

BUSINESS AND THE ENVIRONMENT: CHALLENGES AHEAD

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British
Chambers of
Commerce
The Ultimate Business Network



As we move into a period of economic uncertainty I am keenly aware of the difficulties that many in our membership face. Increasing inflation in the guise of rising energy prices is hitting the bottom line and businesses are taking action. Yet the environment and climate change and the need to mitigate its effects do not need to take a back seat. Reducing energy use and becoming more energy efficient are vital if we are to weather an economic downturn.

Climate change is clearly an issue for business and the membership strongly believe they have a clear role and responsibility to help manage its impact. However, the message that comes back to me is one of uncertainty and confusion. For instance, how will possible measures to reduce carbon dioxide emissions affect competitiveness? Will taxes considered green really be set to change behaviour or more so to raise revenue? Will regulations add to business costs? Or lastly, how can companies benefit from possible opportunities?

As I have travelled up and down the country businesses tell me there is a real need for better advice and assistance, above and beyond what is provided today. Although bodies set up by the government to assist business have high brand recognition they are too slow in their attempts to access SMEs who are most in need of assistance. As economic uncertainty grows it is vital that the government builds on the need to reduce energy usage by focussing these bodies to cover SMEs. Representing over half of all business energy usage this sector is key to achieving the UK's 2050 target of reducing carbon emissions by 60% by 2050.

The British Chambers of Commerce has over the last year been working with the Carbon Trust and the National Business Travel Network to promote energy efficiency and sustainable travel plans. Tackling climate change will be challenging but critical to our future and through partnership with Chambers of Commerce and government I believe it is achievable.

A handwritten signature in black ink, appearing to read 'David J. Frost'.

David Frost
Director General
British Chambers of Commerce

1.1 EXECUTIVE SUMMARY

Over the last few years climate change has dominated the political agenda and here in the UK the government has made it a key policy priority. In 2006 the UK became the first country in the world to introduce a long term legally binding framework to tackle the dangers of climate change. The Climate Change Bill will require the government to reduce UK carbon emissions by 60% by 2050 while in tandem with the Energy Bill energy production from renewable energy sources will be increased to 20%. The government is keen to act quickly.

However, key to achieving these goals is the ability of the government to gain the acceptance of the whole community. The British Chambers of Commerce commissioned this survey of its membership, a follow on from the 2006 energy efficiency survey '*A Challenge for Government and Small Business*', in order to gauge the opinion of the business community. What is immediately apparent is that business strongly believes that it has a clear role and responsibility to help manage the impact of climate change.

Businesses are taking action to limit their environmental impact:

- BCC estimates that over the last 12 months businesses have reduced their energy usage by nearly £1.1 billion.
- Nearly nine out of ten companies reported that they recycle while just over half use energy efficient products.
- A third provides training to their employees to reduce emissions while a quarter have developed energy management policies to limit their impact on the environment.
- Less than one in ten companies have not undertaken any kind of energy reduction measure.

However, the urgency which business places on tackling climate change is tempered with the buoyancy of the economy:

- A third of businesses stated that climate change is low on their priorities in these economically challenging times.
- Three fifths claim they would find it difficult to forgo profits in the short term to meet carbon emissions reductions targets.
- Nine out of ten respondents claimed that

energy costs are likely to influence their response to climate change.

Uncertainty as to the exact implications of climate change were also evident:

- Over two thirds stated that they believed climate change will increase business costs while half felt it would create new business opportunities.
- Half of respondents stated that climate change was a significant issue for their business though more thought it would become an issue over the next five years.
- When asked if they were in a position to deal with any possible implications half believed they were neither well nor poorly positioned.

The Carbon Trust, the government body set up to assist business to move to a low carbon economy, has received a mixed response from businesses:

- Only a quarter of businesses had used at least one of the services it provides suggesting the majority of businesses are left without assistance.
- Worryingly, a significant number of those who have engaged were larger organisations highlighting the continuing need for effective advice and assistance for SMEs.

If the UK is to meet its strict carbon emissions targets the government needs to be clear about its intentions. At present only a third of businesses agree that the UK government will be able to enact policies that will achieve this goal. Further almost six in ten are unconvinced that government departments are adequately working together to reduce emissions. Of those policies put forward the business community overwhelmingly stated that policy initiatives should focus on energy efficiency.

1.2 BRITISH CHAMBERS OF COMMERCE VIEW

In a time of economic uncertainty and rising energy prices it is imperative that going forward business and government work in partnership to achieve the dual goal of economic growth and a reduction in carbon emissions. Market based approaches which incentivise lower emissions of CO₂ are the most effective approach. The Carbon Reduction Commitment and the European Emissions Trading Scheme are a good start, but they only really work for larger companies.

The government needs a different approach for smaller and medium sized business. With rising fuel bills SMEs will be thinking about implementing energy efficient measures and the government should work with business to encourage take-up.

The BCC recommends that the government reduces emissions by:

- **Promoting energy efficiency** - reducing carbon emissions is about using less energy or producing cleaner energy. Therefore, the most effective direct action that firms can take is to be more energy efficient. With rising energy prices, business will be receptive to measures to reduce energy usage, so the government needs to take a renewed drive to promote energy efficiency, especially to SMEs.
- **Providing better advice and assistance for SMEs** - the economic costs and implications of climate change are not fully understood by the business community. It is important that advice and assistance available to business is directed towards SMEs who, without dedicated staff, are limited in time, resource and education. SMEs currently account for over 50% of all business energy use yet little focus is directed toward this sector.
- **Providing support for business** - energy efficient strategies are clearly the most effective method of reducing business emissions quickly. It is therefore important that the government consider better targeted incentives that would allow businesses to invest in energy efficient products. Where incentives do exist such as the Enhanced Capital Allowance, better communication is required to ensure businesses take up the incentives.
- **Resisting temptation to use green taxes as a cover for raising revenue** - green taxes are an important tool in the government's arsenal to reduce emissions. However, raising taxes under a green banner with little impact on behaviour will only result in further scepticism inherent in this survey. Environmental taxes should reward those that reduce emissions and penalise those that are inefficient. Therefore, to avoid undermining business support, green taxes should be revenue neutral at implementation.
- **Ensuring an efficient energy market for SMEs** - domestic consumers have a range of rights when dealing with their energy suppliers. However, this is not the same for business customers. With energy prices increasing it is of concern to the BCC that several businesses are unwittingly falling into long term contracts without the provision to be able to switch supplier. Price information should be more transparent allowing companies to choose suppliers from a competitive list. With the amalgamation of Energywatch into Consumer Focus we are also concerned that there will no longer be a recourse for businesses who have issues with their energy suppliers.
- **Encouraging the Carbon Trust to reach more SMEs** - the Carbon Trust has managed to roll out its services to a quarter of the Chamber membership. This is a welcome start, but we are concerned that it fails to capture fully SMEs who are in most need of advice and assistance. We call on the Carbon Trust to increase its penetration to 50% and to continue working with Chambers on projects such as the Small Business Carbon Reduction Toolkit.

2.1 BACKGROUND TO THE STUDY

The British Chambers of Commerce has conducted this Environment Survey as the Climate Change Bill passes through parliament, with Royal Assent expected towards the end of 2008. Last published in 2006 as the *Energy Efficiency Survey*, this survey has been expanded to cover the environmental agenda and its implications for business. With the introduction of the Bill and the first carbon budget to be published alongside the main budget in 2009 it is important that the BCC and the Chamber network are able to speak with the voice of the membership on climate change.

Research by Design Ltd was commissioned to undertake this national survey with business members of the Chamber network.

2.2 OBJECTIVES OF THE RESEARCH

The objectives of the research were to identify and establish:

- Businesses' views on climate change and the extent to which it is an issue for them.
- Steps taken to reduce environmental impact and energy use by business and any monetary savings made.
- Prime motivations to reduce environmental impact and energy use by business.
- Usage and the helpfulness of advice and assistance from the Carbon Trust.
- Perceived effectiveness of government policies designed to reduce carbon emissions.

