

Spotlight on Net Zero Actions Adopted by Businesses

November 2022

Are Businesses Adopting Net Zero Actions? Business Survey Evidence

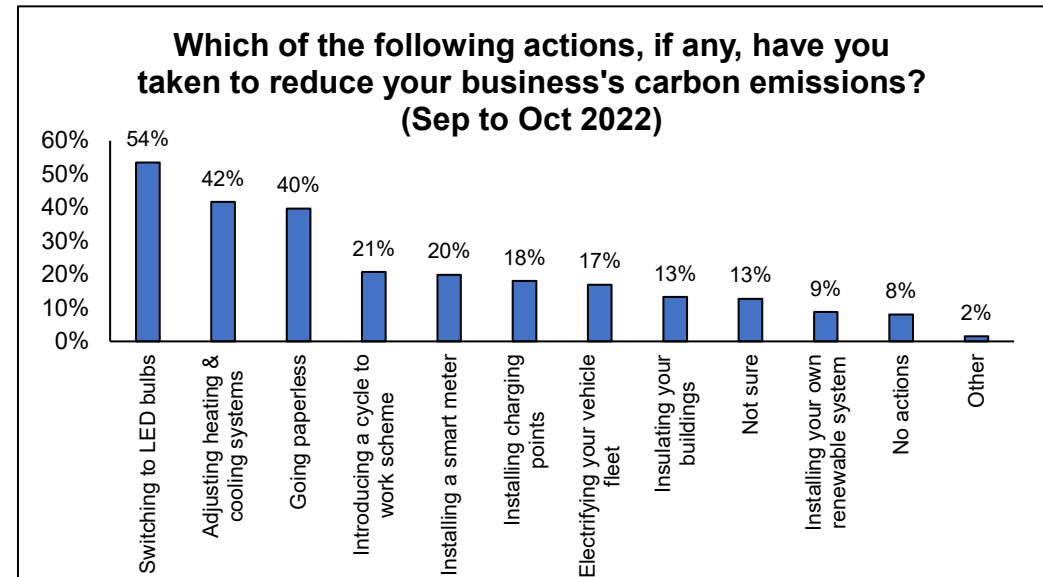
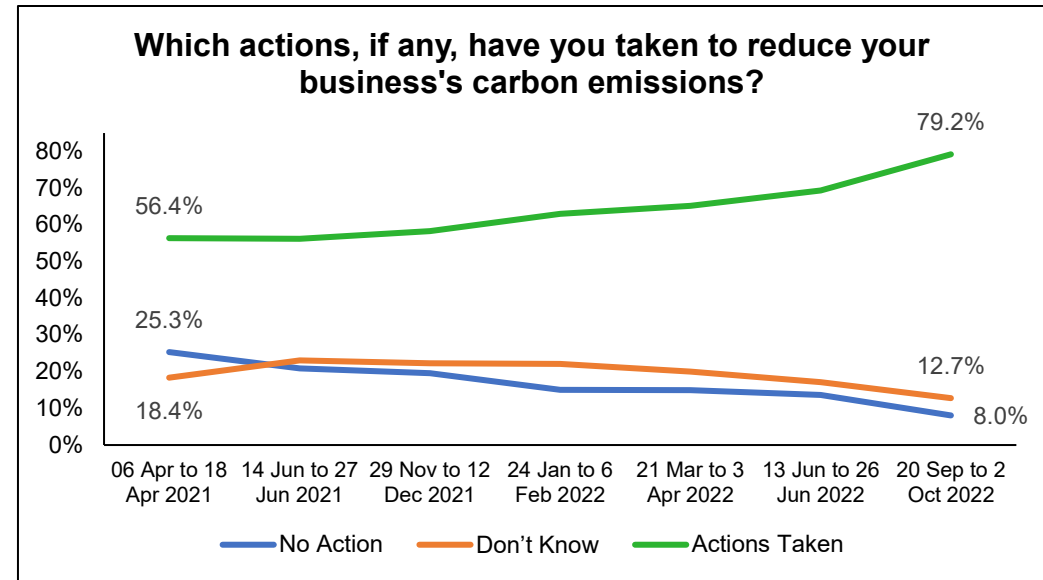
Data on the actions businesses take to reduce carbon emissions is collected via the [Business Insights and Conditions Survey \(BICS\) Scotland](#). The latest data is for the period 20th September to 2nd October 2022.

