6. BUSINESS AND INDUSTRY

6.1 BACKGROUND

It makes good business sense to ensure your organisation is working as efficiently as possible. This includes the building your business is based in and the operations your business undertakes. Improving your business’s green credentials will not only increase your profit margin, but can provide various other benefits and advantages to your employees and clients, giving you the competitive edge.

The Government intends to ensure all new private non-domestic developments built after 2019 meet a net zero carbon standard, which should help to prevent further growth in commercial CO₂ emissions from buildings. However, as with the housing sector, the majority of our commercial buildings, and anything built before 2016, is likely to still exist in 2050. Existing buildings will therefore make up around 80% of our future commercial stock.

The focus now needs to be on retrofitting to significantly improve our existing building stock and become operationally efficient, if we are to achieve the UK targets and reduce carbon emission by 80% by 2050.

6.1.1 THE BUSINESS CASE

Reducing the consumption of expensive finite resources will provide many benefits for a business:

- Reduce long-term operating costs.
- Reduce its carbon footprint.
- Reduce exposure to legislative costs associated with current and future carbon legislation (as detailed in Chapter 6.4.3).
- Reduce risk from increasing energy prices and future energy market volatility.
- Make it easier to achieve carbon neutrality/ the Carbon Trust Standard.
- Help to communicate your business’s environmental credentials, which are becoming increasingly important to clients and customers.
6.2 WEST LANCASHIRE’S BUSINESS AND INDUSTRY

The latest statistics indicate that 41% of CO₂ emissions in West Lancashire originate from the industrial and commercial sector. A total of 312 kilotonnes of CO₂ was associated with this sector in 2010 (DECC, 2011).

West Lancashire has a diverse, and relatively stable, local economy. This is strengthened by some large internationally-renowned companies who have established a base in the area. West Lancashire has seen significant employment growth over recent years, primarily in the manufacturing and distribution sector, with Skelmersdale serving as a regionally-important distribution hub.

Over 41,000 people are employed in the West Lancashire borough, with the majority being focused in the Skelmersdale area. The five main sectors of the Borough’s economy are concentrated within distribution and retail, manufacturing, health, business services, and education. The rural nature of the Borough, over 90% of which is green belt land, also gives rise to a large agricultural economy that accounts for 40% of employment.

The nature of a business and its primary use of energy will dictate which area should be the main focus of any efforts to reduce consumption and make the biggest carbon and cost savings.
6.3 A BUSINESS GUIDE TO REDUCING ENERGY AND CARBON EMISSIONS

6.3.1 ENERGY USE AND CARBON FOOTPRINT MONITORING

The first step towards making your business more energy efficient and reducing your carbon footprint is to establish your current energy consumption and calculate the associated carbon emissions. This will provide you with a baseline for comparison so you can quantify reductions as you make improvements.

The Department of Energy and Climate Change (DECC) has published ‘Guidance on how to measure and report your greenhouse gas emissions’. The guidance includes an easy to use spreadsheet that calculates associated emissions from energy consumption data entered, and guidance on how to set targets to reduce them. The guidance is applicable to organisations of all sizes, as well as public and third sector organisations.

West Lancashire Borough Council use this method of calculation and reporting for our carbon footprint, the results of which can be viewed on the Councils webpage ‘What the Council is doing to tackle climate change’.

6.3.2 ENERGY AND RESOURCE EFFICIENCY

The measures needed to improve the energy efficiency of your workplace will vary significantly depending on the type of building, the required workplace environment, and the nature of the work your business undertakes. However, in all cases, the energy hierarchy (see Chapter 2.3.2) should be employed.

Buildings need to be well-insulated, just as houses do, to prevent heat loss and make them easy and cheap to keep warm. However, in the majority of cases, air conditioning and cooling plant is also required to ensure a comfortable temperature can be maintained during the summer months. I.T solutions and other office equipment will also generate heat which may result in additional cooling being required. The use of A-rated energy-efficient appliances and lighting are also equally important considerations, to name a few.

