

BEST FOOT FORWARD

SMEs have a vital role to play in helping the UK meet its carbon reduction targets. So they'd better be ready for the challenge, says **Kristina Smith**, because more and more clients are relying on these firms to help them shrink their carbon footprint

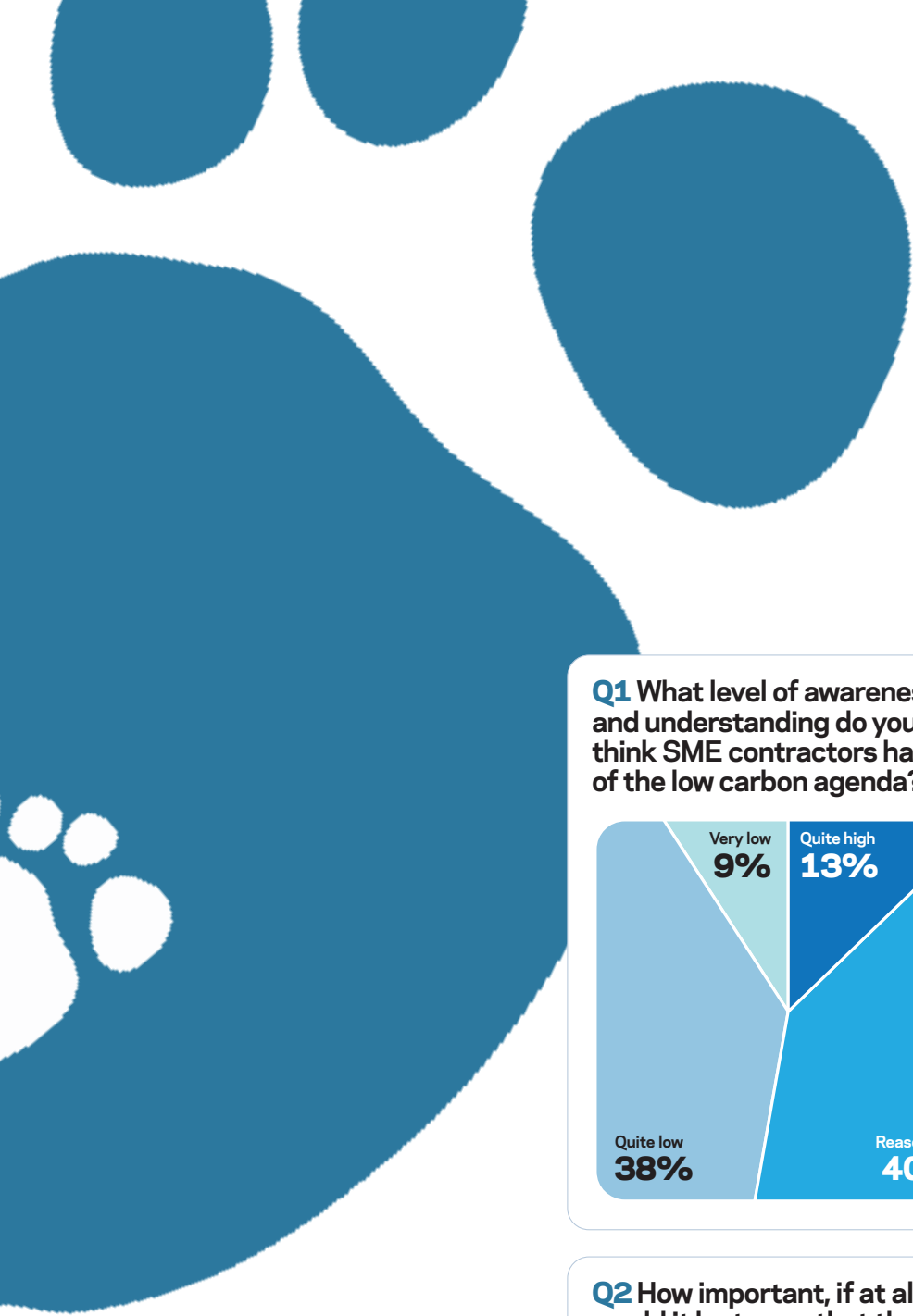
When winning work is tough, and getting tougher, it's vital to do everything you can to impress clients. And knowing what it is they want from a supply chain member is the first step to securing work. One quality rising rapidly up clients' wishlist is environmental knowhow and the ability to help them cut carbon.

Larger firms and main contractors tend already to be on board with the carbon-cutting agenda, and may have carbon reduction plans in place. But SMEs can't afford to lag behind. According to a survey for CITB-ConstructionSkills' new Cut the Carbon campaign, 84% of the 85 public sector clients, corporate end-users and main contractors surveyed see SME contractors' ability to fulfil their low-carbon requirements as essential or very important. And this comes into play when picking which firm to employ, as 50% said an SME's ability to help provide low-carbon solutions was essential or a key consideration when assessing tenders.

So how essential is this, and what can SMEs do to skill up? Building can exclusively reveal the results of the survey and has spoken to a number of major clients about what carbon-cutting credentials can win them over.