The data shows:

- Over the period of the Survey (April 2022 to September 2022), an **increasing proportion of businesses have taken actions to reduce their carbon emissions**.
- Actions that businesses are taking **tend to be the ones that are easiest to implement**- eg Switching to LED bulbs and adapting heating and cooling systems.
- Fewer businesses take actions that are more costly or difficult to implement** such as installing their own renewable power systems.

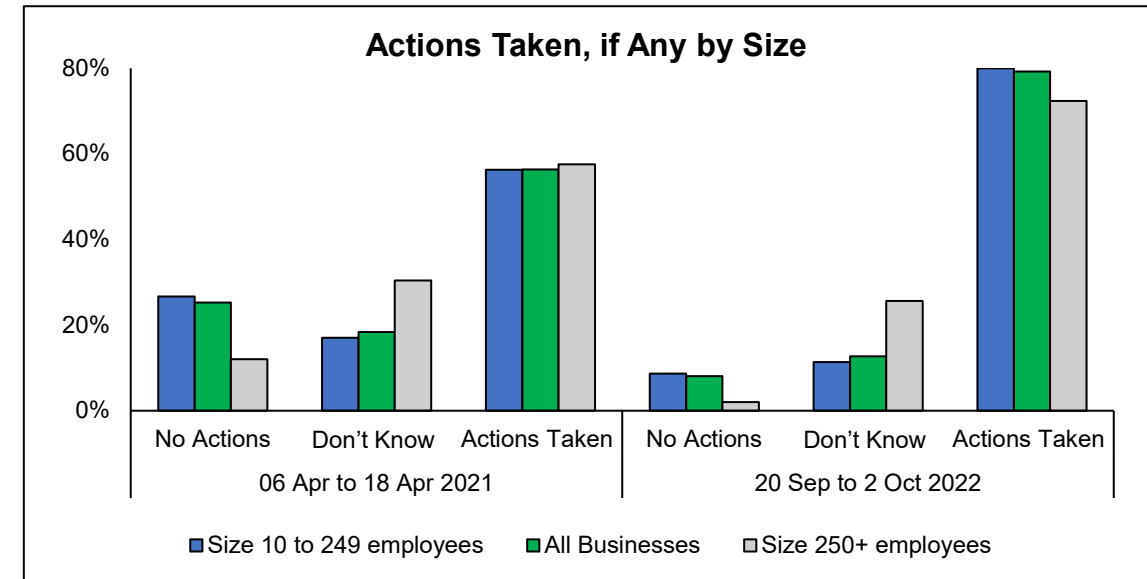
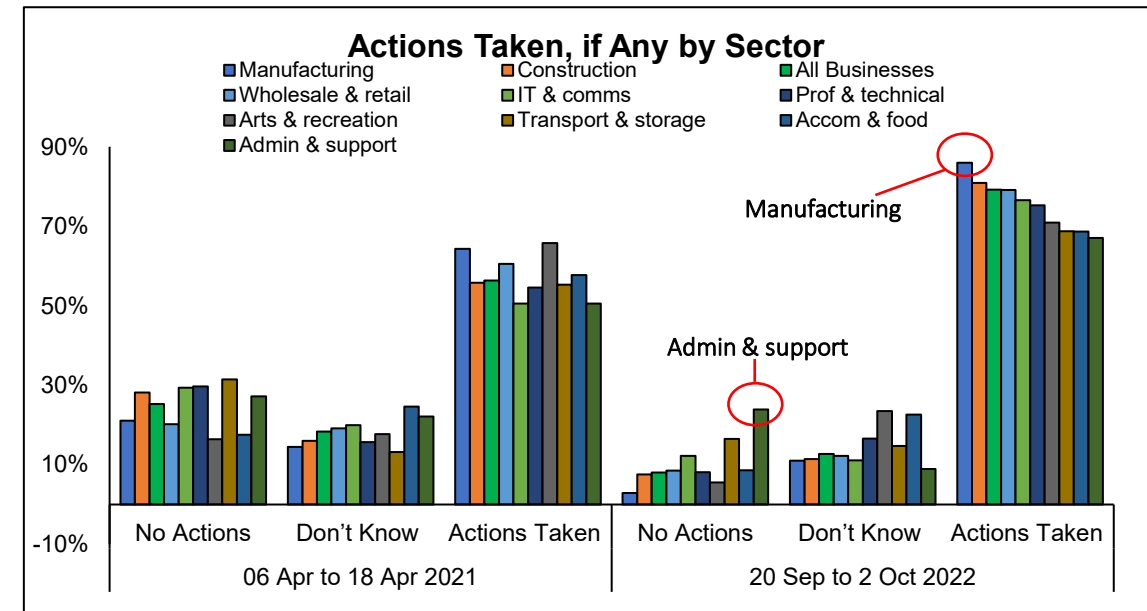
From SE's insight gathering it is likely that businesses are increasingly adopting Net Zero actions for a variety of reasons including:

