

Developing an effective energy policy



ENERGY EFFICIENCY

**BEST PRACTICE
PROGRAMME**

June 1996

Developing an effective energy policy

Prepared for the Department of the Environment by

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1 INTRODUCTION AND HOW TO USE THIS GUIDE

Many managers find that their energy and environmental management programmes soon falter or lose direction, despite good intentions at the outset. Other issues compete for attention and resources. Management programmes only succeed in delivering sustainable performance improvement when there is a clear sense of direction.

This Guide supports Good Practice Guide 200 ‘A strategic approach to energy and environmental management’ (GPG 200), which describes the five key steps to effective energy and environmental management. Whether you are just starting or reviewing existing energy policy documents or practices, the Guide will help you tackle the planning step of the strategic approach – how your organisation makes and implements its energy policy. You don’t have to read the whole of the Guide or work straight through it. How you use it depends on how far you have already got in ensuring your organisation has an effective energy policy in place.

If you are just beginning, you may initially only want to use the early chapters. If you have a successful policy in place which you are simply seeking to fine tune, then you may want to

concentrate on the more detailed advice in the latter part of the Guide.

Make sure you use the Guide to your best advantage. Identify your current requirements for advice and guidance on policy making by using the energy policy column opposite. Simply identify which cell in the column best describes your current position.

If you are at **Level 0** or **1**, see the sample energy policy in chapter 4 (page 8) and then read chapters 2 to 5. This may be all you have time for at the moment.

If you are located at **Level 2** or above, use the checklists in chapters 4 and 5 to assess whether your existing policy covers all the issues necessary to match current best practice.

DOCUMENTING YOUR POLICY

Two different kinds of policy document are necessary:

- published statements expressing your organisation’s commitment to improving its energy performance, and
- an in-house document describing the mechanisms required to deliver its commitment, see chapter 2.

Level

Energy Policy

4

Energy policy, action plan and regular review have commitment of top management as part of an environmental strategy

3

Formal energy policy, but no active commitment from top management

2

Unadopted energy policy set by energy manager or senior departmental manager

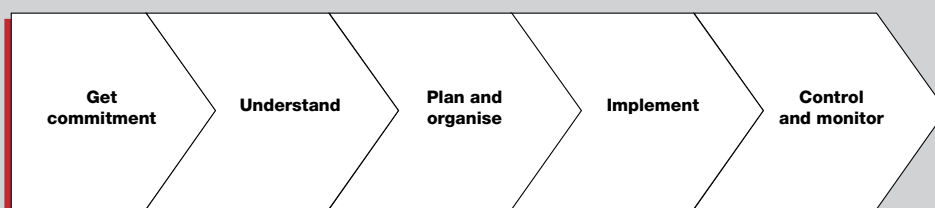
1

An unwritten set of guidelines

0

No explicit policy

A systematic approach is needed for effective energy and environmental management



- Get support from the top.
- Quantify energy usage.
- Identify management strengths and weaknesses.
- Analyse stakeholders needs.
- Anticipate barriers to implementation.
- Develop a policy statement.
- Set objectives and targets.
- Develop detailed action plans.
- Organise roles and responsibilities.
- Initiate priority actions and investments.
- Carry out training and raise awareness.
- Integrate energy and environment into business process.
- Communicate performance.
- Overcome barriers.
- Carry out management audits.
- Review progress.
- Seek continuous improvement.

INTRODUCTION AND HOW TO USE THIS GUIDE

Your published policy should contain:

- 1 a chairman's statement setting out your organisation's commitment, and
- 2 a corporate policy statement, endorsed by your board and specifying your organisation's energy goals and objectives.

Your in-house management document should contain:

- 3 a strategic action plan outlining what has to be done to achieve the objectives, and
- 4 a management system specifying:
 - who is responsible for managing energy in your organisation
 - appropriate reporting and reviewing mechanisms
 - who is responsible for implementing your action plan
 - appropriate milestones for measuring progress.

Each item is necessary. If any item is missing, your energy policy may be formulated and adopted, but it is unlikely to be implemented successfully.

