



The Environment and Business

Part 2: Adapting to a Greener Economy

Climate change and global warming are not just ecological and political issues. In our connected, inter-dependent world they are matters of business importance too. Not least because governments everywhere are urging businesses to adapt to and to adopt sustainable, low-carbon policies.

This may be a matter of technological innovation as firms invest in green products and services, tapping into new, emerging markets. Or it may simply be a question of reducing carbon emissions. In both cases, it can, however, mean either boosting profits or saving on costs.

Here we take a brief outline look at how businesses, large and small, can benefit from a greening of the economy and at some of the regulations governing firms and the environment.



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LARGE ENERGY USERS

As from April 2010, very large energy consuming businesses will need to join the Carbon Reduction Scheme (CRC). Firms that use more than 6,000 megawatt hours per year of electricity (the equivalent of a £500,000 annual energy bill) will be included in the CRC.

ENVIRONMENTAL LEGISLATION

There are a number of regulations that firms operating in certain sectors must observe. These include the safe and secure storage, transportation and disposal of hazardous waste, such as chemicals and detergents, as well as the disposal of electrical equipment. Rules also affect firms whose operations involve producing noise, smoke, fumes, gases and odours. Details on the exact environmental regulations can be found on the NetRegs website at www.netregs.gov.uk

PRODUCT AND SERVICE INNOVATION

The government used the 2010 Pre-Budget Report to announce an extra £150 million of investment that will go towards supporting low carbon technologies. It is clear that such technologies – clean, cutting edge – will be a major growth area for years to come.

But a business does not need to create a new technology in order to embrace low-carbon products. Buying raw materials, even if it is just recycled paper for the office, that are from renewable sources will help to reduce their environmental impact. Other areas where green innovation can cut carbon emissions vary from assessing whether a production process can be made simpler (lighter, stronger but fewer materials, for example) to whether there are ways of trimming transport distances, from designing goods so that they are more easily recyclable (or use less packaging) to choosing suppliers and supply chains that are more carbon efficient.



Cutting emissions, waste and costs

Every business, whatever its size or ambition, can take commercial advantage of a green approach. That's because reducing waste – energy, fuel, water, paper – has the knock-on effect of reducing costs too.

Energy efficiency

Many energy efficiency measures are easy to implement. These include using energy-saving light bulbs; turning off radiators that are heating empty rooms or unused areas; placing thermostats in temperature constant positions; setting the hot water supply at 60 degrees; fitting draught excluders; improving insulation; making sure that delivery doors are opened and closed only when necessary during colder months; keeping office furniture away from radiators so that the heat distribution is not blocked; and maintaining equipment so that it runs efficiently.

Equipment that can be shut down, like photocopiers and air conditioning units, should be switched off when - overnight and at weekends - there is no one in the office. Some machines or equipment can be moved to a sleep or standby mode, which consumes less power, when not in use. It should be explained to members of staff which switches control which facilities, and they should be encouraged to turn off lights or equipment when rooms are no longer occupied.

Water savings

It may not just be water that is dripping away through a leaking tap or a faulty valve but money too. Good suggestions for conserving water are: toilet flush-control-mechanisms, automatic taps (they can't be left running) and valves that dampen the pressure of the flow of water.

Travel

Another area where savings can be made is business travel. This may involve journeys to and from meetings, journeys to and from work, or the transport of goods. A business should look at all its forms of travel and transport, and assess how they can be minimised or made more cost effective.

Arranging sales meetings for the same area on the same day is one obvious tactic. With flexible working on the rise, it may be that home working for some employees can help to reduce the costs of operating the office. Encouraging employees to drive in fuel-saving ways (does everyone need to travel to the same meeting in different cars?) can have a real impact on fuel costs.

Buildings

As well as managing how a business building uses energy, there are other steps that can be taken to make sure that waste is kept to a minimum. Double-glazing and roof insulation may be worthwhile investments. With the right advice, heating and hot water systems can often be made more energy efficient.

It might also be a good idea to formalise any energy-saving, waste-cutting measures in an environment policy plan. Set targets for costs savings and measure how close you are coming to making them.

Green taxes

In some cases, there are tax advantages available to businesses that pursue environment-friendly policies. Investing in energy-conservative and water-saving plant and machinery can offer tax breaks through enhanced capital allowances (ECAs). Company cars that have low carbon dioxide emissions are more tax efficient. Why not contact us for details?

Other benefits of going green

As well as cost saving, reducing your firm's carbon footprint can bring other advantages. It can enhance your reputation among customers – consumers are increasingly likely to want to buy from an environmentally responsible firm. You may find it easier to secure funding from banks, as well as to win sales from larger companies and government departments that may look for specific green credentials in their suppliers.

Be it boosting profits or saving costs, the future, many businesses might find, is green.

For more information, advice, practical help and even financial assistance, there are several websites you can visit:

www.carbontrust.co.uk

www.netregs.gov.uk

www.envirowise.gov.uk

www.wrap.org.uk

www.environment-agency.gov.uk