2.3 SAMPLE AND RESPONSE RATE

The preferred research methodology was an online, web based questionnaire, with business members invited to participate via email. Chambers were asked to support the survey by supplying the contact details of all their members where an email address was held.

2.4 ANALYSIS AND REPORTING

In all, 46 Accredited Chambers chose to participate in the study. 39 Chambers provided data allowing Research by Design Ltd to automate the initial invitation to participate and subsequent reminder emails. The other 7 Chambers emailed their members directly with the BCC web link. Fieldwork was undertaken between 22nd July and 25th August 2008.

In total 3,384 business members responded to the 2008 Environment Survey. 3,162 replied to the web survey administered by Research by Design Ltd and 222 completed the survey hosted by the BCC.

The majority of participating businesses are smaller sized businesses; 78% have less than 50 UK employees. 13% of businesses have between 50 and 249 employees and 9% have 250 or more employees.

Appendix 1 provides profile details of participating businesses to the survey.

2.5 ANALYSIS AND REPORTING

This report provides the findings given by the total sample (all member businesses). It also provides the findings of sub-groups of the total sample, defined by number of employees, annual turnover, business sector, etc.

By the very nature that surveys typically represent the views of a sample of the population, sampling error must be considered when evaluating the findings. This is measured by the confidence level and confidence interval of the data. Most commonly, market research studies require a 95% confidence level, indicating that we can be 95% confident that we have not arrived at the estimate by chance.

The confidence interval shows the variation that may exist in the findings drawn from a sample. For example, the survey shows that 47% of businesses agree that climate change is currently a significant issue for their business. However, due to intrinsic characteristics of sampling, this will be surrounded by a confidence interval, in this case $\pm 1.8\%$. This indicates that the real figure, (the 'true' figure if the whole population were surveyed) lies somewhere between 45.2% and 48.8%.

The following table gives the confidence intervals for those findings that centre around 10% or 90%, 30% or 70% and 50% given varying sample sizes. (These assume a 95% confidence level using random sampling).

Confidence intervals for given results, based on a 95% confidence level

| Size of sample | 10% or 90% \pm | 30% or 70% \pm | 50% \pm |
|----------------|---------------------|---------------------|--------------|
| 4000 | 0.9 | 1.4 | 1.5 |
| 3500 | 1.0 | 1.5 | 1.7 |
| 3000 | 1.1 | 1.6 | 1.8 |
| 2500 | 1.2 | 1.8 | 2.0 |
| 2000 | 1.3 | 2.0 | 2.2 |
| 1500 | 1.5 | 2.3 | 2.5 |
| 1000 | 1.9 | 2.8 | 3.1 |

When comparing the results from different groups within a sample, say those with a turnover of less than £250k and those with a turnover of £250k or more, the difference in results are tested for statistical significance. This way we know whether the differences are 'real' or whether they could have occurred by chance. The test reflects the size of the samples, the percentage giving a certain answer and the degree of confidence chosen. Assuming a 95% confidence level, the differences between the results of two separate groups must be greater than the values given in the table below to be statistically significant.

Percentage difference required before the results may be considered statistically significant

| Size of sample | 10% or 90% \pm | 30% or 70% \pm | 50% \pm |
|------------------|---------------------|---------------------|--------------|
| 1000 versus 1500 | 2.4 | 3.8 | 4.0 |
| 1000 versus 1000 | 2.7 | 4.1 | 4.4 |
| 1000 versus 500 | 3.3 | 5.0 | 5.4 |
| 500 versus 500 | 3.8 | 5.7 | 6.3 |

Analyses of the findings in this report are based on all respondents less those who chose not to answer specific questions. The base (sample) size for each question is given in each chart. Where figures are not shown in the charts, these are 3% or less. *% indicates less than 0.5%. Where figures do not sum to 100%, this is due to rounding.

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

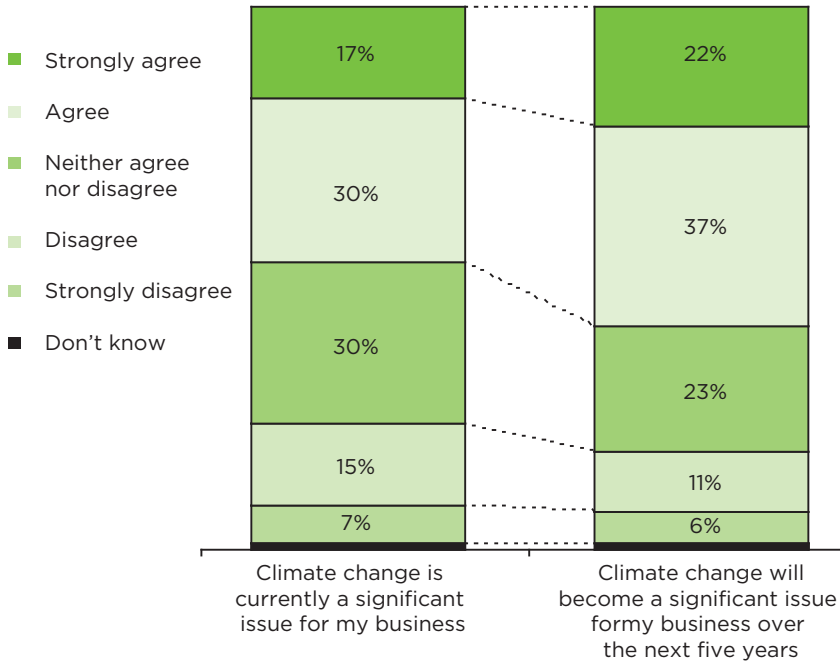
3.1 SIGNIFICANCE OF CLIMATE CHANGE TO BUSINESS

Q1. To what extent do you agree or disagree with the following statements?

- Climate change is currently a significant issue for my business
- Climate change will become a significant issue for my business over the next five years

47% of businesses agree that climate change is currently a significant issue for their business, while 59% agree it will become an issue over the next five years.

Extent agree or disagree that ...

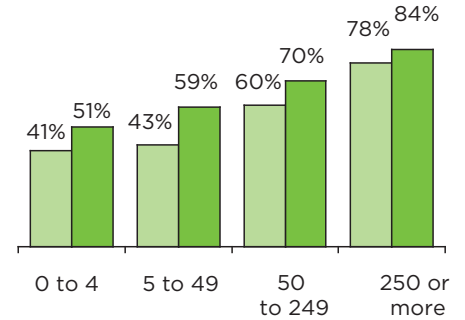


Base: 3273 to 3331

A greater proportion of larger businesses (those employing 50 or more staff¹) agree that climate change is currently a significant issue or will become a significant issue compared to smaller businesses. Similarly proportionally more of those in Scotland consider climate change an issue (59% now and 67% in 5 years) than those elsewhere in the United Kingdom.

Those that agree* ...

