



THE BRITISH  
CHAMBERS OF  
COMMERCE

# Energy Efficiency:

## The Challenge for Government and Small Businesses



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October 2006

An Energy Efficiency  
Survey by the British  
Chambers of Commerce

**Energy Efficiency: The Challenge for Government and Small Businesses**

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**Foreword**

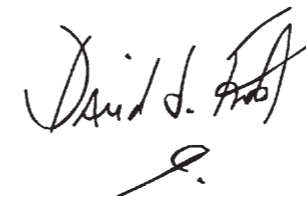
Climate change is now recognised as one of the major global challenges facing us all. Business is often criticised as being uninterested and worse, a key cause of climate change. Putting profits before any concerns about the potential impact of their activities on the environment.

The government has set out in the Energy Review the rightly ambitious target of a 60% reduction in CO2 emissions. For any chance of this target being met it is vital that government works with businesses of all sizes.

SMEs account for approximately 50 percent of total UK business energy use yet it is estimated that 30 percent of this energy is wasted through inefficient practices. As energy prices have continued to rise the need to conserve energy has become a high priority for small businesses. The annual energy bill is estimated to stand at £3.5 billion of which the carbon trust calculated that this wastage amounts to a massive £1.1 billion per year.

We undertook this survey to ascertain whether the government's message on energy efficiency and the help that can be provided is being heard and understood.

The diversity and size of our membership ensures we are ideally placed to capture the views of small and medium size business in the UK.



**David Frost**  
Director General  
British Chambers of Commerce

## Executive Summary

Climate change is a priority issue that has steadily risen up the agenda since the signing of the Kyoto protocol in 1997. Business accepts that it too, together with Government, has a role to play in combating the damaging effects of climate change. The results of this survey, commissioned by the BCC, clearly indicate a shift in attitudes which, along with the background of increasing energy prices and fears for the security of energy supplies, has resulted in a clear ambition to alter business practices to effect change.

- The most striking feature of the views reported in this survey is that the majority of businesses show a clear willingness to embrace energy efficiency. 84% of those surveyed considered themselves to be energy efficient or were considering options to conserve energy use. When asked for their prime motivation in becoming energy efficient three out of the four top answers related to environmental and social concerns.
- It is also encouraging to note that of those businesses that have installed energy efficient measures or promoted behavioural change the vast majority did realise their goals. Of the businesses surveyed 77% indicated that they had benefited from lower energy bills, while nearly a third of businesses had reduced their carbon emissions, indicating that companies can recognise social benefits while reducing costs.
- These results clearly indicate that the business community is no longer willing to do nothing but sees itself as a willing partner in the challenge to combat climate change and reduce emissions.
- Ultimately however the message to come from this survey is that the government is failing in its ability to communicate the message of energy efficiency to SMEs. Over 60% of respondents believe that current government initiatives at promoting energy efficiency have been unsatisfactory. Nearly a third of respondents had no knowledge of organisations set up to advise companies on conserving energy. Of those that were aware, 30 separate companies were mentioned highlighting a key concern amongst small businesses that the message coming from government is muddled and confused.
- Many businesses stated that they felt the organisations that have been set up to assist companies on energy reduction measures simply do not cater for SMEs or fail to understand the constraints of a small business such as limited time and resources.

Businesses across the UK have indicated their willingness to alter their business practices to conserve energy; however, they cannot do this alone. The Government must also fulfil its responsibility to secure energy supplies; we cannot have another year when the country comes close to running out of energy with all that means in terms of reduced output, reduced profits and reduced competitiveness.

## Recommendations

Energy efficiency is key to the dual goals of contributing to the government's goal of a reduction of 60% of carbon dioxide emissions by 2050 and to reducing business costs in the wake of increasing energy prices. However, as this survey has discovered more must be done to raise awareness among the SME sector as to the true costs and long term benefits of becoming energy efficient. We therefore make the following recommendations:

