Review of Intellect informal evidence sessions to BIS Green Growth consultation

Intellect recently hosted a series of witness sessions with the Department for Business, Innovation and Skills (BIS) asking Intellect members what they needed from government to help them flourish in a low carbon economy. This was part of a cross-departmental consultation on green growth and the objective of these sessions was to get a more granular picture of individual company perceptions.

**Base questions**

The following questions formed the basis of the sessions and witnesses responded based on their own company experiences where relevant:

1) *What will the sector need to do differently (e.g. in terms of business and manufacturing processes) to grow within carbon and environmental constraints?* Is there already good practice?

2) *What business and investment opportunities will the move to a low carbon economy create over the coming decade in the UK?*

3) *What does government need to do to create the right business environment to enable this?*

4) *Incentives lead to behavioural changes. What is the level of incentive needed to induce behavioural changes in customers?*

5) *What Government policies are your opportunities dependent upon?*

6) *What barriers do you face in importing and exporting greener goods within and outside the EU?*

7) *Do you need support from HMG?*

8) *What are the carbon and environmental constraints that your business is operating under?*

9) *Does industry have the capability (skills) and capacity (manpower) to obtain advantage from the move to a low carbon?*

**Intellect member responses**

Responses from Intellect members focused on the following themes:

**Legislative clarity**

- The UK is ahead in terms of climate change policy but we could benefit from greater clarity around that policy: intention is clear but not practical implications. This is creating planning blight.

- Over-complex legislation stimulates consultancy at the expense of industry competitiveness and there is a need for simpler, more outcome-focused legislation.

- Companies want to know why it costs significantly more for them to implement WEEE in the UK than it does, say in Germany, and how DECC managed to make such a mess of implementing
CRC - which they agreed with in principle. This is a serious issue for the industry which supports carbon regulation in principle but abhors the way it is being implemented.

- Greater clarity is needed going forward to send clear signals to the market and help businesses plan ahead - the general direction here is clear but we still lack certainty in a number of important areas to build new offerings to a low carbon economy.

- Industry needs better demand drivers to encourage uptake of low carbon technologies and in turn drive competition around energy efficiency. The Green Deal is a step in the right direction as it aims to bridge the cost-benefit or intention-action gap.

- Government could help drive best practice and efficient, green growth in the data centre sector by supporting the EU Code of Conduct for Data Centre Operators, ideally by requiring compliance with the code from all suppliers.

**Procurement process**

- Common environmental standards/standardised sustainability criteria across the whole public sector are long overdue and could be extended to the supply chain. Contracts should be more flexible to enable efficiency – e.g. not specifying rigid and over-cautious operating temperatures in data centres. Equipment like desktops could be simplified and standardised. Government should mandate existing best practice (e.g. the European Code of Best Practice for Data Centres) so there would be consistency and a level playing field.

- Simplification is needed: There is enormous scope for cost reduction if specifications for equipment were simplified and standardised. Almost all functions could be achieved by 2 or 3 models.

- Adapt procurement processes to aid those further down the supply chain: We need to find ways to help SMEs or those organisations operating at tier 2, 3, or 4 on large contracts get better access to business opportunities in large procurement. At the moment access is restricted to large companies and prime bidders.

- Stimulate local supply chains: We have the opportunity with new technologies involving major infrastructural change, to develop local, UK based supply chains – wind and smart grid – but we are not exploiting those opportunities and a large percentage of higher volume work may go overseas.

**Understanding the technology sector**

- Energy efficiency is a huge growth area in IT certainly in the short to medium term

- CRC is a significant barrier to growth in that it creates perverse incentives and actually discourages the kind of behaviour that would drive energy efficiency, as well as acting as a deterrent to inward investment.

- There is a need to appreciate the intensely complex nature of carbon interactions within the technology sector due to the variety of ways in which services are delivered.
• Carbon needs to be an accepted part of a three-way accounting process.

• We need to change the perception that carbon is a cost rather than an opportunity. Companies need to evolve from a compliance is cost attitude, to a recognition that compliance = savings, through to seeing market and business opportunities in establishing offerings ahead of competitors in this space.

• The key to a genuine low carbon economy is not to show businesses that sustainability can be cost effective but to demonstrate revenue opportunities for them.

• Cap and trade is the best approach to implementing environmental policy from the business perspective. Incentives are also needed to help cover up front investment.

• Customers are focused on ROI and cost neutrality is not enough to encourage take up of lower carbon options – ROI must be in double figures.

• The sustainability market presents very significant opportunities for growth for innovative companies.

• In some areas the growth potential is logarithmic

• The relentless move to an online environment is driving astonishing growth in the data centre sector. The challenge is keeping up with the demand.

• The increase in transfer of data as video is driving this demand, which looks set to continue. New devices and in particular applications are accelerating this change.

• There are lots of simple, cost effective solutions that will make data centre operations energy efficient and competitive, most are about management, some require investment but even the latter show good ROI.

**Intellect contact**

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