Cut the Carbon will be a three-year, industry-wide campaign that aims to raise companies' awareness of the legislation, the timelines and the new opportunities arising from the race to cut the country's carbon emissions by 80% (compared to 1990 figures) by 2050. It will also provide practical support and training to help firms upskill.

It's a big ask, and what the survey found is that clients want help to meet these targets. Clients surveyed for the report said they expect SMEs to reduce their own carbon emissions now and in the future. But as



WHAT IMPRESSES THE CLIENTS

DEFENCE ESTATES

Any contractors looking to bid for Defence Estates' Next Generation Estate Contracts (NGEC) programme had better make sure they can come up with some smart ideas for carbon reduction.

"We are putting sustainable development at the heart of these new contracts, and looking for future suppliers that are prepared to invest and innovate to reduce consumption and waste on the defence estate, in return for a share of the saving," says Mark Grant, head of NGEC contract development.

Defence Estates is now developing the structure and terms of individual contracts. Major contractors are likely to be asked to include regional firms and SMEs in their supply chain as part of the government's sustainable development policy. SMEs that can offer innovative ideas on carbon reduction to the main contractors will clearly be at an advantage.

Defence Estates will soon be inviting expressions of interest for the NEGC which will be worth between £500m and £600m each year.

BAA

"Heathrow has set itself a stretching target to cut carbon from its fixed assets by 34% by 2020 compared with 1990," says Graham Earl, head of climate change at BAA. A large part of the saving needed will come from improving our building stock; our utility infrastructure, and the processes we manage. Ensuring that our suppliers buy into and contribute to this strategy is crucial.

"We would be impressed by suppliers that are focused on bringing us solutions that not only fit with our carbon ambitions but are aligned with our other strategies such as making every journey better for passengers. This means seeking innovative, upstream solutions that negate the need to fix issues down the line - for example, by looking at design features within our buildings that reduce the need for heating and cooling..

"Equally, providing us with innovative proven technologies that deliver real efficiencies, tap into renewable energy sources, and are focused on what we are seeking to achieve will impress us."

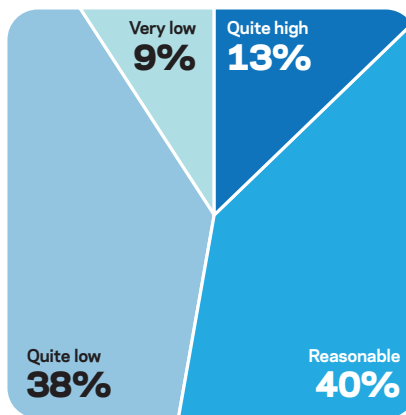
THE MAIN CONTRACTOR

"Hardly any of our suppliers are pushing us in terms of knocking on the door and telling us about things we don't know about," says George Martin, Willmott Dixon's head of sustainability. "Many of them don't understand what sustainability is at first."

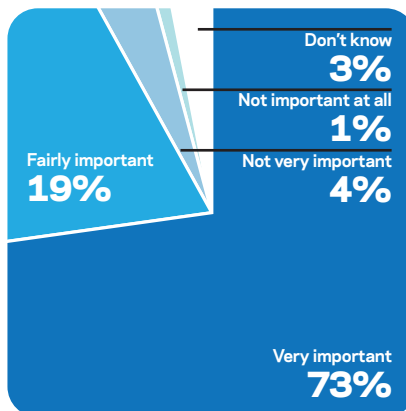
Tier 1 and 2 supply chain members learn about what Willmott Dixon's priorities are with respect to carbon reduction and sustainability. Measuring recycled content is a focus at the moment, says Martin, with embodied energy next on the agenda.

Supply chain members play a vital part in helping deliver low-carbon solutions, says Martin. At the Crouch Hill Community Park in north London, which will be the first zero-carbon, in-use school, ©

Q1 What level of awareness and understanding do you think SME contractors have of the low carbon agenda?



Q2 How important, if at all, would it be to you that the SME builder you employed could officially certify that they were trained to carry out the specific type of work you wanted done?



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well as this, they expect them to help create new-build and refurbishment solutions and look at the embodied energy of the materials they are responsible for.

"SMEs are an integral part of how clients deliver low-carbon solutions; low carbon skills have a direct influence on procurement decisions," says Mike Farrar, chief executive of CITB-ConstructionSkills, which will be running the campaign in partnership with the National Specialist Contractors' Council and the Federation of Master Builders.

But it seems that SMEs have a way to go yet. None of the clients surveyed thought SME contractors had a strong awareness or understanding of carbon-related issues: 13% said awareness was quite high, 40% thought it was reasonable and none thought awareness was very high. However, some are making the effort. Twenty-one per cent thought SMEs were "quite proactive" in driving the green agenda and 22% said they often delivered carbon reduction solutions, with 3% saying they always delivered.