- **Work in partnership with business** – The business community accepts that it has a role to play in stabilising and reducing greenhouse gas emissions and we believe that businesses should work in partnership with a range of stakeholders, including the Government, the devolved administrations, the public sector and the general public, to achieve the reductions set out in the Kyoto Protocol.
- **Raising awareness among small businesses** – Lack of appreciation of the true costs and the long term benefits of energy efficient measures have been identified as the main reasons why business has so far been unable to utilise the full potential of energy efficiency. More must be done to engage the small business community to encourage and support them. Business is willing to play its part in improving energy efficiency but Government must recognise the role it has to play in ensuring security of supply for the long term.
- **Refocus initiatives towards SMEs** - Government supported organisations such as the Carbon Trust should be refocused to better deal with SMEs who are vital in the Government's goal to achieve a 60% reduction in carbon dioxide emissions by 2050.
- **Create better incentives to assist business** – Government should consider better targeted incentives to encourage small businesses to adopt energy efficient strategies. Where incentives do exist such as the Enhanced Capital Allowance (ECA), better communication is required to ensure businesses take up the incentives.
- **Climate change as an opportunity** – Tackling climate change is a necessity but it can also be an opportunity. Small businesses, in conjunction with the scientific community, can become vital contributors to future green technologies. We want to work with the Government to create a programme to encourage SMEs to take advantage of the emerging climate change markets.

# The Energy Efficiency Survey

## Introduction

The British Chambers of Commerce Energy Efficiency survey was undertaken in response to reports from business that the government’s message of energy efficiency is not getting through to the small business sector.

Rising energy costs are increasingly affecting small businesses yet a lack of information and advice on how to conserve energy is affecting business growth and competitiveness.

The aim of the survey is to inform government and policy makers on the very real needs and concerns of business, as well as highlighting the limitations that currently exist.

This report summarises the key findings of the BCC’s research and as such provides a benchmark of business opinion by which the effectiveness of energy efficiency initiatives can be measured.

## Business and research objectives

The overall business objective is to review the views and concerns of the BCC business membership towards the Government’s energy efficiency objectives.

The specific research objectives of this research study are to:

- Determine whether the Government’s message of energy efficiency is being properly conveyed to small to medium enterprises (SMEs);
- Establish what relationships already exist between SMEs and the organisations set up to establish energy efficiency practices; and
- To discover what SME are currently doing to become energy efficient.

## Research methodology

The BCC conducted the vast majority of its research gathering by an online study although a paper based edition was e-mailed to the network to be printed out if so required.

Accredited chambers were asked to support the survey by engaging with their membership to publicise the story via e-mail and paper bulletins.

## Questionnaire

The paper based questionnaire, enclosed as Annex A, was a one page document available by e-mail. The online questionnaire was accessed by a web address (URL) sent out to the chamber membership. The web survey was hosted on the BCC’s ChamberOnline website.

Please note that where percentages do not equate to 100% members were asked to tick multiple boxes.

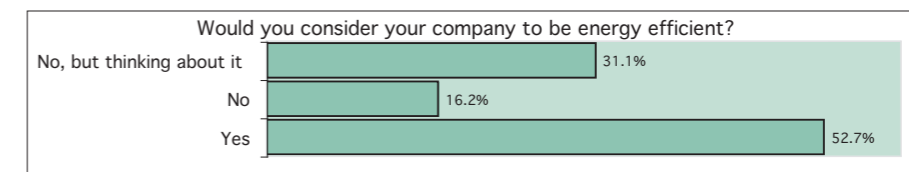
## Sample and response rate

Completed questionnaires, both paper based and electronic, were returned directly to the BCC.

Over a period of one month 296 responses were received. The majority of businesses who participated in the survey were smaller sized businesses; 78% of businesses have less than 50 employees; 15% of employees have between 50 and 249 employees; and the remaining 7% have 250 or more employees.

## Energy Efficiency of BCC members

Energy efficiency is evidently an issue that affects business. Of all the businesses surveyed only 16% did not consider themselves energy efficient or were not in the process of considering such measures.

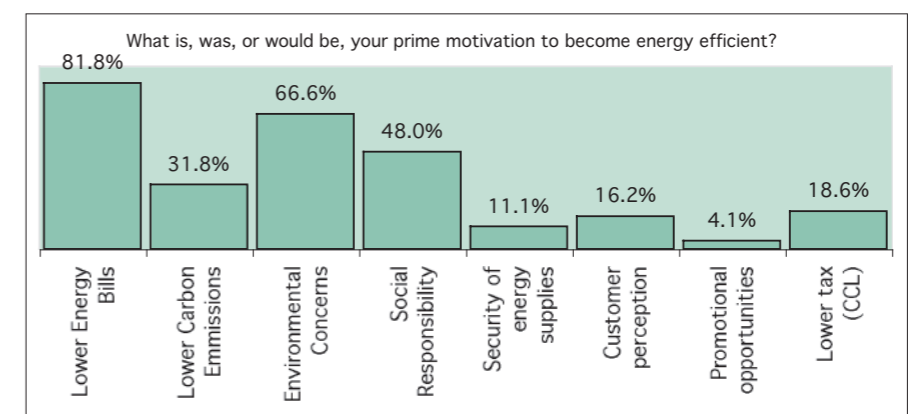


This summary illustrates the relative importance businesses attach to the issue.