- to **improve energy efficiencies** for cost saving reasons as energy prices continue to rise
- in order to **enhance company reputations and to attract staff**.



Differences by Sector and Size

- **Manufacturing companies are the most likely** to implement Net Zero actions (86% have adopted at least one measure in Sept/Oct 22). The manufacturing sector is also one of the most sensitive to energy price changes so energy efficiencies are more important.
- The **administration and support service sector is the least likely** to adopt Net Zero actions (67% in Sept/Oct 22).
- When we compare the most recent survey results with the earliest we can see **that across all sectors, businesses are adopting more Net Zero actions.**
- Increases have been **greatest in the Professional, Scientific and Technical sector**, followed by Construction and Manufacturing. All sectors that are sensitive to energy price changes.
- By size, **smaller companies are more likely to implement Net Zero actions** (80% compared with an average of 79% and 72% for companies with over 250 employees). **This is a change since the survey started , when marginally, larger businesses were more likely to adopt Net Zero actions.**
- **All sizes of companies have increased the Net Zero actions** they have adopted since April 2021, though the increase has been least significant among small to medium sized businesses.



Feedback from Businesses

- Rising energy costs are offsetting any savings from energy efficiency actions
- Businesses are increasingly prioritising net zero initiatives to accelerate reductions in energy consumption in order to reduce energy use and costs. For example:
 - Some businesses that have capital reserves are looking to invest in renewable energy sources such as solar panels or heat pumps as a long-term solution to energy needs
 - Businesses are also experimenting with ways of reducing their energy costs– e.g. waste heat recovery or operating a nightshift as energy costs less at night (although the current saving is small).
- Retaining and attracting staff remains a challenge. Companies are adopting a variety of measures in order to attract staff, this includes increasing salaries and flexible working practices but some companies (particularly larger ones) are actively marketing themselves as sustainable companies by introducing Net Zero actions.
- As demand for sustainable products increases, businesses continue to explore how they can demonstrate (e.g. via marketing) they are acting responsibly in terms of the local community and environment
- .As a result of environmental concerns there is a requirement to make offices more environmentally compliant. This is offering an opportunity for example for construction companies.

Conclusions

- Since April 2021, **Scottish businesses have been steadily adopting more Net Zero actions** for a variety of reasons including to save costs via energy efficiencies and to improve business reputation.
- Businesses that **are more vulnerable to energy price increases, such as Manufacturing and Construction** are more likely to have adopted Net Zero actions. Similarly, **smaller companies, again more vulnerable to energy price increases**, have also adopted more Net Zero actions.
- This suggests that the current increase in energy prices has had a positive impact on the Net Zero agenda, albeit most likely only for cost saving reasons.
- Businesses are, however, **much less likely to adopt ‘high investment’ actions overall** given that these often involve sometimes large capital outlays initially. **For larger businesses that perhaps have access to more funding, we do see adoption of high investment actions such as installing charging points or electrifying vehicle fleets.** Again, we also see higher uptake in sectors that are more vulnerable to energy price increases such as manufacturing.
- The analysis suggests **that businesses are aware of the cost savings associated with adopting ‘low investment’ actions but perhaps are unaware or not able to invest in more significant actions.**
- Providing incentives such as funding, for adopting more significant measures is likely to help with uptake.

