Zero in the sector.**

**25%**

**of directors responsible for sustainability in large construction firms, put implementing of drafted UK building regulation changes as the primary factor 'most likely to help reduce carbon emissions' in their sector.**

**Fig 1. Which of the following developments in construction are likely to have the biggest impact in reducing carbon emissions in the UK?**



**19%**

**of sustainability decision-makers felt that drafted reforms to UK planning system at local and national level was the single highest impact change which government could make in the short term.**

Formal responses by property industry bodies to legislative consultation have proved supportive of the EPC B target by 2030. However, the Better Buildings Partnership, the RICS and the UK Green Building Council have all raised concerns about the practicalities of implementing the EPC C interim milestone during 2027.

Drafted reforms to UK planning system at local and national level (to ensure it properly supports Net Zero) were seen as the second most impactful change: 19 per cent of sustainability decision-makers felt that this was the single highest impact change which government could make in the short term.

One in six (16 per cent) sustainability decision-makers in construction firms favoured simplification of local Net Zero funding, including consolidation of different pots and a reduction in competitive bidding as the most impactful change that the Government could drive through to assist with progress towards Net Zero in the sector.

### Net Zero focus areas over the next 3 years

When asked which areas that their firm is likely to focus on over the next three years to reduce carbon emissions of their construction sites and buildings completed, 40 per cent of directors responsible for sustainability in construction firms anticipated that their business will focus most on 'Use of Net Zero emissions vehicles in construction and transport'. While 34 per cent think the focus will fall most on the 'Use of more low carbon materials in construction'.

A third (32 per cent) favoured 'Increased use of more scrap metals in construction'. While 30 per cent favoured 'Increased use of Building Information Management (BIM) systems'. And just over a quarter (26 per cent) saw increased focus on 'modularisation/offsite construction or pre-fabrication' as the way for them to decarbonise construction over the next three years.

**Fig 2.** Which areas will your business focus on most over the next 3 years, in order to reduce your carbon emissions of your sites and the buildings you complete? Please select up to three options



The issue for Government is to work out which lever to pull first but clearly there is the need for better planning laws and the mandating of tighter energy efficiencies in buildings, followed by settling on clearer rules and standards for reporting, and incentives to speed up both embedded carbon and operational carbon reduction across the residential and commercial building world.

There seems to be many options for reducing carbon emissions once the sanctions and incentives landscape is set in stone. By contrast, some of the leading listed construction groups are leading the way on Scope 1, 2 and 'operational' Scope 3 reporting. However, their unlisted peers now seem to have fallen a long way behind, especially when it comes to emissions data gathering from their supply chains and employee commute emissions reporting.



Graeme Banister | Sector Director at Mobilityways

# Thank you for reading

This is just one extract from our Road to Net Zero Study. If you would like to read the full report, including more general insights from a range of industries, you can download it below.

If you find any of the discoveries in this sector focus interesting and you would like to explore how to address some of the challenges highlighted here, please do get in touch at [team@mobilityways.com](mailto:team@mobilityways.com).



**Julie Furnell**

Managing Director  
Mobilityways

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## About Mobilityways

Mobilityways is a climate tech firm and social enterprise on a mission to make zero carbon commuting a reality.

We enable employers to meet their Net Zero goals with our suite of climate tech tools. These tools enable companies to measure, reduce and report their commuter emissions, providing full visibility of commuting challenges and identifying sustainable travel alternatives for employees. We have worked with almost 1,000 companies based in the UK.

We were established in 1998 as Liftshare, before rebranding as Mobilityways in 2021. We still operate Liftshare as a free-to-use community car-sharing platform that has helped more than 700,000 like-minded people car share so far.

**Mobilityways has worked with almost  
1,000 companies based in the UK.**



# Download the full Road to Net Zero Study



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Ground-breaking climate tech, empowering large employers to  
measure, reduce and report on their commuter emissions.

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