## Reasons why business has or would like to become energy efficient

The reasons business wish to become energy efficient varies but certain key themes have arisen from this survey. It is clearly evident that the rising cost of energy is the prime motivator to business in using energy more efficiently. 82% cited this as their key concern.

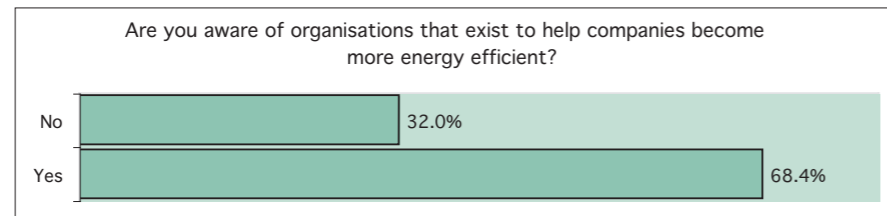
As well as rising energy costs, businesses across the country highlighted environmental and social concerns, as well as a willingness to reduce carbon emissions, as important reasons to conserve energy. This reflects the belief among the business community that they have a role to play, in partnership with government, in the continuing challenge to combat climate change.



## Awareness of organisations that exist to help companies become energy efficient

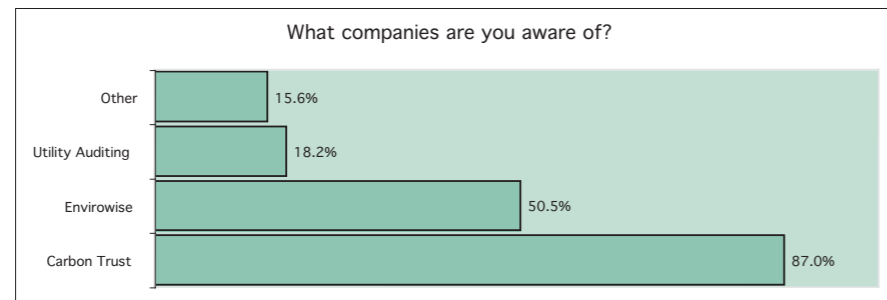
Nearly 70% of companies surveyed in this poll indicated that they were aware of organisations that exist to assist business; however, nearly a third of all businesses

surveyed did not. This is a clear indication that the Government's stated message is failing to get through to a large sector of the business community.



The Carbon Trust states that small businesses account for over 50% of all business energy use. These statistics suggests that a more concerted effort is required to increase awareness of the issue among SMEs if the Government is going to meet its target of reducing CO2 emissions by 60% by 2050.<sup>1</sup>

**What organisations that provide advice and assistance to become energy efficient are businesses aware of?**

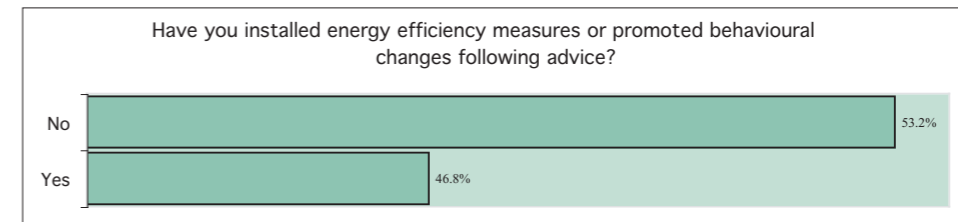


Of those companies that were aware of organisations that exist to provide assistance and advice on reducing energy usage nearly nine out of ten businesses mention the Carbon Trust. Over 50% also stated that they were aware of Envirowise while a further 18% highlighted Utility Auditing.

However, of those 16% of companies that indicated 'other' they listed 30 companies providing similar services. The plethora of organisations in existence was one issue mentioned in this survey that small businesses felt contributed to the confusion surrounding energy efficiency.