Depending on the nature of your business, your processes and operations may be able to run more efficiently, your waste may be more valuable than you think, and your staff may benefit from some green improvements.
There is a vast amount of information and help already available informing of various energy efficiency measures that businesses can undertake to save energy, save money, and increase profits.

The links below provide a list of helpful websites.

**The Carbon Trust**
- ‘Green Your Business for Growth’.
- ‘Technology and Energy Management Publications’

**Newground**
- ‘A Lancashire based CIC offering business advice on resource efficiency, carbon management and more’

Should you be planning to build new commercial premises or undertake major refurbishment to your current building, the Sustainable Development checklist in Chapter 5 of this document also provides further areas for consideration.

### 6.3.3 ENERGY EFFICIENCY IN FARMING/ AGRICULTURAL SECTOR

Similar to all businesses, increasing efficiency in the agricultural sector will increase profits, helping the farming industries to stay afloat in the current economic climate and improve rural economic development. In turn, this enables the development of sustainable communities and improved food security.

Whilst the measures to be undertaken are very farm-specific, areas such as heating, lighting, ventilation, and water conservation are often key.

The links below provide details of helpful websites relevant to the farming/rural industry:

**Farming Futures**
- ‘Energy Efficiency’

**National Farmers Union**
- ‘NFU farm Energy Service’

**SWEL**
- ‘Providing one to one advice on flood planning and resilience measures to any business or community’
6.4 SUPPORT PROGRAMMES AND FINANCIAL INCENTIVES

6.4.1 ENERGY SAVINGS

Reducing the amount of energy your business consumes will obviously result in reductions on your energy bills. Replacing the necessary energy you use from the national grid with that generated from a renewable source will also provide further reductions on your fuel bills.

Fuel price projections

The recent increases in electricity and gas prices are predicted to continue for the foreseeable future, as illustrated opposite (CLASP, 2012). Reducing your energy use will offer protection from these price increases and provide security in our energy supplies as we rely less on fuels imported from abroad.

When deciding whether to invest in energy-saving measures, the savings on your energy bills should always be factored in and will often provide a very attractive payback period.

6.4.2 FUNDING STREAMS

Depending on the nature of your business, there are opportunities to secure funds to help you become more sustainable.

- The **Feed-in Tariff and Renewable Heat Incentive** are available to all businesses and will provide an income from renewable energy generation for up to 25 years. Further details on these Government initiatives are provided in Chapter 3: Renewable Energy.

- The **Energy Efficiency Financing Scheme** provides funding to businesses to invest in cost-effective energy efficiency equipment and low carbon technologies. Provided by the **Carbon Trust**, working in partnership with Siemens Financial Services, it provides flexible financing options to any business wanting to reduce their energy costs and become more efficient. Financing payments are calculated so that they can be offset through the anticipated energy savings, therefore designed for energy efficiency improvements to pay for themselves.

- The **Energy Entrepreneurs Fund** is a £35m Government fund provided by DECC to help SMEs come up with the low carbon ideas of the future. The fund is designed to help innovators and entrepreneurs develop and demonstrate low carbon technologies.

- **Enhanced Capital Allowances** allows businesses to claim 100% first-year tax relief on energy saving plant, technologies, and machinery. The scheme allows businesses to write off the whole cost of the equipment against taxable profits in the year of purchase.
6.4.3 GOVERNMENT CARBON LEVIES

Along with all the support and financial incentives, the Government are also increasing the pressure on businesses to take action to reduce carbon sooner rather than later.

- **The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme** has been implemented to improve energy efficiency and cut carbon emissions from the business sector. Currently focussed on large public and private-sector organisations, performance in reducing energy consumption must be reported; organisations are then entered into a **performance league table**, with reputational and financial penalties for under-performance.

- **EU Emissions Trading System (ETS)** is relevant for electricity generation and energy-intensive industries such as power stations, refineries, and large manufacturing operations. Participating industries must try to operate within their given emissions allocation or buy allowances from the carbon market.

- The **Climate Change Levy** is a tax applied to commodities such as gas, electricity, and other finite resources, for businesses in the industrial, commercial, agricultural, and public administration sectors. The tax is charged at a specific rate per unit of energy, which varies for each industry sector. However, a 65% discount from CCL can be obtained if the organisation meets challenging **Climate Change Agreement** targets in energy reduction.