- Climate change is currently a significant issue for my business
- Climate change will become a significant issue over the next five years



*Either agree or strongly agree

¹ Number of full-time equivalent staff

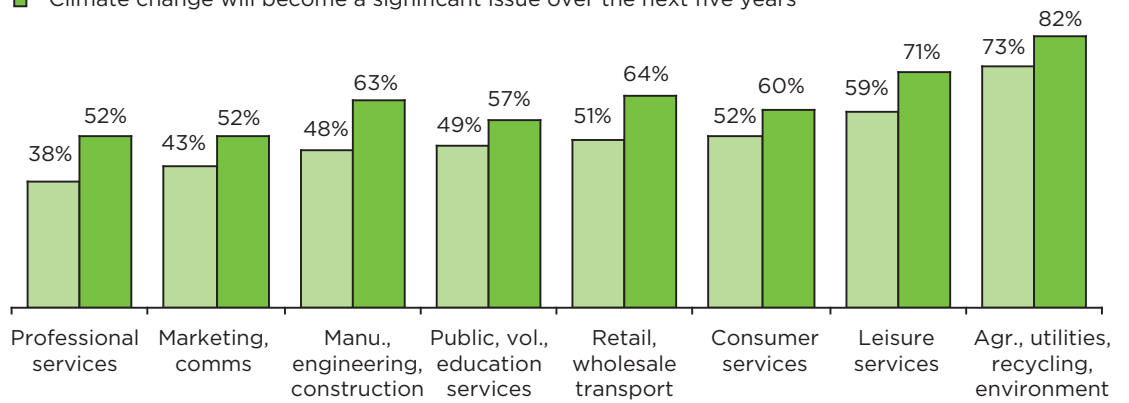
SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

Further, proportionally more businesses operating in agriculture, utilities, recycling and the environment sector, and to a lesser extent the leisure sector, indicate that climate change is

an issue now or will become so in the future compared to those in other sectors, and especially in professional services, marketing and communications.

Those that agree* ...

- Climate change is currently a significant issue for my business
- Climate change will become a significant issue over the next five years



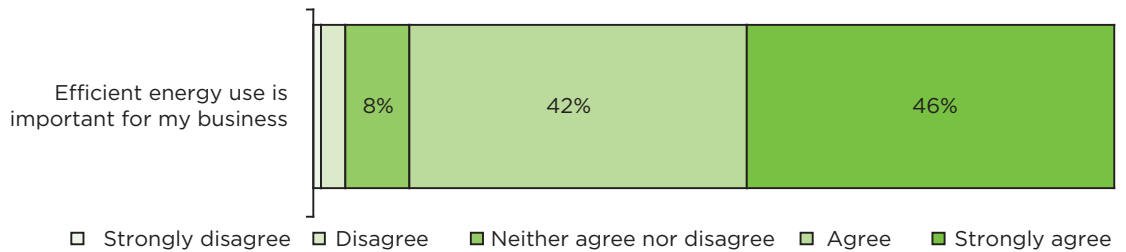
*Either agree or strongly agree

3.2. IMPORTANCE OF EFFICIENT ENERGY USE TO BUSINESS

Q1. To what extent do you agree or disagree with the following statement?

- Efficient energy use is important for my business

Extent agree or disagree that ...



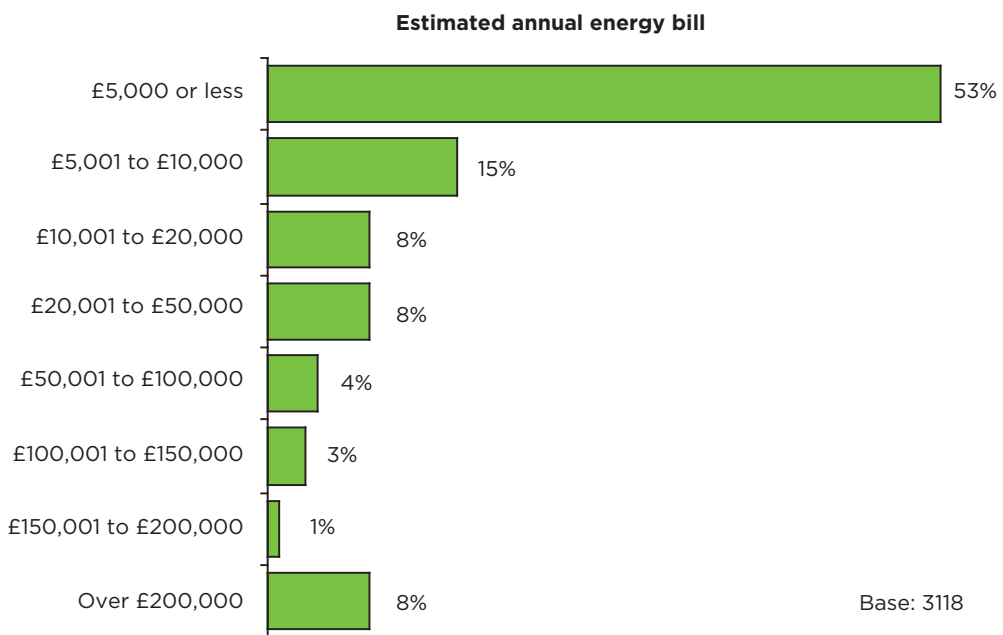
Base: 3293

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

Q2. What is your estimated annual energy bill?

88% of businesses agree that efficient energy use is important to their business, rising to 98% of those with 250 or more staff and falling to 82% of those with 4 or less.

£5,000 or less is the estimated annual energy bill for 53% of businesses that participated in this survey, rising to 74% for those operating in the professional services, marketing and communications sector and falling to 26% for those in the leisure sector and 23% in the manufacturing, engineering and construction sector.



3.3. STEPS TAKEN TO REDUCE ENVIRONMENTAL IMPACT AND ENERGY USAGE

Q3. Which, if any of the following steps have you undertaken to reduce your company's environmental impact and energy usage?

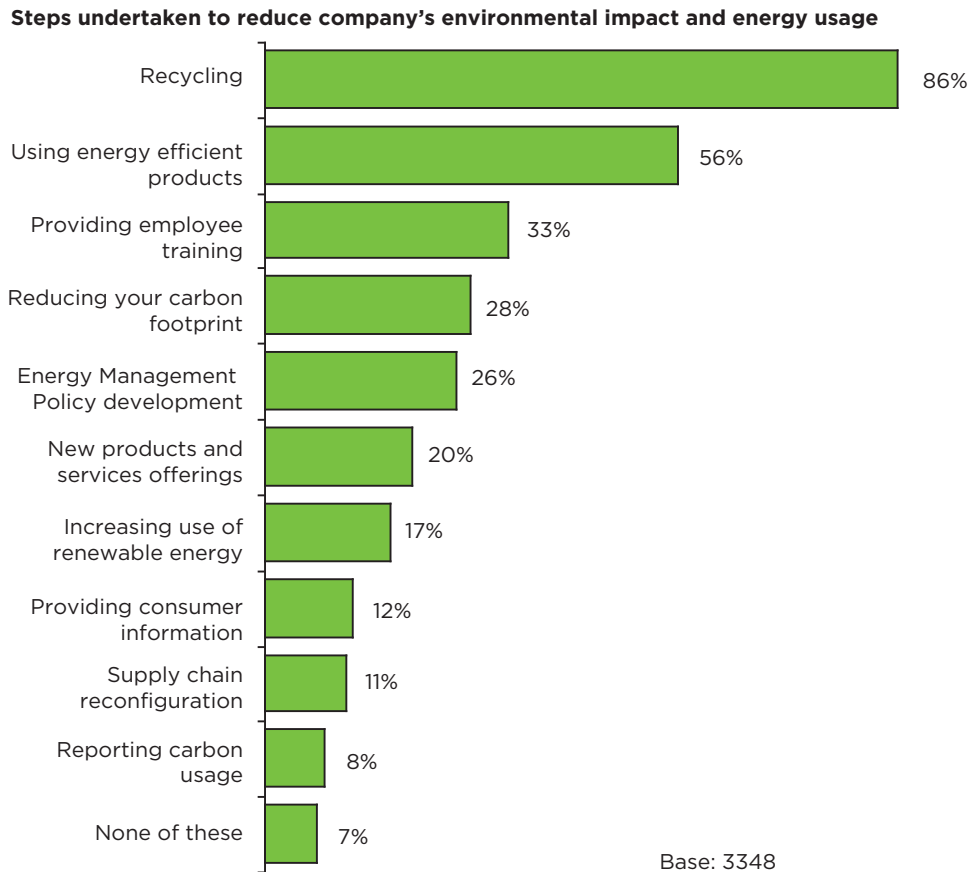
The most popular step that businesses have undertaken to reduce their environmental impact and energy usage is to recycle. 86% claim to be doing this.