<sup>1</sup>Dr Garry Felgate, Director of Delivery and External Relations at the Carbon Trust, 13th October 2005.

**Following advice have companies installed or promoted energy efficiency measures or promoted behavioural change among the workplace?**



Where a company had come into contact with organisations providing energy advice just over half had installed measures to reduce energy usage or promoted behavioural change in the workplace; however, just under half had not.

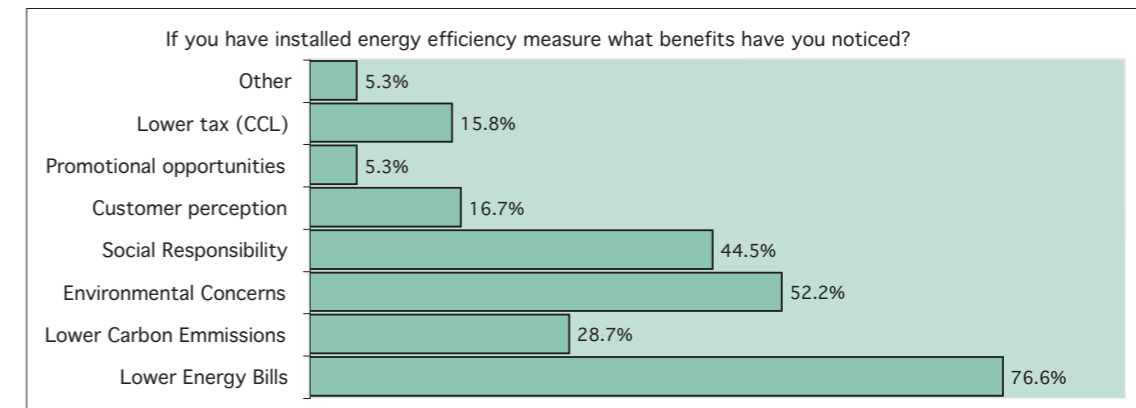
The following three questions indicate what businesses that have installed energy efficiency measures have gained, and also the reasons why others chose not to.

**Which benefits have companies realised?**

Where companies have installed energy efficient measures or promoted behavioural change 76.6% noticed lower energy bills, suggesting that the key motivator to using energy more efficiently can be realised.

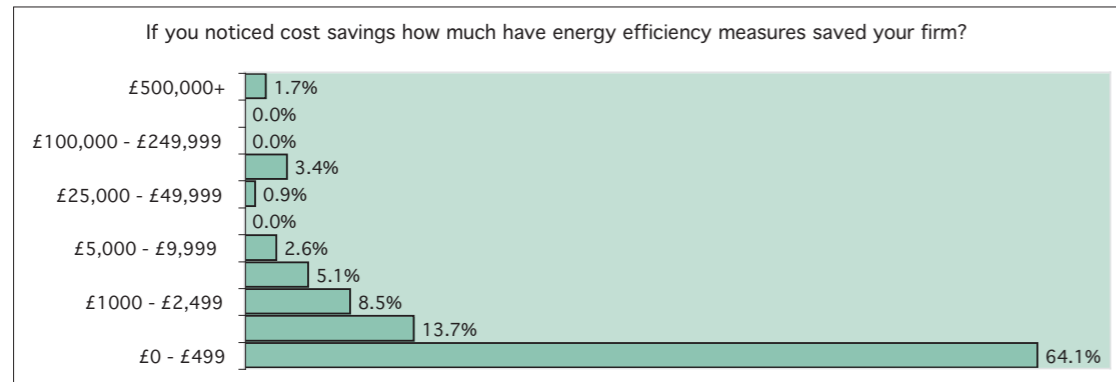
52% and 45% respectively indicated that they had experienced environmental benefits and a greater sense of social responsibility, while 30% had actually lowered their carbon emissions.

16% of respondents also noted that installing energy efficient measures had also resulted in lower levels of taxation, principally from the Climate Change Levy (CCL).



