

"Make do and mend" costs British Business £3bn a year

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Theo Paphitis and the Carbon Trust launch scrappage scheme for power-guzzling equipment

Weds, 9th September 2009 – British businesses are being forced to “make do and mend” with old, inefficient equipment, as over half (52%), don’t have the cash to upgrade it. Well over half of small and medium-sized businesses (60%) wait until their equipment breaks down completely before replacing it.

The problem is costing businesses £3.3bn a year in wasted energy according to the Carbon Trust. It was revealed in a survey of 1,500 small and medium-sized businesses at the launch, by Dragon’s Den star Theo Paphitis, of the Carbon Trust’s Big Business Refit campaign.

The Big Business Refit aims to help businesses to scrap their old power-guzzling equipment and replace it with new equipment that’s more efficient and cheaper to run. It provides expert guidance, plus financial support in the form of £100m in interest free funding, which can be paid back through the energy savings the new equipment delivers.

Theo Paphitis said: “The Big Business Refit calls on all UK businesses to scour their premises for old equipment, from air conditioning, to fridges, compressors to factory machinery. With interest-free funding available to replace equipment, leading to average energy savings of 15%, and no security required, it’s an unbelievable deal.”

The Big Business Refit runs until 31 March 2010. It offers advice on identifying old equipment, and guidance on suitable replacements in clinics in UK cities, including London, Birmingham, Manchester and Belfast. Businesses can get expert advice, a free energy saving assessment, or apply for interest free funding by calling 01865 885879, or visiting www.bigbusinessrefit.co.uk

The survey shows that around half of businesses are missing out on the opportunity to reduce bottom line costs through energy efficiency:

- Over half (57%) have resorted to staff cuts to save cash.
- Nearly half (46%) are unaware that they can cut energy costs by replacing old equipment.
- Nearly half (41%) have accepted higher energy bills as a fixed cost, preferable to paying the upfront cost of replacing old equipment.

One business that has already saved by scrapping its old equipment is Yorkshire-based Flexible Packaging Printers, Roberts Mart & Co Ltd.

Ben Roberts, Sales Director, said: “We’ve taken advantage of two Carbon Trust loans, totalling over £300,000, to replace printing press drying systems, a boiler and lighting. As a result, we’re saving around £130,000 a year on our energy bills, plus around 900 tonnes of CO2. The Carbon Trust loans scheme has been a simple and effective way for us to modernise our business, and reduce costs in the recession.”

The Federation of Small Businesses (FSB), the Institute of Directors (IoD), the British Chambers of Commerce (BCC), the Mayor of London, and the Department of Energy and Climate Change (DECC) have all pledged their support for the Carbon Trust's Big Business Refit.

David Caro, FSB Energy & Environment Chairman, said: "Due to their size, small businesses are in a unique position to adopt energy efficiency measures more easily and quickly than their larger counterparts. However, small business owners are often limited by time constraints and are not always aware of where and how to access advice on how to go green. The support of the Carbon Trust can help small businesses play their part in being energy efficient and cutting costs, saving money and boosting their own enterprise."

Miles Templeman, Director General, Institute of Directors, said: "The Carbon Trust's loan scheme gives small businesses access to the capital they need to unlock their future growth potential."

Gareth Elliott, Senior Environment Policy Adviser, British Chambers of Commerce, said: "In the current downturn cash is king and the first place struggling businesses should look to redeem cash is in their business premises where it's possible to eliminate energy wastage. The Carbon Trust loans scheme offers a practical solution for business survival through energy efficiency and we'd encourage businesses across the UK to take advantage of the funding available."

Mayor of London, Boris Johnson, said: "I want to give my backing to the Carbon Trust's Big Business Refit. At a time of economic downturn it is a great way to help businesses install energy efficient equipment and save money on their energy bills. This is a fantastic scheme both for London's businesses and the environment and we will be promoting it later this year through the London Development Agency's business support services, such as Business Link."

Energy and Climate Change Minister David Kidney said: "We're helping small businesses survive the recession by providing a practical solution to save a total of £40million from energy bills. Replacing old equipment with energy efficient versions will also reduce carbon emissions, combating global warming."

The Carbon Trust's unsecured, interest-free loans can be used for equipment replacements costing between £3,000 and £400,000. The loans are designed to pay for themselves through direct energy savings, so that once the loan is repaid, savings go straight to bottom line. With a total of £100m in funding available, the Big Business Refit is expected to help up to 3,000 UK SMEs save a total of £40m from their annual energy costs.

ENDS

About the Energy Efficiency Loans scheme

Energy Efficiency loans are available to businesses meeting one, or both, of the following criteria:

- Companies that meet the EU definition of a small or medium-sized enterprise, i.e. companies with less than 250 employees and a turnover of less than €50m (around £42m at today's exchange rate).

- Companies that are not eligible to participate in the Carbon Reduction Commitment, i.e. companies consuming less than 6,000MWh of half hourly metered electricity. This typically equates to an annual electricity spend of £500,000.

All loans are unsecured, interest-free and repayable over a period of up to 4 years. The minimum loan size has recently been reduced from £5,000 to £3,000 whilst the maximum size has increased from £200,000 to £400,000 to help more businesses secure funding in the recession. There are no arrangement fees and applying is straightforward. For more information please visit:

<http://www.carbontrust.co.uk/loans>

About the Carbon Trust

- The Carbon Trust is an independent company set up in 2001 by Government in response to the threat of climate change, to accelerate the move to a low carbon economy by working with organisations to reduce carbon emissions and develop commercial low carbon technologies.
- We cut carbon emissions now by giving business and the public sector expert advice, finance and accreditation to help them reduce their carbon footprint and to stimulate demand for low carbon products and services.
- Since 2001 we've helped UK business save over 23 million tonnes of CO₂, and more than £1.4billion. We aim to help our customers, across the private and public sectors, to cut a further 17 million tonnes of CO₂ in the next three years
- In 2008 alone the Carbon Trust supported half a million UK businesses, saving companies up to £227 million from their annual energy bills and cutting up to 2 million tonnes of carbon dioxide from their annual emissions.
- We cut future carbon emissions by developing new low carbon technologies through project funding and management, investment and collaboration. We also identify market failures and provide practical ways to overcome them
- We are helping the UK become a global hub for low carbon innovation. We do this through funding and managing projects, investing and collaborating on low carbon technologies and by identifying market barriers and practical ways to overcome them. Our work on commercialising new technologies will save over 24 million tonnes of carbon a year by 2050.
- The Carbon Trust is undertaking world leading projects in the offshore wind, marine energy, biomass, CHP, algae and advanced solar power sectors

About the research

The research was conducted by FDS International between 12th August and 1st September 2009. 1571 interviews were conducted with SMEs in England, Wales and Northern Ireland, of between 10 and 250

employees. The research was conducted across the following sectors: Manufacturing and Industrial, Leisure and Hospitality, Retail and Wholesale, Storage, information and communication and Construction and Property.

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