56% also claim to use energy efficient products and services, 33% to provide employee training, 28% to be measuring or reducing their carbon footprint and 26% to have developed an Energy Management Policy or System.

Further, 20% indicate that they have new product and service offerings, 17% that they are increasing their use of renewable energy sources, 12% that they provide consumer information, 11% that they have undertaken supply change reconfiguration, and 8% that they are reporting their carbon usage.

Just 7% of businesses suggest that they have not undertaken any of the listed steps.

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT



While both small and large businesses have introduced recycling and the use of energy efficient products and services into their business to reduce their environmental impact

and energy usage, the other listed steps, such as employee training and reducing carbon usage, are very much the focus of the larger businesses, as the table below demonstrates.

Steps undertaken to reduce company's environmental impact and energy usage

| | 0 to 4 employees | 5 to 49 employees | 50 to 249 employees | 250 or more employees |
|--|------------------|-------------------|---------------------|-----------------------|
| Recycling | 84% | 84% | 92% | 92% |
| Using energy efficient products & services | 56% | 51% | 67% | 77% |
| Provide employee training | 15% | 36% | 53% | 67% |
| Measuring or reducing your carbon footprint | 23% | 22% | 41% | 67% |
| Energy Management Policy | 14% | 22% | 52% | 70% |
| New products/ services offering | 17% | 19% | 28% | 36% |
| Increasing the use of renewable energy sources | 16% | 14% | 20% | 35% |
| Providing customer information | 10% | 10% | 15% | 25% |
| Supply chain reconfiguration | 6% | 10% | 21% | 25% |
| Reporting carbon usage | 1% | 4% | 17% | 38% |
| Base: | 1109 | 1203 | 401 | 248 |

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

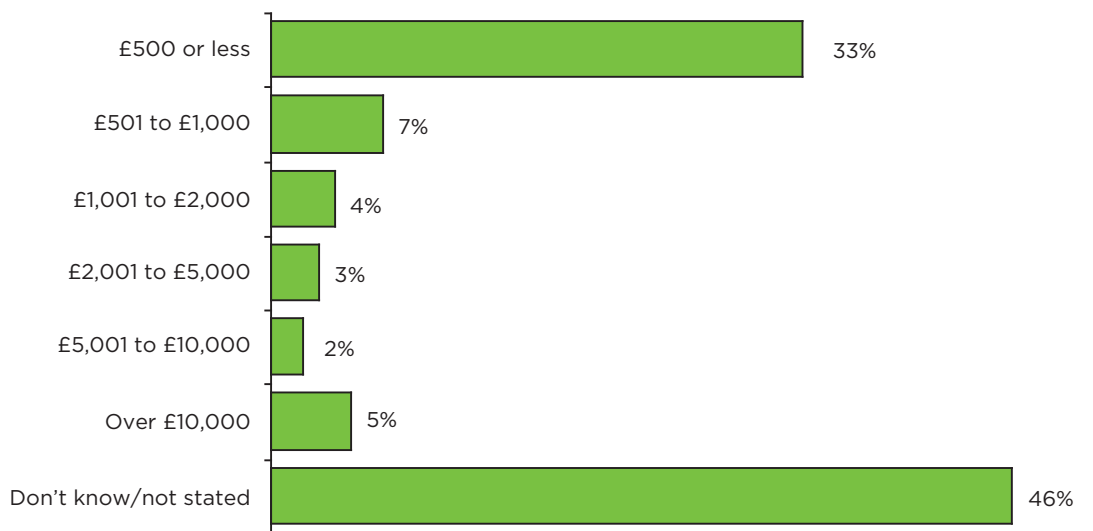
3.4. SAVINGS ON ENERGY USAGE AS A RESULT OF IMPLEMENTED ENERGY SAVING MEASURES

Q4 If you have installed or implemented measures to reduce energy usage, what is the estimated amount you have saved in the last 12 months?

Despite installing or implementing measures to reduce their energy usage, 46% of businesses are unable to estimate just how much they have saved over the past 12 months.

33% have saved £500 or less in the last year, 7% between £501 and £1,000 and 14% more.

Estimated amount saved in the last 12 months (those installing methods to reduce energy usage)

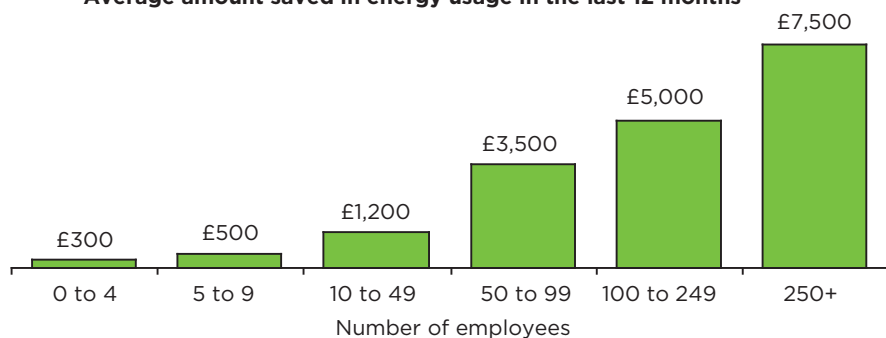


Base: 3203

Overall, it is estimated that business has saved some £1.1 billion in the last 12 months. However, the differences in savings across businesses are striking, particularly when examined according to their number of employees. For example, the average saving in the last 12 months for those with 0 to 4 employees is around £300, rising to as much as £7,500 for those with 250+ employees.

Predictably, those in the manufacturing, engineering and construction sectors have made the highest value savings as a result of installing or implementing measures to reduce energy usage, amounting to almost £4,000 in the last 12 months. Those in the leisure and public, voluntary or education sector have made average savings of £2,500.

Average amount saved in energy usage in the last 12 months



Base: All those able to estimate a saving (1596)

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

3.5. PRIME MOTIVATIONS TO REDUCE ENVIRONMENTAL IMPACT OR ENERGY USAGE

Q5 Which of the following are or would be your prime motivations to reduce your environmental impact or reduce energy usage?

86% of businesses indicate that one of their prime motivations to reduce their environmental impact or energy usage is lower energy bills. Another is their social responsibility and environmental concerns; around 60% say this.

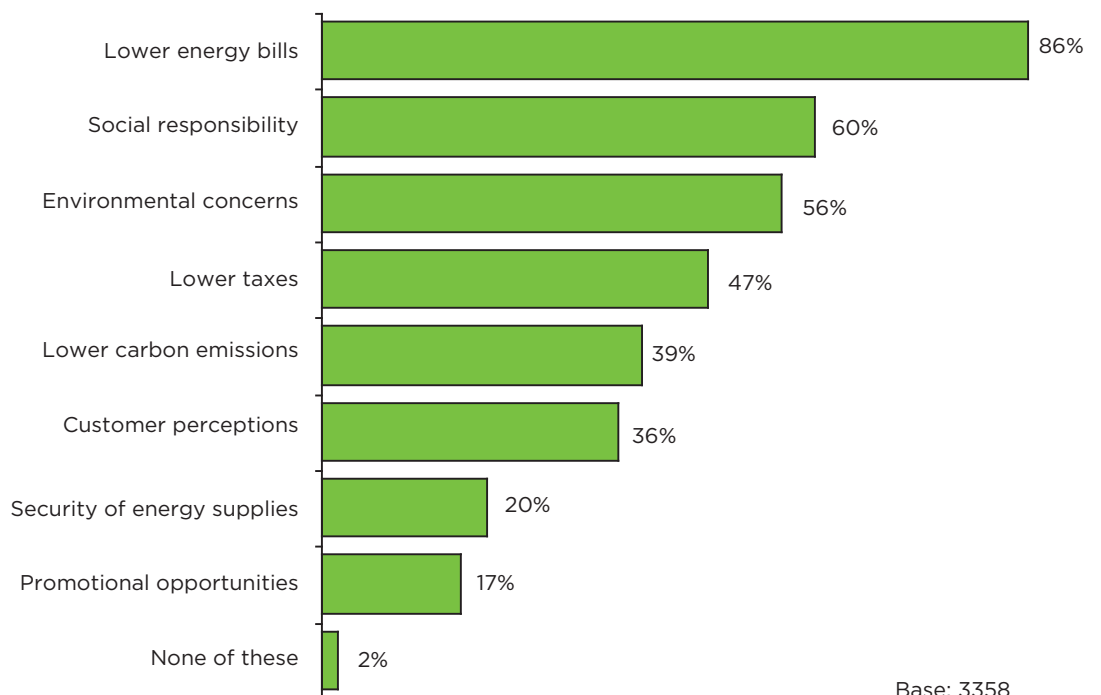
For 47% of businesses lower taxes is a prime motivation, such as Landfill Tax, Climate Change Levy and Fuel Duty. Further, for 39% it is lower carbon emissions and 36% customer perceptions.