Chapters 6 to 9 will help you to implement and review your energy policy.

WHY YOU NEED AN EFFECTIVE ENERGY POLICY

Having an energy policy is not an end in itself. Gaining top level commitment is the first step in any planned corporate approach to improving an organisation's energy efficiency. Publishing an energy policy is a public statement of your top management's commitment to, and sets performance standards for, improving your organisation's energy performance.

Your energy policy should be formulated with clear and concise goals and objectives which will drive your organisation forward to achieving its overall mission and core objectives. If you can achieve this, you are much more likely to win widespread support for your policy.

The benefits which top management can expect to flow from developing, and effectively implementing, a policy are:

- improved all round business performance
- enhanced market and ethical image
- improved corporate communication
- developed corporate and personal management skills
- a proven mechanism for reviewing energy and environmental management.

THE MAKING A CORPORATE COMMITMENT CAMPAIGN AND ENERGY POLICY

The Department of the Environment has sought to improve energy efficiency in the UK by encouraging companies to sign up to the 'Making a Corporate Commitment' campaign (MACC). The signatories are required to:

- publish a corporate energy policy
- establish an energy management responsibility structure
- monitor and evaluate performance levels
- set performance improvement targets
- increase awareness of energy efficiency amongst employees
- report performance changes and improvements to employees.

You can use the checklists in chapters 4 and 5 to see how well you are doing here.

ESTA'S ENERGY EFFICIENCY ACCREDITATION SCHEME

The Energy Efficiency Accreditation Scheme provides the first opportunity in the UK for an organisation's achievements in energy efficiency to be independently assessed under nationally applied rules. The Scheme was developed by the Energy Systems Trade Association (ESTA) and the Institute of Energy with support from the Department of the Environment. It measures commitment and performance against three criteria:

- management policy and reporting structures
- investment (both actual and planned) in energy efficiency measures
- demonstrated improvement in energy efficiency.

*Department of the Environment,
Making a Corporate Commitment:
Introductory Guide, DOE, London.*

*Energy Efficiency Accreditation
Scheme, Energy Systems Trade
Association, PO Box 16, Stroud,
Glos, GL6 9YB
Tel 01453 886776*

2 PLANNING THE POLICY

The strategic goals of an organisation will only be achieved if driven by tactical action plans that drive a programme forward. Energy and environmental goals necessitate development of a policy which can be used to create detailed action plans, and to allocate resources.

FORMULATING POLICY

Formulating a policy for energy and environmental management can be a long and detailed process. A coherent and effective corporate policy statement provides the foundation to the planning. Successful policies can be recognised as having five key attributes as shown below:

- thrust
- commitment
- applicability
- implementation
- review.

These convey senior management commitment and set performance standards that the organisation is seeking to attain.

The interest generated by the development of the policy statement provides a unique opportunity for raising management awareness generally, and

consolidating senior management commitment.

The signing and distribution of the policy statement itself are also key events, providing photo-opportunities and stories which can be used to communicate important energy and environmental management messages throughout the organisation.

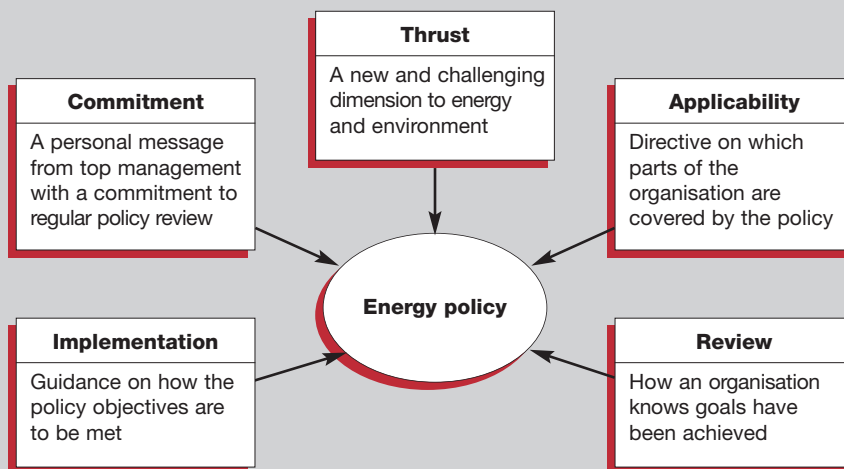
SETTING OBJECTIVES AND TARGETS

In securing senior management commitment, it will have been necessary to identify the potential for improvement and make commitments to achieving particular goals or standards of energy and environmental management.

