

# FSB Small Business Virtual Conference: The Journey to Net Zero

Tue, 2 November 2021

## What does Net Zero mean for SMEs

- “Net Zero” for businesses means achieving a balance between the greenhouse gases emitted into the atmosphere and those removed from it by your business.
- This can be achieved through reducing your carbon footprint, such as improving your energy efficiency across your business (in your buildings, transportation and products), whilst at the same time making financial savings and gaining a competitive advantage!

## Background:

- 35% of carbon emitted from UK businesses comes from SMEs;
- 69% of SMEs are committed to tackling the climate emergency - *but good intentions often clash with the reality of business and there is a lot of work still to do!*
- Over 75% of the public agree that if we do not make changes over the next 5-10 years we will leave the environment in a state unsuitable for our future generations.
- We need Government to assist with the process but we do not want them to regulate SMEs into reducing carbon; therefore, there is a preference towards carrot over stick from government;
- The FSBs aim is to shift the narrative from ‘obligation’ to ‘opportunity’ with regards to climate change, biodiversity and the target of “Net Zero”;
- We know there are some excellent early adopters in our business community but we need to improve communication on the subject to our SMEs;
- If each business made small steps towards decarbonising their business and moving towards a circular economy approach, we will quickly turn around our combined carbon footprint;
- We cannot rely on governments to make the changes for us and we must ALL take responsibility!

## Did you know?

There are various grants available, for example:

- You could claim up to £14,000 to install EV charging points in your premises (up to £350 per socket); <https://olevgrant.com/electric-car-charging-points-for-business/>
- You are able to write off 100% of the value of an electric vehicle;
- Grants for energy efficiency improvements and energy saving advice are available.

## Polls:

- Poll 1: Where would you say your current level of understanding of Net Zero is in relation to your business right now? 42% said: *I know some of the principles but I am eager to learn a lot more.*
- Poll 2 – What is the biggest barrier to embedding Net Zero into your business? 32% said *funding is the issue*; 28% said *understanding how to go about making change.*

## How does climate change affect SMEs?

- There could be supply chain issues with the supply of goods;

- Increasingly SMEs will be asked for details of their carbon footprint to become part of larger corporations supply chains;
- There could be reputational issues if you don't work towards Net Zero.

### What are the opportunities of Net Zero?

- Opportunities include:
  - saving energy, reducing your bills, and qualify for tax benefits
  - reducing your waste and resource consumption (thinking about the circular economy);
  - making changes that give you a competitive advantage/ unique selling point (USP);
  - Net Zero is a CREDENTIAL; an asset to sell to your customers and gain a competitive advantage (*there is a large market opportunity*).

### MP Andrew Griffith – UK Government Business Representative:

The first steps for SMEs are:

1. Set a pledge & have an ambition/vision (*it doesn't need to have a bottom up plan at this stage*);
2. Look to your supply chain – *we are all each other's keepers on climate change so we need to support each other*;
3. Tell your customers about your plans! *SMEs have good relationships with customers and are highly trusted.*

### Some key things for businesses to consider in their Net Zero journey:

- Set a pledge / ambition for the company;
- Develop a Net Zero action plan – visit *Zero Carbon Business* and put in your details (it covers all sectors, sizes etc.) and it will generate an Action Plan for you. Visit: <https://zerocarbonbusiness.uk/become-a-net-zero-business/>
- Move towards a circular economy and consider how you recycle, re-use your waste, and how your products are made; google a '*Circular Economy Hub*' – and consider opportunities for your business e.g. by sharing your waste product, you might find that a local business will take your waste for free – ***“No such thing as waste, just products in the wrong place!”***
- Ultimately SMEs do not need advice – they are good at adapting (e.g. during Covid-19). Though the climate crisis is a brand new threat, it is a great opportunity so grab it with both hands!

### Considerations for formulating a Net Zero Action Plan:

Some important considerations are:

1. If required, work with an environmental professional who is competent in the environmental profession (chartership such as IEMA membership);
2. Compliance – lots of environmental law so its important to understand compliance requirements;
3. Get the facts right and do not green-wash (*making unsubstantiated claims*); and
4. Calculate your carbon footprint (start by creating a baseline) to give you targets to work from.

### Case Studies:

#### 1) Clear Three – Laundry Efficiency business

- The owner has a personal interest in the environment; the business started as a construction business, providing clients with carbon neutral solutions such as sustainable timber, solar EV solutions and rainwater harvesting technology.

- Interested in reducing water consumption and saw an opportunity; a lot of laundry businesses use large amounts of water, chemicals, micro-plastics. Developed their Ozone solution (laundry efficiency tool), reducing hot washes and reducing the amount of detergent needed for textiles. This provided a win-win solution for the environment.
- Going green allows businesses to balance their carbon efficiency with their bottom line and does not have to affect their business.
- An award winning company with a green USP, which has increased their sales and reputation.