A significantly greater proportion of businesses with 250 or more staff feel that lower energy bills (92%), social responsibility (77%), environmental concerns (71%), lower carbon emissions (65%) and customer perceptions (61%) are the prime motivations to reduce their environmental impact or energy usage compared to other smaller businesses. Additionally a higher proportion is also motivated by security of energy supplies (30%) and promotional opportunities (25%) than others.

In line with earlier findings, proportionally more businesses in the leisure, manufacturing, engineering and construction sectors are motivated by lower energy bills. These businesses along with those involved in agriculture, utilities, recycling and the environment, retailing, wholesaling and transport and consumer services, are also more motivated by lower taxes.

Social responsibility is also a key motivator for leisure sector operators, public and voluntary organisations and those offering education and training. Customer perceptions are also significantly more important to those in the leisure sector.

Prime motivations to reduce energy usage



Base: 3358

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

3.6. COMPANY'S RESPONSE TO CLIMATE CHANGE

Q6. *How likely are the following to influence your company's response to climate change?*

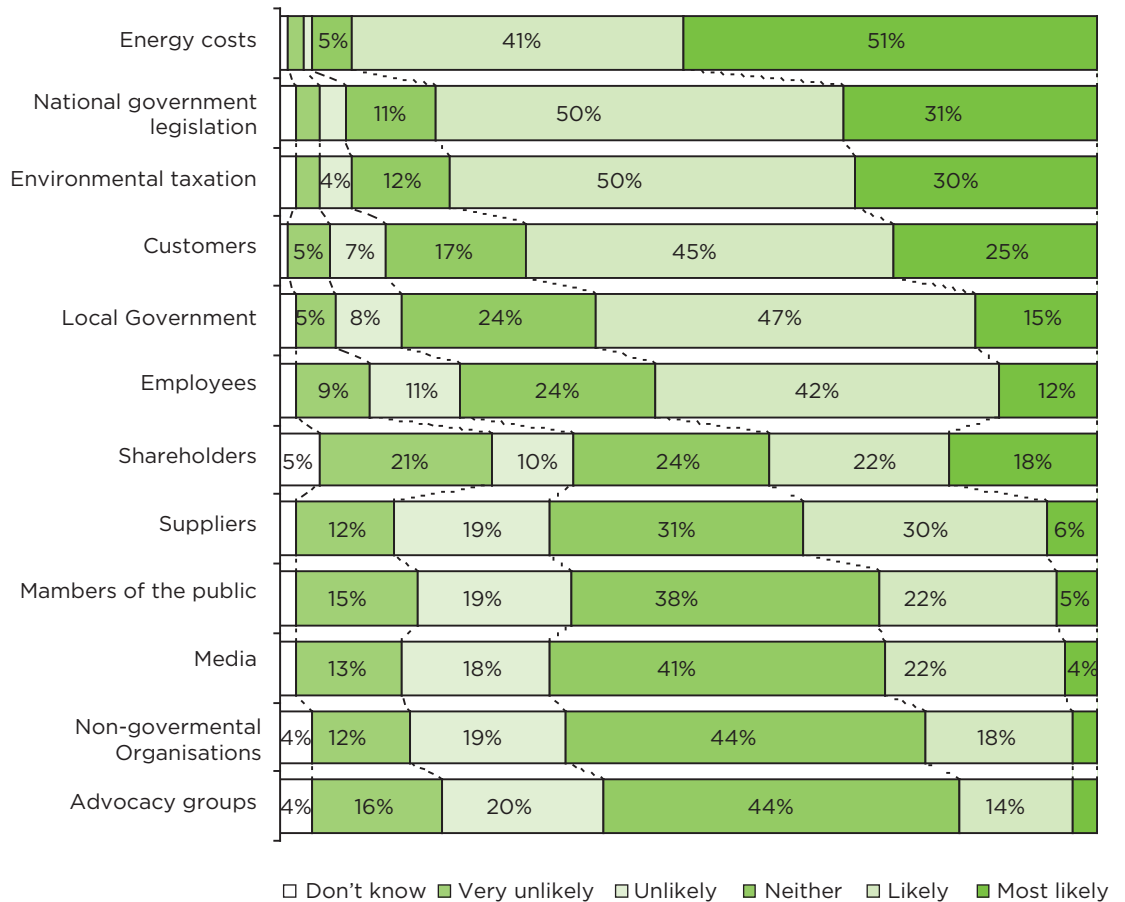
Energy costs are likely to influence the greatest proportion of businesses in their response to climate change; 92% claim this. Other significant influences are likely to be national government legislation, environmental taxation, customers, local government and employees, in that order.

Businesses tend to be more split in their views as to the likely influence of other groups, such as shareholders, suppliers, members of the public and the media, as the chart below shows.

With the exception of suppliers, significantly more businesses with 250 or more staff suggest that the listed influences could affect their response to climate change compared to smaller businesses.

As expected, views vary according to the sector businesses are operating in. For example, proportionally more leisure operators are likely to be influenced by energy costs, customers, suppliers, members of the public and the media whereas those in the manufacturing, engineering and construction sectors are likely to be influenced by energy costs, national government legislation, environmental taxation, and shareholders.

Likelihood to influence company's response to climate change



Base: 2687 to 3006

SECTION THREE: RESPONDING TO CLIMATE CHANGE AND REDUCING ENVIRONMENTAL IMPACT

3.7. RECOGNISING AND RESPONDING TO CLIMATE CHANGE

Q12. To what extent do you agree or disagree with the following statements?

71%, the greatest proportion of businesses, agree that few businesses really understand the implications of climate change. 70% agree that their business has a responsibility to help manage the impact of climate change and the same proportion agree that new technology will greatly help with dealing with climate change. 69% agree that climate change will increase business costs.