Objectives may be set out in the corporate policy statement itself, or may need to be developed by local management as a policy requirement. Whatever the case, objectives can be expressed as the desired outcome of a specific policy commitment. Targets have to be realistic, meaningful and achievable under normal operating circumstances.

Once the policy statement has been issued, sets of objectives and targets need to be drawn up for each part of the organisation, to deliver the policy commitments.

A strong energy policy statement conveys top management commitment and sets the performance standards throughout the organisation



PLANNING THE POLICY

Particular attention needs to be given to:

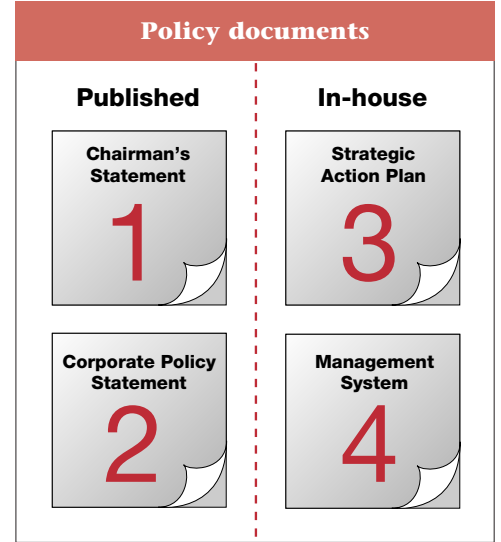
- assessing waste reduction targets and calculating the cost and potential returns on investment
- building on management strengths and identifying and assessing significant gaps in resources
- expressing objectives and targets in ways which provide real incentives for people at all levels in the organisation.

DEVELOPING STRATEGIC ACTION PLANS

Once objectives and targets have been agreed, in-house strategic action plans have to be drawn up which drive the management process forward and define what has to be done on a day-to-day basis. These action plans guide managers on what has to be done to operate effectively. Action plans keep the programme on track, and are used to measure and track the performance of individual managers.

Strategic action plans operate at different levels within an organisation. To be effective they should be accompanied by a management system. Together they should:

- be agreed and approved at the appropriate level of line management, and roll up to the senior manager who is ultimately accountable for energy and environmental management performance



- relate actions to individual objectives and targets which in turn can be traced to specific policy commitments
- assign actions to individuals, with clear deadlines for reporting progress and completion
- indicate the person responsible for approving or signing off the action when it has been successfully discharged
- describe the resources that are available
- facilitate budget negotiations, and confirm adequate budget provisions have been made.

3 GOALS, OBJECTIVES AND TARGETS

Going into more detail, the corporate policy statement should contain: long-term corporate goals, and medium-term objectives.

Many organisations are confused about the difference between these. Each is important but has a different focus and time horizon. The absence of either of them means that your policy is incomplete, less effective in practice, and more difficult to implement. In-house documentation will need to deal with short-term targets.

LONG-TERM CORPORATE GOALS

An organisation’s corporate goals are a summary statement of its commitment to improving its energy performance. This statement of commitment should be present in all energy policies which have received board-level endorsement. The motivations lying behind this commitment – and hence an organisation’s objectives and targets set for delivering it – can be quite different.

In the past, corporate commitment was largely driven by a desire to reduce costs and this may still be the case in your organisation. Increasingly, however, reducing environmental impact is becoming a major driver behind improving energy performance.

So, at the extremes, some organisations define their energy policy entirely in terms of either:

- cutting costs, or
- reducing environmental impact.