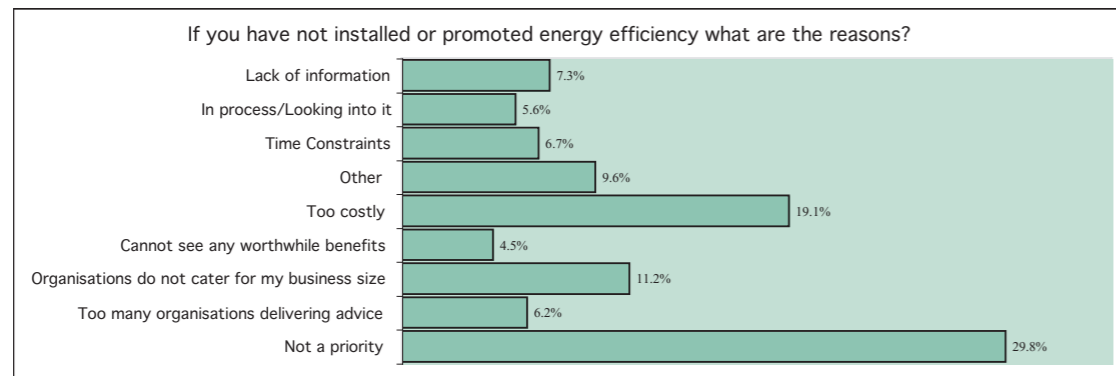
**If businesses realised cost savings how much did they save?**

The majority of companies surveyed realised savings of less than £500 while nearly 14% made energy savings of between £500 and £1000 per annum.



It is therefore evident that businesses can achieve their key concern of lowering energy bills by enacting energy efficient measures.

**If businesses have not installed energy efficient measures what are their reasons?**



Only 30% of businesses surveyed felt that energy efficiency was not a priority; however, it is clearly evident that there are constraints that restrict the ability of the majority of businesses that do wish to become energy efficient.

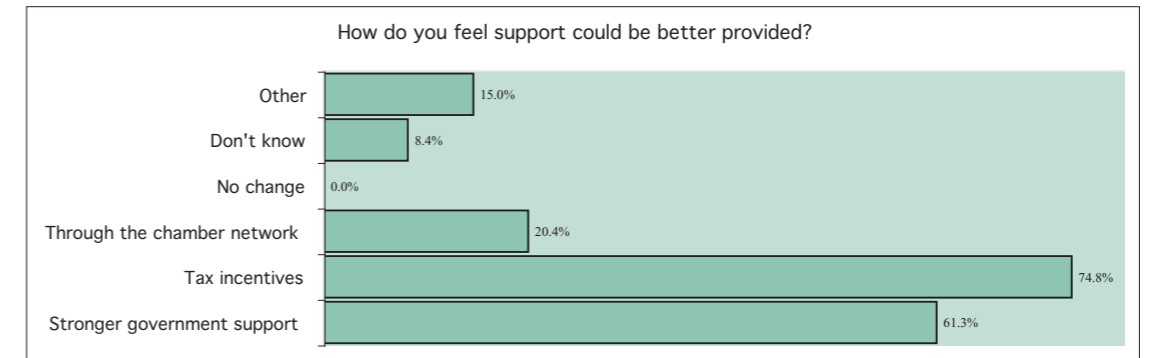
19% of businesses in this category also stated that they believed energy efficiency measures to be too costly which goes against the experience of companies that have enacted measures and who say they have saved money.

There is also clear evidence from the responses added to this chart that were noted down as 'other' to suggest that the Government is not getting its message across or does not understand small businesses. Lack of information and time constraints accounted overall for 14% of responses.

11% also directly attributed a failure of relevant organisations to cater for SMEs, which account for over 75% of respondents to this survey.

Time constraints, lack of information, a plethora of organisations, and a failure to cater for small businesses accounted for nearly 40% of overall responses in this section.