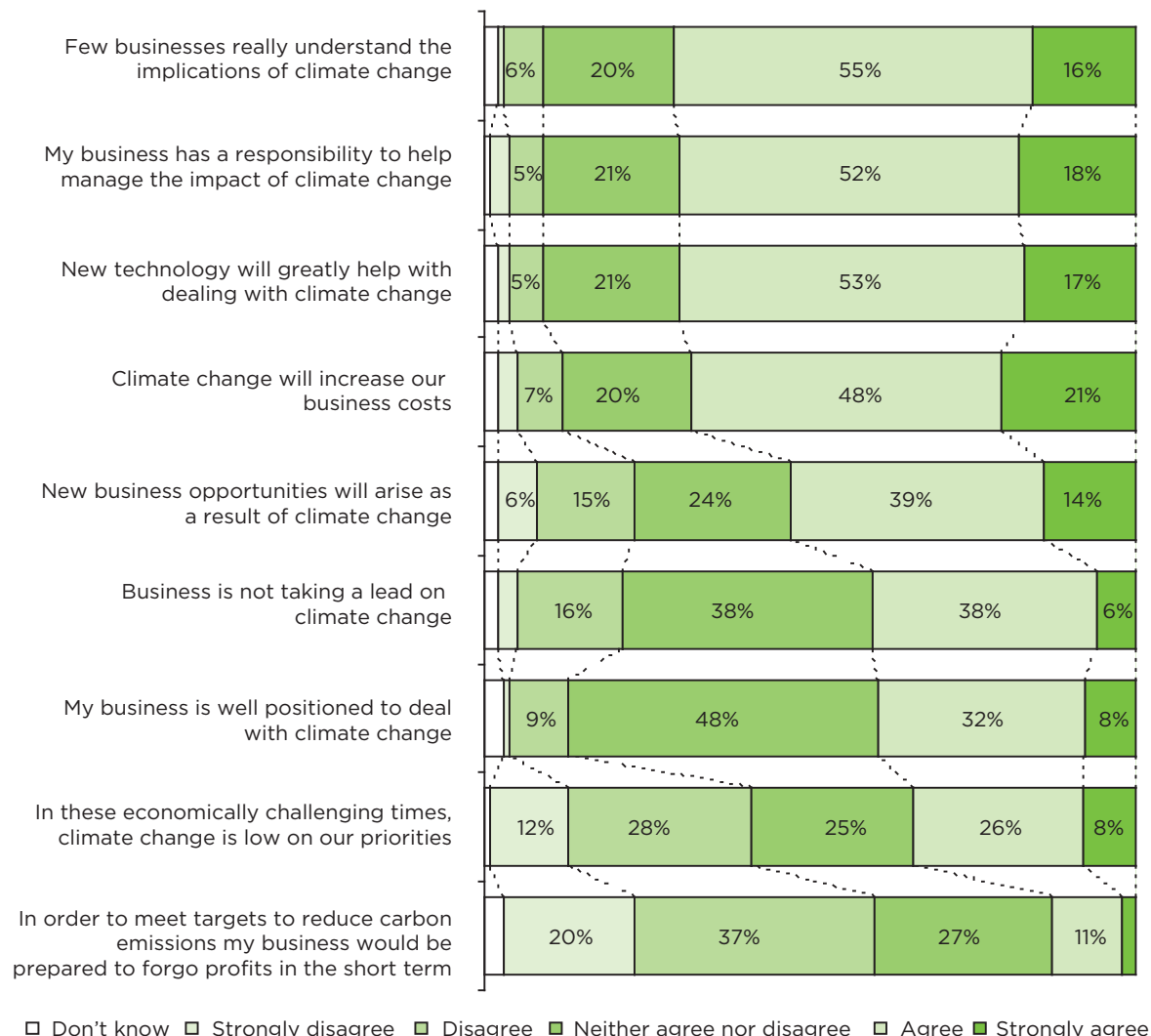
Compared to others, a significantly greater proportion of small businesses (employing fewer than 5 staff) agree that few businesses really understand the implications of climate change, and

a significantly smaller proportion agree that their business has a responsibility to help manage the impact of climate change.

Again, views vary according to the sector within which businesses operate. For example, proportionally more of those in the leisure, manufacturing, engineering, construction, retailing and transport sectors operators agree that climate change will increase their business costs. Those involved in agriculture, utilities, recycling and the environment feel that new opportunities will arise as a result of climate change and that their business is well positioned to deal with climate change.

Organisations in the public, voluntary and education sector however suggest that business is not taking a lead on climate change and that they themselves have a responsibility to help manage its impact.

Extent agree or disagree that ...



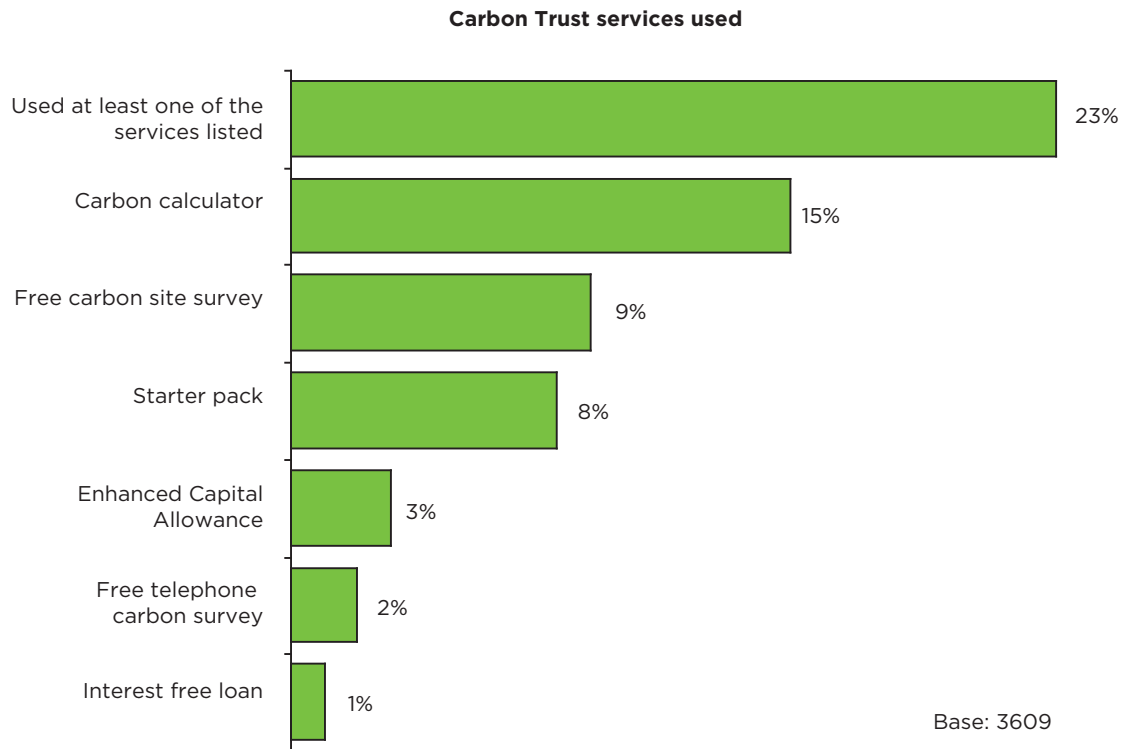
4.1. CARBON TRUST SERVICES USED

Q7. *The Carbon Trust is a government funded body set up to accelerate the move to a low carbon economy. It works with companies to assist them in reducing their carbon emissions. Which, if any, of the Carbon Trust's services have you used?*

23% of businesses claim to have used at least one of the listed services offered by the Carbon Trust, rising to 59% amongst those employing 250 or more staff and falling to 13% for those with less than 5 staff.

Overall, 15% have used the carbon calculator to calculate their carbon footprint, 9% the free carbon site survey/audit and 8% the starter pack. 3% or fewer have used the Enhanced Capital Allowance, the free telephone carbon survey or the interest free loan.

The table overleaf shows the extent to which the services provided by the Carbon Trust have been used across the different sizes of businesses. Additionally, the data show that proportionally more businesses in the agriculture, utilities, recycling and environment sector (29%) have used the carbon calculator while more in the manufacturing, engineering and construction sector have used the free carbon site survey/audit (23%).