Appendix- Differences by Sector

20 September to 2 October 2022

Industry/Size Band	Low Effort Actions					High Effort Actions				Other		
	Switching to LED bulbs	Adjusting heating & cooling systems	Going paperless	Introducing a cycle to work scheme	Installing a smart meter	Installing charging points	Electrifying vehicle fleet	Insulating your buildings	Installing your own renewable system	Not sure	No actions	Other
All Businesses	53.5%	41.7%	39.8%	20.8%	19.9%	18.1%	16.9%	13.3%	8.8%	12.7%	8.0%	1.5%
Manufacturing	61.0%	52.0%	39.7%	26.6%	18.9%	29.3%	24.3%	12.5%	9.7%	11.0%	2.9%	3.7%
Construction	52.3%	46.1%	39.4%	14.2%	23.2%	29.3%	28.2%	16.7%	11.2%	11.5%	7.6%	1.8%
Wholesale & retail	52.8%	44.1%	32.5%	15.1%	21.5%	23.8%	23.0%	13.8%	12.0%	12.2%	8.6%	1.9%
Transport & storage	41.7%	27.9%	21.7%	13.1%	13.4%	21.5%	20.2%	7.5%	11.9%	14.7%	16.5%	[c]
Accomm& food	61.8%	46.9%	22.0%	13.1%	26.0%	16.0%	5.1%	11.1%	4.8%	22.7%	8.7%	0.0%
IT & comms	36.3%	37.9%	53.4%	37.9%	12.1%	14.2%	18.0%	7.2%	1.6%	11.1%	12.2%	[c]
Prof & scientific	36.8%	46.6%	34.9%	28.0%	14.4%	14.9%	21.6%	5.1%	4.9%	16.6%	8.1%	5.4%
Admin & support	34.9%	35.9%	39.9%	17.9%	10.7%	10.2%	16.8%	3.2%	3.9%	8.9%	24.0%	[c]
Arts, entertainment recreation	61.4%	55.2%	33.1%	20.1%	21.3%	13.1%	2.1%	11.1%	6.2%	23.5%	5.5%	0.0%

- Across all sectors, businesses **are more likely to adopt Net Zero actions that are easy to implement** and help improve energy efficiencies.
- **Sectors that are more energy intensive- e.g. manufacturing and construction, are more likely to adopt more significant Net Zero actions** such as installing charging points or electrifying vehicles.

Appendix- Differences by Size

20 September to 2 October 2022

Industry/Size Band	Low Effort Actions					High Effort Actions				Other		
	Switching to LED bulbs	Adjusting heating & cooling systems	Going paperless	Introducing a cycle to work scheme	Installing a smart meter	Installing charging points	Electrifying vehicle fleet	Insulating your buildings	Installing your own renewable system	Not sure	No actions	Other
All Businesses	53.5%	41.7%	39.8%	20.8%	19.9%	18.1%	16.9%	13.3%	8.8%	12.7%	8.0%	1.5%
10 to 249 employees	54.0%	42.1%	39.6%	18.8%	19.6%	16.2%	14.9%	13.4%	8.5%	11.3%	8.7%	1.5%
250+ employees	49.1%	37.9%	41.1%	39.2%	22.6%	35.6%	35.5%	12.5%	12.4%	25.6%	2.0%	2.1%

- As with sectors, across all sizes, businesses **are more likely to adopt Net Zero actions that are easy to implement** and help improve energy efficiencies.
- **Larger businesses are much more likely than smaller businesses to adopt more significant actions** that require more effort to implement.