**How does business believe better support could be provided?**

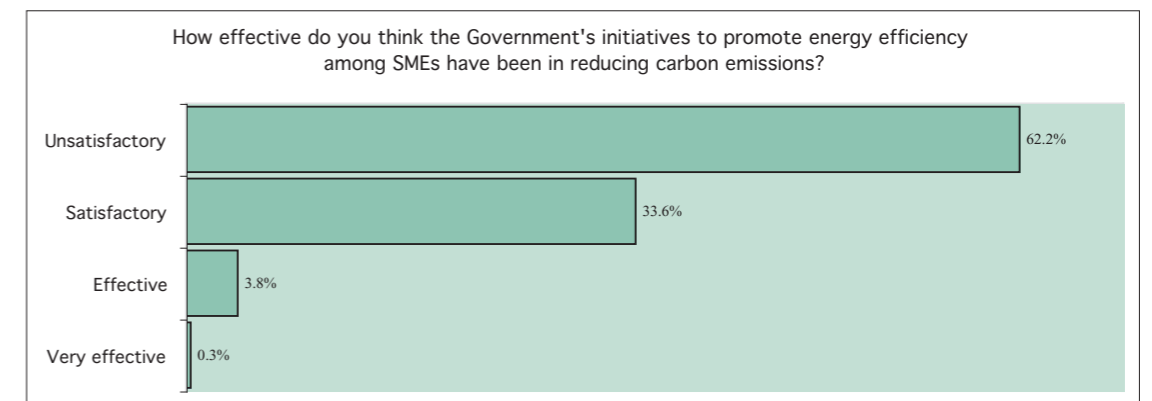


75% of businesses believe that better incentives should be provided to encourage energy efficiency while 62% also advocated better government support.

20% of Chamber members were also open to the suggestion that support could be provided through the Chamber network.

When asked to add alternative options, of the 15% that marked something down as 'other', 37% called for better information and education, while 20% called for a system of grants to encourage businesses to invest in energy efficient technologies, citing the capital cost of installing such technology as a major barrier to adoption. Examples suggested by the network were the grant systems available in Scotland and Northern Ireland.

**How effective did business think current government initiatives at promoting energy efficiency among SMEs have been?**



62% of those surveyed in this poll believed current government initiatives were unsatisfactory which suggests that there is much work to be done to promote energy efficiency among SMEs.

Only 4% felt that the Government had been effective.

**What reasons were given to suggest that current initiatives were unsatisfactory?**

Of those respondents that provided an answer to this question 61% believed that the lack of information, education, and incentives to small businesses were the key reasons why SMEs were not realising the full potential of energy efficiency.

Some of the key suggestions have been replicated in Annex C.

**Appendix A – Sample Report**

In total 296 members responded to this survey.

The majority of businesses who participated in the survey are smaller sized businesses; 78% of businesses have less than 50 employees; 15% of employees have between 50 and 249 employees; and the remaining 7% have 250 or more employees.

**Employee Size**

0	4.5%
1 - 4	31.8%
5 - 9	14.0%
10 - 19	14.0%
20 - 49	13.4%
50 - 99	7.9%
100 - 249	7.5%
500+	6.8%

The largest sector in this survey is the manufacturing sector with 25% of these business participating. This is followed by ‘other’ at 12% and wholesale/retail at 10%.

**Primary Business Sector**

Agriculture, hunting and forestry	1.6%
Fishing	0.0%
Mining and quarrying	0.5%
Electricity, gas and water supply	3.6%
Manufacturing	24.9%
Construction	6.2%
Wholesale and retail trade; repairs	9.8%
Hotels and restaurants	9.8%
Transport, storage and communication	6.2%
Financial Intermediation	7.8%
Real estate, renting and business activities	8.3%
Education	4.7%
Health and social work	4.1%
Other	11.9%

## **Accredited Chambers participating in the survey**

41 Chambers had members who participated in the survey.

Aberdeen and Grampian Chamber of Commerce  
Barnsley Chamber of Commerce and Industry  
Bedfordshire and Luton Chamber of Commerce  
Birmingham Chamber of Commerce and Industry  
Black Country Chamber of Commerce  
Bradford Chamber of Commerce and Industry  
Cambridgeshire Chamber of Commerce and Industry  
Cardiff Chamber of Commerce and Industry  
Chester, Ellesmere Port and North Wales Chamber of Commerce and Industry  
Coventry and Warwickshire Chamber of Commerce  
Derbyshire Chamber  
Dorset Chamber of Commerce and Industry  
East Lancashire Chamber  
Edinburgh Chamber of Commerce and Enterprise  
Essex Chambers of Commerce  
Glasgow Chamber of Commerce  
Greater Manchester Chamber of Commerce  
Herefordshire and Worcestershire Chamber of Commerce  
Hertfordshire Chamber of Commerce  
Hull & Humber Chamber of Commerce, Industry and Shipping  
Isle of Wight Chamber of Commerce, Tourism and Industry  
Kent Invicta Chamber of Commerce  
Leicestershire Chamber of Commerce  
Liverpool Chamber of Commerce and Industry  
London Chamber of Commerce and Industry  
Milton Keynes & North Bucks Chamber of Commerce  
Newport & Gwent Chamber of Commerce