Steps undertaken to reduce company's environmental impact and energy usage

| | 0 to 4 employees | 5 to 49 employees | 50 to 249 employees | 250 or more employees |
|--|------------------|-------------------|---------------------|-----------------------|
| Used at least one of the services listed | 13% | 20% | 42% | 59% |
| Carbon calculator | 11% | 12% | 24% | 38% |
| Free carbon site survey/audit | 2% | 5% | 24% | 34% |
| Starter pack | 4% | 7% | 18% | 17% |
| Enhanced Capital Allowance | 1% | 3% | 5% | 7% |
| Free telephone carbon survey | 1% | 2% | 6% | 5% |
| Interest free loan | 1% | 1% | 4% | *% |
| Base: | 1098 | 1190 | 394 | 244 |

4.2. RATING OF ADVICE AND ASSISTANCE FROM THE CARBON TRUST

Q8. *How do you rate the advice and assistance you received from the Carbon Trust?*

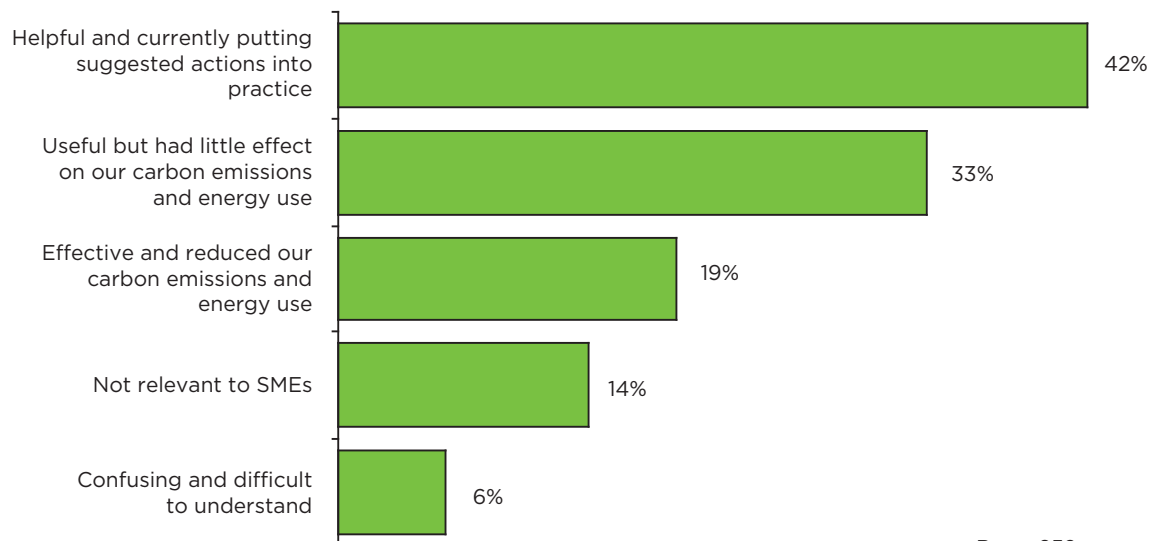
42% of those businesses that have used the services provided by the Carbon Trust rate the advice and assistance received as helpful and are currently putting suggested actions into practice. 33% have found the advice useful but claim it has had little effect on their carbon emissions and energy usage while, by contrast, 19% comment that the Carbon Trust's advice and assistance has been effective in bringing about reductions in emissions and energy usage.

14% of businesses state that advice received has not been relevant to SME's and a further 6% claim that they have found it confusing and difficult to understand.

More businesses with 50 or more employees have a positive view of the advice and assistance received from the Carbon Trust compared to those smaller. 76% describe the Carbon Trust as being either effective in reducing their carbon emissions and energy usage or helpful and are currently putting suggested actions into practice compared to 48% of those with fewer than 50 staff. Conversely, just 9% of businesses with 50 or more employees suggest that the Carbon Trust is not relevant to SMEs or that their advice is confusing and difficult to use compared to 30% of those smaller.

A greater proportion of those in consumer services and the public, voluntary and education sectors have found the Carbon Trust's advice useful compared to others.

Rating of advice received from Carbon Trust



Base: 652

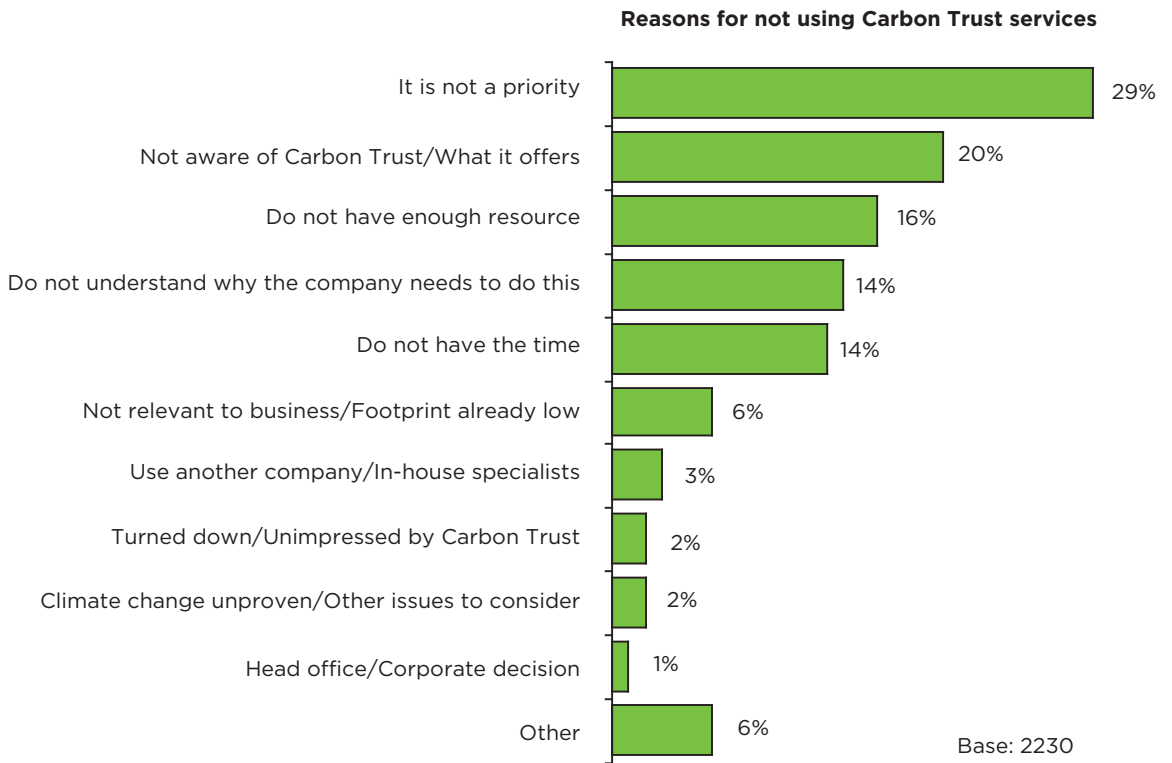
4.3. REASONS FOR NOT USING SERVICES PROVIDED BY THE CARBON TRUST

Q9. *Why have you not used any of the services provided by the Carbon Trust?*

29% of businesses that have not used the Carbon Trust's services feel that these have not been a priority for their business. 20% are not aware of the Carbon Trust or are unsure what it offers to their business, 16% do not have enough resource, 14% do not understand why they need to use the services offered and a further 13% claim not to have the time.

10% of businesses with 250 or more staff indicate that they have not used the Carbon Trust because they use another company or have in-house specialists that provide similar services. 13% say it is as a consequence of a head office or corporate decision.

By contrast a greater proportion of smaller businesses, those with less than 5 employees for example, have not used the Carbon Trust because they are unaware what it offers, they do not have enough resource to use the services or simply feel that its services are not relevant to their business.



SECTION FIVE: GOVERNMENT POLICIES ON CARBON EMISSIONS

5.1 GOVERNMENT IMPACT UPON CARBON EMISSIONS

Q10. To what extent do you agree or disagree with the following statement?