More typically, the intentions behind stated corporate goals are likely to be some mixture of these two. It is important for you, and your

organisation, to be clear quite what its intentions and motivations are. Unless these can be clarified, there is a risk that your policy as a whole will be confused, rather than clearly formulated. This may cause problems when you try to implement it, particularly in terms of:

- internal communications – getting it widely accepted across your organisation
- external communications – reporting your environmental performance.

Internally, it may be more difficult to win wide staff support for a corporate goal framed entirely in terms of cost cutting. Such a goal can be successfully achieved (at least in the short-term) without reducing your environmental impact. Externally, this may lead to criticism when you report your environmental performance.

On the other hand, framing energy policy entirely in environmental terms can lead to additional cost burdens without substantial energy savings.

Policy aspects	Time scale	Primary staff involvement
Goals	Long-term	Top and senior managers
Objectives	Medium-term	Middle managers
Targets	Short-term	Operational staff

Examples of long-term corporate goals taken from MACC signatories’ policies

- Commit organisation to responsible energy management.
- Give high priority to energy efficiency investments.
- Promote energy efficiency throughout operations.
- Do everything economically feasible to reduce consumption.
- Minimise CO₂ emissions.
- Minimise environmental impact.
- Promote use of sustainable energy resources.
- Use renewable energy wherever possible.

GOALS, OBJECTIVES AND TARGETS

MEDIUM-TERM OBJECTIVES

The medium-term objectives are more precise than the long-term goals. They show how your organisation plans to progress towards such goals over the next two to five years.

The nature of your medium-term objectives depends on the motives and intentions underlying your corporate goal. Stated objectives can be many and various. They may be focused on:

- strategy – integrating energy policy into environmental management
- management – improving the delegation of responsibility and authority for energy consumption or for improving energy efficiency
- finance – reducing energy expenditure by changing fuels or tariffs, or improving efficiency
- environment – minimising CO₂ emissions, reducing consumption of fossil fuels, or exploring clean technologies/renewable energy sources
- consumption – monitoring and evaluating performance over time
- operations – increasing profitability through energy efficiency, and reducing energy expenditure per product unit or service delivered
- resources – identifying funding and/or manpower requirements for managing energy consumption effectively
- investment – identifying energy efficiency measures with particular payback periods, and making investment appraisals
- awareness and training – increasing staff awareness or delivering induction or in-service training to key personnel
- publicity and promotion – broadcasting activities and achievements, both internally and externally, especially through environmental reporting.

Examples of medium-term objectives taken from MACC signatories' policies

- Create and maintain high profile for energy management.
- Publish corporate energy policy.
- Reduce financial cost of energy consumption by $x\%$ of $\pounds y$ over (say) five years.
- Reduce environmental impact of fuels used by reducing our emissions of y tonnes of CO₂ by $x\%$ over (say) five years.
- Reduce consumption of energy by $x\%$ of y units of energy delivered over (say) five years.
- Monitor and evaluate performance levels.
- Set and publish performance improvement targets.
- Report performance changes and improvements annually.
- Increase staff awareness.
- Motivate staff to use energy efficiently.
- Adopt good housekeeping practices.
- Make business managers responsible for energy consumption.
- Introduce site induction and training programmes.
- Nominate employees to act as departmental energy officers.
- Provide practical advice on energy management to staff.
- Adopt effective energy procurement policy.
- Review tariffs and energy supply contracts.
- Establish an energy management structure.
- Concentrate on low cost/quick return measures.
- Identify all cost-effective energy efficiency measures.
- Establish a monitoring and targeting system.
- Provide regular management reports on costs and consumption.
- Establish a budget for investing in energy efficiency.
- Improve energy efficiency of existing buildings.
- Procure energy efficient design of new buildings.
- Conduct site energy audits.
- Invest 1-10% of energy spend on energy efficiency measures.
- Use maximum payback period of three to eight years.