Note: Emissions covered by the CCA or EU ETS are excluded from the CRC.
6.5 CASE STUDIES

6.5.1 BOOTHS SUPERMARKET

Booths supermarkets are known for their excellent sustainability credentials. Back in 2010, the supermarket chain opened a new store in Hesketh Bank, designed and constructed to ensure operation is as efficient as possible throughout the store’s life. Measures include efficient design to maximise the use of natural light, a heat recovery system, and use of recycled rainwater, to name a few. The supermarket also specialises in local produce and uses suppliers from the Lancashire area to reduce associated food miles.

6.5.2 WEST LANCASHIRE BOROUGH COUNCIL

The Council is committed to achieving our carbon reduction target of a 25% reduction in emissions by 2020, from our 2006/07 baseline, as set out in the Council’s Climate Change Strategy. Our carbon footprint is calculated in accordance with DECC guidance as detailed in Section 6.3.1, and reported annually.

Since 2006/07, the Council has reduced its electricity consumption by 19%; gas consumption has been reduced 20% on the baseline. Overall, we have reduced our emissions 18% on the baseline.

Recent refurbishments to the main Derby Street office in Ormskirk incorporated energy efficiency measures including an insulation top up, energy efficient lighting, new A-rated windows, and a new energy efficient air cooling system. As a result, we have seen a 14% reduction in electricity consumption and 23% savings in gas consumption on the previous year.
## 6.6 FUTURE ACTION

### 6.6.1 OBJECTIVE 6: ENCOURAGE SUSTAINABLE BUSINESS AND INDUSTRY ACROSS WEST LANCASHIRE

<table>
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<th>ACTION:</th>
<th>MECHANISM:</th>
<th>POTENTIAL PARTNERS:</th>
<th>TIMESCALE:</th>
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| Encourage businesses to improve their sustainability. | - Provide information and signposting to advice for businesses.  
- Investigate alternative ways to best support businesses to become resource efficient.  
- Investigate links to existing business support programmes.  
- Actively promote funding streams when they become available. | WLBC | Ongoing |
| Establish the best mechanisms to help the rural business sector. | - Establish the services and actions we can take to proactively help the farming industry become more energy and water efficient.  
- Consider actions to minimise the impact of climate change on food security. | WLBC  
Potential interested partners | Medium Term |
| Investigate opportunities to encourage and aid local installers to up-skill and enable local delivery of the Green Deal. | - Contact local installers and seek interest in delivering Green Deal and assessment training.  
- Investigate the delivery of local training opportunities for local contractors to gain qualified Green Deal Assessor accreditation. | WLBC  
Potential interested partners | Medium term |
| Investigate energy efficiency improvements to Council owned offices, industrial premises and estates. | - Conduct energy surveys on Council-owned estates and implement identified measures required e.g. regeneration of the dilapidated industrial units on Gorsey Place, Skelmersdale.  
- Identify funding opportunities to aid the financing of such projects.  
- Investigate opportunities to promote the sustainability agenda through the Council’s asset management programme, especially any land sold for development. | WLBC  
Potential funders | Medium term |
| Explore opportunities to link with existing programmes and services. | - Initiate partnerships with organisations already delivering services in West Lancashire that may be able to incorporate sustainability e.g. Greenshoots. | WLBC Potential interested partners | Ongoing |
| Encourage Council contractors to take action to reduce emissions associated with their operations. | - Encourage businesses working on behalf of the Council to improve sustainability and reduce the carbon footprints of their organisations. Promote their achievements through this Strategy. - Utilise the tender/procurement process for contractors to display their sustainability policies and demonstrate Council commitment to the agenda. | WLBC Council contractors | Short Term |
| Investigate opportunities to attract a low-carbon business sector to West Lancashire. | - Promote West Lancashire’s opportunities to exploit renewable technologies - Promote Skelmersdale’s economic employment land opportunities, along with its excellent transport links for travel and distribution. | WLBC Potential interested partners | Long term |