



Small Businesses & the Low Carbon Economy

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There are 4.8m small businesses in the UK who employ 59 per cent of the private sector workforce – SMEs use 50 per cent of total UK business energy at a cost of £6bn – therefore the potential of the SME sector to help fight climate change is significant.

Big businesses and multi-nationals work in a different way to small businesses and tailoring regulations to deal with multi-nationals will often have a disastrous effect on the small business sector. We have to come up with regulations that are appropriate. In order for small businesses to fulfill this crucial role in combating climate change we need government leadership and regulatory systems that are flexible and supportive to encourage small business rather than penalise it.

How can Small businesses benefit?

- New green industries/goods

There is particular potential for new start-ups and innovative small businesses in the areas of renewable energy technologies, energy storage, local/regional food provisioning, pro-biodiversity activities and novel transport options.

- Greening existing products and services:

There are real opportunities for many existing small businesses to modify their processes and product range or services to be more sustainable. This is particularly important in manufacturing (including product refurbishment/remanufacturing), construction (retrofitting buildings to meet new eco-design standards), transport, farming and food production, and professional advice services on sustainable business practice and carbon markets.

What do we need to realise this potential and grasp these opportunities?

In order to put small businesses at the forefront of the move to a low carbon economy the FSB is calling for:

- Streamlining of the planning system to allow the UK to embrace low carbon technologies and, in particular, make it easier for Small businesses to install micro-energy production.
- The leveraging of private capital – use public funds to maximise private finance via mechanisms such as business incubators and public-private hybrid funds.
- The use of public procurement to drive demand for low carbon products and ensure sustainability is at the heart of Government procurement decisions.
- A dedicated small business department within the Carbon Trust or preferably the Energy Savings Trust to give tailored made advice to small businesses on how to go green.

Key Points

- **The value of the UK market for low carbon goods is already worth £106bn a year (Department for Energy & Climate Change)**
- **It is estimated that the Low Carbon and environmental goods and services market will employ 1 million people in the UK by 2015 (DECC)**
- **The UK LCEGS sector is expected to grow by over 4 per cent per annum up to 2014/15 (DECC).**
- **75 per cent of FSB members believe adopting more environmentally friendly practices makes business sense (2007 FSB survey)**

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