Overall, the report paints a picture of an industry which knows how important carbon reduction is, but doesn't quite know what to do about it yet. Eighty-five per cent of clients thought that the low-carbon agenda was essential, very important or quite important, with that figure rising to 96% when asked about how important it is likely to be in five years' time. Yet only 74% have a low-carbon policy or action plan in place and just 22% are currently asking SME contractors to report on their carbon emissions.

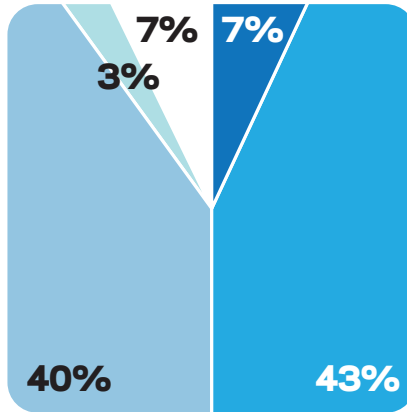
"We have found that if a project requires Code for Sustainable Homes or BREEAM, clients are very interested in cutting carbon. If projects sit outside that, they aren't," says Job Brookes, corporate social responsibility manager for SME contractor Lakehouse, whose client base is 99% public sector. "Much of the work we do is social housing and social housing refurbishments, so looking at carbon reduction should be part of the asset management solutions. It's a lost opportunity."

So what are SMEs, and the industry at large, to do about the low-carbon target?

Collaborative action across the supply chain was flagged up as the action most likely to get results, with 51.3% of the 85 clients surveyed (32 public sector organisations, 31 main contractors and 22 corporate end-users) considering it to be key. The next most important actions were improved delivery through training (40%) and greater leadership from industry bodies (28%).

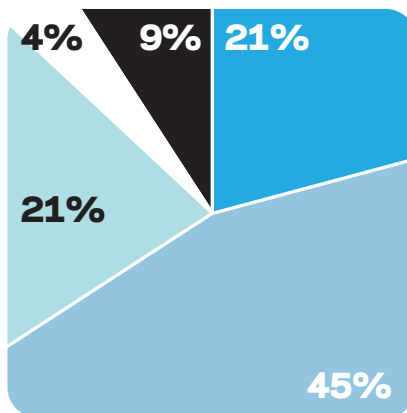
But what can firms do to give clients what they want? Some forward-thinking construction companies (see boxes) have come up with solutions to do their bit for the environment – and win some work in the process.

Q3 To what extent do you take into account the low carbon capabilities of SMEs bidding for construction work?



- It is an essential requirement for all work
- It is a key consideration and frequently influences decisions
- It is sometimes taken into account
- It is rarely taken into account
- It doesn't influence procurement decisions at all

Q4 How actively do you think SME contractors are driving the low carbon agenda?



- Very actively (0%)
- Quite actively
- Not very actively
- Not actively at all
- They are obstructing the agenda
- Don't know

workshops involving suppliers helped tease out the best material, equipment and design solutions.

Clients don't generally ask about the supply chain's sustainability credentials, says Martin: "They would look to us to deliver but they would take no or little interest in our supply chain."

THE MODULAR SUPPLIER

Ian Kemp, business development manager at Caledonian, says: "We've done a lot of work for the Ministry of Defence and it seems that the government has set out its stall and is keeping to its commitment. Certain clients are turned on to it; last year we did a hotel where the developer wanted BREEAM "very good".

"For the last seven years we have been employing a host of measures to reduce waste and cut carbon. Now we divert all our waste from landfill. We have got to grips with measuring our carbon footprint over the last 12 months and are working towards reducing that by 20%. One major contractor we work for has just asked us to start measuring embodied energy, which I think will be a three-to-six month exercise in order to make sure it's auditable.

"Because we supply modular building elements, we can cut down on carbon emissions from transport. On a project for Bovis Lend Lease, supplying modules for 1,935 bedrooms, there was an 82% reduction in travel compared to constructing the buildings traditionally which equates to 1,290 tonnes of carbon."

THE REGIONAL CONTRACTOR

"Our approach to sustainability is very much at the pragmatic end of things: protecting the environment through good housekeeping, using local labour, sourcing local materials and choosing materials that do not harm the environment," says Mark Beard, chief executive of Beard Construction.

"Last year we started recording carbon emissions from our sites and our offices. We have also made a commitment to reduce the volume of waste we send to landfill by 50% by the year 2012. This is also good business practice because not only is waste environmentally damaging, it's a waste of money too. There's a double driver for us there.

"Quite a bit of our work is for local authorities, and they seem keener on looking at ways of reducing their emissions than other clients. They're very interested in our policy on training. We take on four trainees from local schools every year and the fact that local people are finding good quality employment in the towns where they live, rather than having to travel, is important to local authorities because we are giving back to the community.

"Our environmental progress is not the sole driver of our business success, but it's one of the things that make our customers say that Beard stands out from the pack."

ConstructionSkills is delivering a webinar in conjunction with Building on 20 October, on What clients want: contractors with the skills to deliver a low-carbon future. To sign up visit: www.building.co.uk/cut-the-carbon