Norfolk Chamber of Commerce and Industry  
North & West Lancashire Chamber of Commerce and Industry  
North East Chamber of Commerce  
North Staffordshire Chamber of Commerce and Industry  
Northamptonshire Chamber of Commerce  
Nottinghamshire Chamber  
Portsmouth & South East Hampshire Chamber of Commerce and Industry  
Sheffield Chamber of Commerce and Industry  
Shropshire Chamber of Commerce  
Suffolk Chamber of Commerce  
Surrey Chambers of Commerce  
Sussex Enterprise  
Thames Valley Chamber of Commerce  
York & North Yorkshire Chamber of Commerce

## Appendix B

**The British Chambers of Commerce – Energy Efficiency Questionnaire**

1.) Would you consider your company to be energy efficient?

Yes   
 No   
 No, but thinking about it

2.) What is, was, or would be, your prime motivation to become energy efficient? (Please tick 3)

Lower energy bills   
 Lower carbon emissions   
 Environmental concerns   
 Social responsibility   
 Security of energy supplies   
 Customer perception   
 Promotional opportunities   
 Lower tax (Climate Change Levy)

3.) Are you aware of organisations that exist to help companies become more energy efficient?

Yes  (Go to Q4)  
 No  (Go to Q5)

4.) What companies are you aware of?

Carbon Trust   
 Envirowise   
 Utility Auditing   
 Other (please state briefly)

5.) Have you installed energy efficiency measures or promoted behavioural changes following advice, and if so what?

No  (Go to Q8)  
 Yes  (Go to Q6)

Examples of measures:

6.) If yes, what benefits have you noticed?

Lower energy bills   
 Lower carbon emissions   
 Environmental benefits   
 Sense of social responsibility   
 Better customer perception   
 Promotional opportunities   
 Lower tax (Climate Change Levy)   
 Other

7.) If you noticed cost savings how much have energy efficiency measures saved your firm?

£0 - £499   
 £500 - £999   
 £1000 - £2,499   
 £2,500 - £4,999   
 £5,000 - £9,999   
 £10,000 - £24,999   
 £25,000 - £49,999   
 £50,000 - £99,999   
 £100,000 - £249,999   
 £250,000 - £499,999   
 £500,000+

**Go to Q9**

8.) If you have not installed or promoted energy efficiency what are the reasons?

Not a priority   
 Too many organisations delivering advice   
 Organisations do not cater for my business size   
 Cannot see any worthwhile benefits   
 Too costly   
 Other (please state briefly)

9.) How do you feel support could be better provided?

Stronger government support   
 Tax Incentives   
 Through the chamber network   
 No change   
 Don't know   
 Other (please state briefly)

10.) How effective do you think the Government's initiatives to promote energy efficiency among SMEs has been in reducing carbon emissions?

Very effective   
 Effective   
 Satisfactory   
 Unsatisfactory

11.) If you are not satisfied what reasons can you give?

12.) Which one of the following best describes your business sector?

Production of Raw Materials, Mining, Utilities   
 Manufacturing   
 Construction   
 Transport/Distribution   
 Retail/Wholesaling   
 Hotels/Catering   
 Professional Services   
 Marketing/Media   
 Consumer Services   
 Public or Voluntary Sector Services   
 Other (please state briefly)

13.) How many people does your company employ?

0   
 1-4   
 5-9   
 10-49   
 50-99   
 100-249   
 250-499   
 500+

14.) Which Chamber are you a member of?

**If you are willing for your business to be used as a case study [where your details could potentially be passed to the media] please complete the details below:**

Name of Company: \_\_\_\_\_  
 Telephone Number: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

## Appendix C – Key Suggestions from business members

Included below are some of the suggestions that were noted down in the survey:

- Much more must be done to encourage the use of renewables as an energy source;
- Advertising and promotion should be better targeted towards SMEs;
- Criteria for the Low Carbon Building Programme (LCBP) will not be set until 2007 meaning businesses are unable to access the grants available;
- The focus of the government's initiative should not be on big business who have the resources to investigate energy efficiency but on small business that don't and thus require assistance and advice;
- Government should be prepared to put more investment into initiatives to promote energy efficiency;
- Better studies should be carried out to fully understand the impact of energy efficiency on small businesses, taking into account the limited resources and time available to SMEs;
- Any measures put forward must be commercially viable so that they do not impinge on the competitiveness and effectiveness of small business; and
- Small businesses will respond better to tax incentives rather than regulation which merely add to the burdens that already exist.