## 2) Specialist Group – Bespoke Joinery Business

- They provide bespoke joinery solutions across UK and Ireland;
- They have undertaken a series of projects to reduce their carbon footprint including:
  - invested in forestry and own over 100 acres of new-growth forestry;
  - Contribute financially to the charity The Woodland Trust and funded the planting of over 1000 trees in the local community;
  - Installed a biomass boiler, fuelled from waste wood from the business (wood offcuts);
  - They operate a Heat Recovery System to harness waste heat from the manufacturing process and re-use it around the building;
  - Provided bee hives on site along with biodiversity improvements such as ponds;
  - Changed to a renewable energy tariff;
  - Installed solar panels on the roof of their buildings;
  - Moved to a lean manufacturing system,
  - Working towards introducing an EV fleet by installing EV charging infrastructure;
  - Gained ISO140001 environmental accreditation;
- To help with this they brought on-board a Sustainability Manager, who manages a team working towards sustainable procurement; looks at compliance and regulation; undertakes due diligence for tenders etc.
- Continually looking at next steps such as the measurement of carbon emissions to ensure they are staying ahead of the game;
- Visit <https://www.specialist-group.co.uk/> for more information.

## 3) Anglesey Sea Zoo

- They are an entertainment and leisure/ tourism site;
- The changes have benefited the environment and see it as an opportunity to inspire others; whilst reducing costs for the business;
- It has given the business a USP – “sustainable, ethical business” – the UK’s first sustainable and native breed aquarium;
- The changes have included:
  - Energy efficiency through lighting and building insulation – long term cost savings;
  - Installed efficient water pumps (more expensive but the parts can be replaced – therefore better value in the long-term);
  - Decision making – banned plastic bags across the site (leading by example);
  - Composting and recycling waste across all of the site;
  - Sourcing goods and procurement – e.g. using re-usable items in the café (this is all part of the customer experience);
  - Solar PV installed on the building roof – loan repayment ongoing but paying for itself in the reduced energy bills;
  - EV car charging stations x 3 – improves the public perception of the business.

- Opportunity to lead by example and influence others!
- Visit <https://www.angleseyseazoo.co.uk/> for more information.

#### 4) Highland Farm Café Shop and Holiday Cottages

- They are a holiday cottage site (12 cottages) and café;
- Identified a need to change due to heating and electricity issues in the Highlands -sustainable alternative to gas was investment in a biomass boiler to heat the business;
- Measures they have introduced include:
  - Using local products in the café;
  - Installed a biomass boiler to heat the site;
  - Improved insulation and underfloor heating in the café and cottages; which in turn reduced the long-term costs of the cottages – the bills cut by about 75%;
  - Added Solar PV to the cottages & added solar inverters to reclaim additional benefits;
  - Energy saving trust was a great help – providing case studies and statistics and recommended an independent survey;
  - Green cleaning products for guests – higher cost but the guests pay more;
  - Installed EV charging points.
- Looked for additional green USP by including cycling hire to residents.
- Needed to finance the scheme – produced a business plan for the loan facility; agreed to pay the supplier at the end of the project to help with costs;
- “Making positive changes is addictive” – i.e. to find additional energy saving methods;
- Visit <https://highlandfarmcottages.co.uk/> for more information.

#### The “Four Pillars” to progress on Net Zero (reducing your emissions):

- 1: Consider where you can reduce your carbon emissions;
- 2: Where you can’t reduce, replace certain things in your business (e.g. replace fleet with EV);
- 3: Where you can’t replace, remove things from your business model;
- 4: Finally, you may have to consider offsetting (although this should be a last resort as there are question marks over the effectiveness of offsetting, as well as public perception).

#### SME Accreditation:

One accreditation scheme that provides recognition for responsible business practice, is the *Good Business Charter*: <https://www.goodbusinesscharter.com/>

#### Next Steps and resources

- Get the Basics in helping your **Net Zero Business** journey in 30 seconds – visit: <https://zerocarbonbusiness.uk/net-zero-the-basics-in-30-seconds/>
- FSBs Small Business **Sustainability Hub** FSB Sustainability Hub – <https://www.fsb.org.uk/campaign/small-business-sustainability-hub.html> outlines how to access free tools, resources and support for your Net Zero plans:
- Developing a **Net Zero Action Plan** tool – visit *Zero Carbon Business* and put in your details (it covers all sectors, sizes etc.) and it will generate an Action Plan for you. Visit: <https://zerocarbonbusiness.uk/become-a-net-zero-business/>
- The Broadway Initiative **SME Net Zero Hub** provides support to SMEs on what to do: <https://www.broadwayinitiative.org.uk/sme>