- The UK government will be able to enact policies that will reduce the UK's carbon emissions while maintaining British economic competitiveness
- Government departments are adequately working together to reduce the UK's carbon emissions

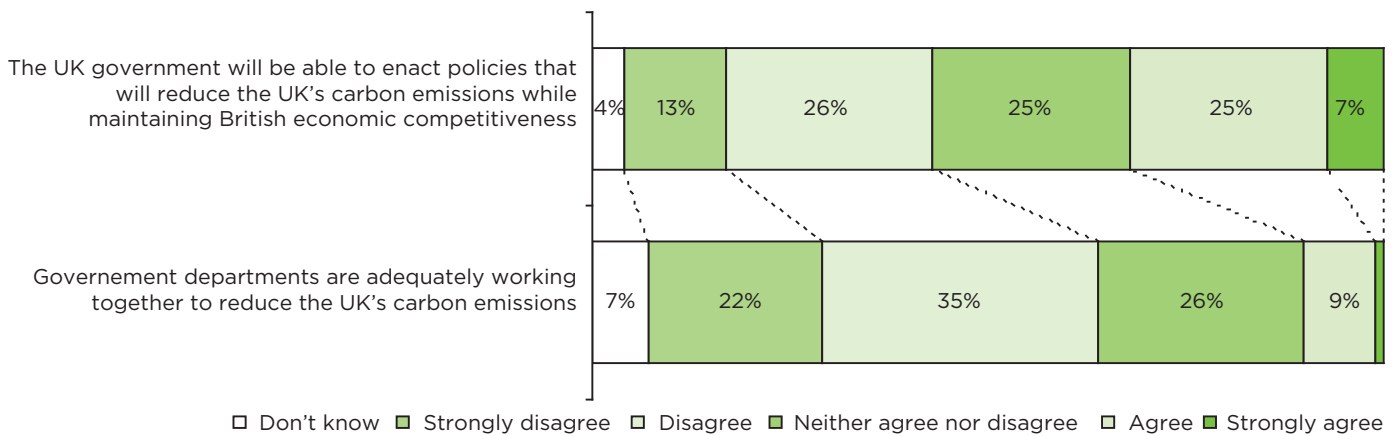
32% of businesses agree that the UK government will be able to enact policies that will reduce the UK's carbon emissions while maintaining British economic competitiveness. 39% disagree whilst 25% neither agree nor disagree.

57% of businesses disagree with the statement that government departments are adequately working together to reduce the UK's carbon emissions. Just 10% agree with this statement, whilst 26% neither agree nor disagree.

A significantly higher proportion of businesses employing 250 or more staff (42%) agree with the statement that the UK government will be able to enact policies that will reduce the UK's carbon emissions while maintaining British economic competitiveness. This compares to 32% of smaller businesses.

Small businesses and those in the professional sector especially feel that government departments are not adequately working together to reduce the UK's carbon emissions.

Extent agree or disagree that ...



Base: 2993 to 3013

SECTION FIVE: GOVERNMENT POLICIES ON CARBON EMISSIONS

5.2. GOVERNMENT POLICIES DEALING WITH CARBON EMISSIONS

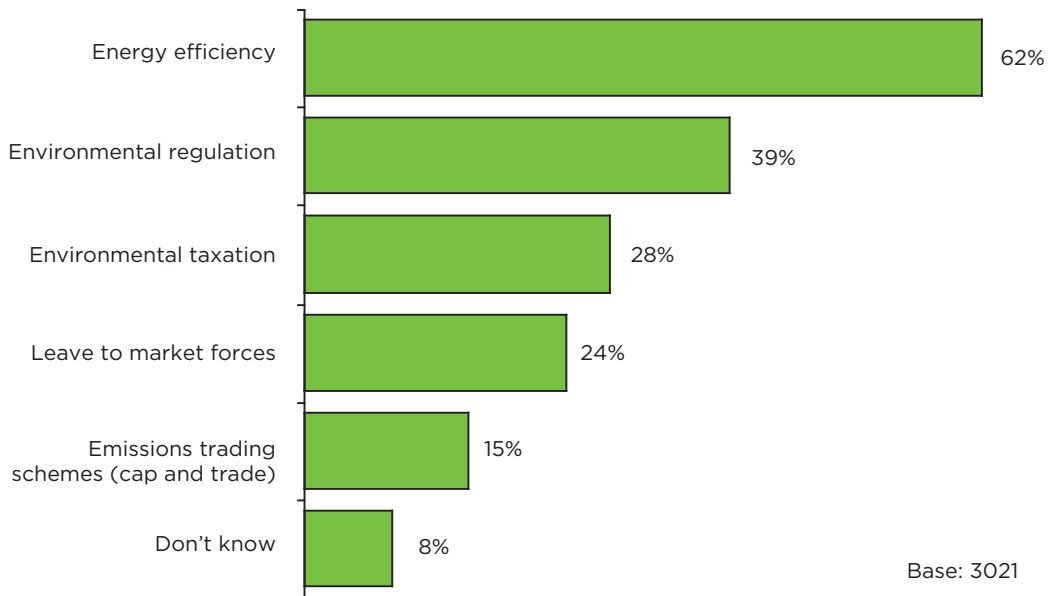
Q11. Which of the following government policies do you feel would be most effective in reducing carbon emissions?

In terms of government policies directed at reducing carbon emissions, 62% of businesses (by far the largest proportion) suggest that those focused on energy efficiency would be most effective. 39% feel that environmental regulation would be most effective, 28% environmental taxation and 15% emissions trading schemes. 24% would prefer the matter be left to market forces, such as the influence of customers, competitors, suppliers, etc.

A greater proportion of businesses employing over 50 staff favour environmental regulation (49%) and environmental taxation (33%) as suggested government policies to reduce carbon emissions compared to smaller businesses. Those employing 250 or more staff especially favour the use of emissions trading schemes (30%).

Proportionally more businesses in the leisure sector feel energy efficiency policies would be most effective (73%) while the public, voluntary and education sector also point to environmental regulation (47%) and taxation (40%). Only a minority (13%) believe that the matter should be left to market forces.

Government policy most effective in reducing carbon emissions



SAMPLE PROFILE

| Employee size | |
|---------------|-----|
| Sole trader | 11% |
| 1 to 9 | 40% |
| 10 to 49 | 27% |
| 50 to 249 | 13% |
| 250 + | 9% |

| Trading years | |
|------------------|-----|
| Under a year | 6% |
| 1 to 2 years | 9% |
| 3 to 5 years | 15% |
| 6 to 10 years | 14% |
| 11 years or more | 56% |

| Annual turnover | |
|-----------------------|-----|
| Under £50,000 | 12% |
| £50,000 - £249,999 | 21% |
| £250,000 - £499,999 | 9% |
| £500,000 - £999,999 | 11% |
| £1m - £4,999,999 | 20% |
| £5m + | 18% |
| Don't know/Not stated | 9% |

| Business sector | |
|--|-----|
| Professional services | 35% |
| Manufacturing/engineering | 16% |
| Retail/wholesale/exporting | 8% |
| Marketing/media | 8% |
| Public/ voluntary/education services | 8% |
| Construction | 6% |
| Hotels/restaurants/leisure | 6% |
| Transport/distribution/storage | 5% |
| Agriculture, utilities, recycling, environment | 4% |
| Consumer services | 3% |
| Other services | 1% |

| Region | |
|----------------------|-----|
| Scotland | 8% |
| Wales | 3% |
| Northern Ireland | 1% |
| North West England | 10% |
| North East England | 9% |
| Yorkshire and Humber | 15% |
| East Midlands | 12% |
| West Midlands | 14% |
| East of England | 8% |
| South East England | 16% |
| South West England | 3% |
| London | 1% |

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Ayrshire Chamber of Commerce & industry
Barnsley & Rotherham Chamber of Commerce
Bedfordshire & Luton Chamber of Commerce
Birmingham Chamber of Commerce & Industry
Bradford Chamber of Commerce
Channel Chamber of Commerce
Chester, Ellesmere Port & North Wales Chamber of Commerce and Industry
Coventry & Warwickshire Chamber of Commerce, Training & Enterprise
Cumbria Chamber of Commerce & Industry
Derbyshire & Nottinghamshire Chamber of Commerce
Doncaster Chamber of Commerce & Enterprise
Dorset Chamber of Commerce & Industry
East Lancashire Chamber of Commerce & Industry
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