Northwest
REGIONAL DEVELOPMENT AGENCY

ENWORKS

BUSINESS ATTITUDES TO RESOURCE EFFICIENCY

SURVEY 2009

Summary:

A survey of Northwest businesses was commissioned by the NWDA on behalf of ENWORKS.

The objectives of the research were to identify:

- Business perceptions of resource efficiency
- Improvements made in resource efficiency in the last 12 months
- Planned improvements in resource efficiency in the next 12 months
- Drivers and barriers to improving resource efficiency
- Support accessed to assist with resource efficiency improvements

2,001 businesses were surveyed in March and April 2009, with the questionnaires being completed by either the head of the business contacted or the most senior person at the site contacted.

The sample comprised businesses:

- From the five Northwest sub-regions of Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside
- Of all sizes, with a focus on SMEs
- From all sectors, with a focus on the Northwest priority sectors (Food & Drink, Digital & Creative, Advanced Engineering & Manufacturing, Business) and on those sectors where the potential for efficiency improvements are the greatest (Construction, Retail & Wholesale, Leisure & Tourism, Transport & Logistics, Energy Intensive Manufacturing)

The sample is subject to a maximum standard error of +/-2.2% at the 95% confidence interval.

Key Findings:

Awareness of resource efficiency:
Only 26% of businesses have heard of the term ‘resource efficiency’. This increases to 42% in businesses with over 100 employees.

Importance of resource efficiency:
After being read a definition of resource efficiency, 82% of businesses stated they felt it was ‘Very Important’ or ‘Of Some Importance’ to them. This figure falls to 52% in businesses with less than 50 employees.

Improvements made in resource efficiency:
Only 33% of business had made any efficiency improvements in their use of energy, materials or water in the last 12 months. This is despite the fact that 82% reported it was important to their business, showing that awareness is not leading to action.

The primary reasons for implementing improvements were reported as being ‘to lower costs’ (56%), ‘to become more resource efficient’ (37%) and ‘to reduce waste’ (15%).

The top three types of improvement made were 'using energy efficient products or appliances' (29%), 'increasing recycling' (28%) and 'implementing energy saving initiatives such as turning off lights' (28%).

Both the drivers for change and the types of improvement made showed a high level of consistency across all business sectors and sizes.

Investment made in resource efficiency:
Of the 33% that had made improvements in the last 12 months, 49% had invested less than £1,000 in the changes, including 16% where there had been no cost to the improvement action. Overall, 65% had invested less than £10,000 and only 10% had invested over £10,000. 20% did not know how much had been invested.

These figures show there is a limited causal relationship between the perceived importance of resource efficiency and any subsequent action and investment in improving it.

For example, in the Food & Drink sector, 85% of businesses rate resource efficiency as important yet only 30% have taken action and, of those, 55% have invested less than £2,000 in making improvements. This trend is fairly consistent across all sectors.

Benefits gained from resource efficiency improvements:
56% reported a reduction in energy costs resulting from the changes made; 42% reported an increase in profitability and 39% a reduction in waste production. 15% of businesses said that they did not recognise any benefit, or did not know of any benefit, resulting from the improvement actions.

When asked to quantify the savings made or predicted to arise, 57% anticipated savings of less than £10,000 (including 40% predicting less than £1,000). 31% were unable to estimate the savings and only 6% anticipated savings over £10,000.

When levels of investment are compared to expected returns, the majority of businesses believe that investment in resource efficiency will either have a negative cost to the business or, at best, break even. This perception may go some way to explaining the low levels of investment being made.

It is interesting to compare this low level of perceived benefit and investment with the figures produced by Defra (Quantification of the Business Benefits of Resource Efficiency, 2007) that show an opportunity for Northwest businesses to save £713million through resource efficiency improvements.

Planned improvements in resource efficiency:
Just 20% of Northwest businesses are planning to make changes to the way they use energy, materials or water over the next 12 months.

Of those that had already made changes in the last 12 months, only one-third are planning to make any further efficiency improvements. So, even with knowledge and proven benefits within their business, two out of three companies will not adopt new efficiency measures in the next 12 months.

Where previous improvements had not been made, just 14% of businesses have plans to make resource efficiency improvements over the next 12 months.

These low figures do not correlate with the number of businesses that report resource efficiency as important (82%) and demonstrate that awareness is not leading to action.

The primary reasons for planning future efficiency improvements were reported as being ‘to lower costs’, ‘to become more efficient / productive / competitive’ and ‘to reduce waste’. These drivers scored consistently highly both with those businesses that had previously implemented improvements (54%, 42% and 18%) and with those that had not (55%, 32% and 12%).

Very small percentages (1-6%) from both groups reported that ‘regulatory requirements’, ‘customer requirements’ and ‘matching competitor practice’ were driving the planned changes.

The types of improvement planned were described very generically by both groups of businesses, i.e. those that had, and had not, made resource efficiency improvements in the last 12 months. ‘General efficiency changes’ were cited by 18% and 13% respectively; ‘using energy efficient products’ by 13% and 23% respectively; ‘increasing recycling’ by 8% and 15% respectively; and ‘making energy savings’ by 8% and 12% respectively. This suggests that the planned actions are not well defined.

Planned investment in resource efficiency:
In those businesses where improvements have already been made, 42% did not know how much would be invested in the future planned changes. 45% plan to invest less than £10,000, including 27% where the planned investment is less than £1,000. Where no changes have been made in the last 12 months, a larger proportion (55%) plan to invest less than £10,000 in future improvements, and only 16% plan to invest over £10,000.

These figures show that the majority of businesses perceive that investment in resource efficiency improvements has not, and will not, result in net cost savings.

Planned benefits of resource efficiency improvements:
71% of businesses planning future changes expect to ‘reduce energy costs’ through their improvement actions, with 55% predicting ‘increased profitability’, 44% expecting ‘lower water costs’, 43% anticipating a ‘reduction in waste production’, 41% anticipating ‘reduced waste disposal costs’, 39% predicting ‘increased productivity’ and 38% planning ‘lower raw materials costs’.

Businesses not planning any future changes to their resource use (80%) perceived much lower levels of benefits from this kind of action. Just 34% mentioned ‘lower energy costs’, 20% noted ‘increased profitability’, 8% cited ‘lower materials costs’ and ‘lower waste disposal costs’ and just 3% mentioned ‘increased productivity’. 79% of these businesses view new regulations or legislation as the key catalysts for change.

When asked to quantify the savings, 43% of those that had previously addressed resource efficiency, and 57% of those that had not, anticipated they would save less than £10,000. 5% of those with previous improvements, and 13% of those without, predicted savings of over £10,000. Surprisingly, 44% of those that had implemented changes in the last 12 months did not know the level of savings predicted, compared with 26% of those that not addressed this issue before.

Barriers to resource efficiency:
51% of businesses reported there were no barriers to improving their resource efficiency, yet 80% are not planning any future changes.

In those businesses that did mention some form of barrier (46% overall), a ‘lack of capital / money’ was mentioned by 15% and ‘making change is expensive’ by 14%. This shows there is a strong perception amongst businesses that resource efficiency improvements always require expenditure and have an unacceptable rate of return.

Impact of the ‘credit crunch’:
43% of businesses felt that the current economic climate had increased the importance of how they use energy, materials and water. This has not translated into action as only 20% of business plan to make improvements in their resource efficiency over the next 12 months.

Of the small percentage that had plans in place to increase their resource efficiency in the upcoming year, 18% had been forced to downscale or change these plans due to the current economic climate.