GOALS, OBJECTIVES AND TARGETS

The objectives you set need to reflect your long-term corporate goals, and are usually expressed as a percentage improvement in your energy performance, measured in ways such as:

- reduced expenditure (x% of £y)
- reduced consumption (x% of y units of energy delivered)
- reduced emissions (x% of y tonnes of CO₂ emitted).

Whatever is chosen should not be an arbitrary figure, but one reasonably assessed from an overall understanding of energy use and management in an organisation.

Some organisations commit themselves to making absolute improvements in their energy performance. This means that, regardless of whatever else has happened, expenditure/consumption/emissions should be less than at the start. Others opt instead for trying to achieve relative improvements, reducing expenditure/consumption/emissions in relation to some other performance indicator, eg cost/unit of production.

You can also set objectives for measuring your management of energy consumption in a host of different ways, such as:

- percentage of annual energy expenditure invested in reducing consumption
- achieved rate of return on investments in improving energy efficiency
- number of key personnel given energy training
- measured increase in staff awareness of energy/environmental issues.

SHORT-TERM TARGETS

Your in-house documentation should contain:

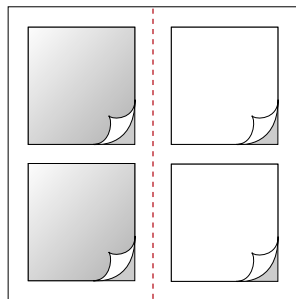
- a strategic action plan, with targets for year-to-year progress towards your long-term corporate goals and your medium-term objectives
- a management system, with details of who is responsible for what.

The short-term targets will certainly need to have assessed how to deal with short-term changes such as warmer/colder years, smaller premises with more staff per unit area, or even changing means of measurement.

Examples of short-term targets taken from MACC signatories' policies

- Reduce costs by x% in 12 months.
- Reduce consumption by y% in 12 months.
- Reduce CO₂ emissions by z% in 12 months.

4 SAMPLE ENERGY POLICY



Insert statement explaining how your organisation's goals for energy and environmental management will drive it forward towards achieving its mission statement

If you don't already have an energy policy, you can use the samples in this section as templates to produce your own. If you already have a policy, go instead to the checklists in this chapter and chapter 5 to assess how well it measures up to current best practice.

CHAIRMAN'S STATEMENT

Mission statement

..... (insert if appropriate)

Statement of commitment

We are corporately committed to (delete as appropriate):

- a** reducing our energy costs
- b** increasing our energy efficiency (energy consumed per unit of production or service delivered)
- c** reducing our emissions of CO₂
- d** reducing our consumption of finite fossil fuels
- e** increasing our use of renewable energy
- f** investing in clean, energy efficient technologies
- g** reducing all environmental impact arising from our consumption of energy.

We publish our objectives, quantified targets, and annual progress so that the success of our corporate commitment is open to public scrutiny.

Improving on past performance

Over the past 5/10 years (delete as appropriate):

- a** our energy costs have increased/decreased by x%
- b** our energy efficiency has increased/decreased by x%
- c** our emissions of CO₂ have increased/decreased by x%
- d** our consumption of fossil fuels has increased/decreased by x%
- e** our consumption of renewable energy has increased/decreased by x%
- f** our investment in clean, energy efficient technologies has increased/decreased by x%.

We are committed to reversing/reinforcing/accelerating this trend/these trends through a strategic action plan which will be reviewed for progress and updated each year.

Support for voluntary initiatives

We are also committed to supporting voluntary initiatives designed to increase energy efficiency. We have joined/commit ourselves to joining the Department of the Environment's *Making a Corporate Commitment* campaign and have joined/ commit ourselves to joining ESTA's *Energy Efficiency Accreditation Scheme*.

Chairman's signature Date

SAMPLE ENERGY POLICY

CORPORATE POLICY STATEMENT

Long-term corporate goal(s)

Our long-term corporate goals are to (delete as appropriate):

- a** reduce our energy costs
- b** increase our energy efficiency
- c** reduce our emissions of CO₂
- d** reduce our consumption of finite fossil fuels
- e** increase the proportion of renewable energy compared to fossil fuels
- f** increase our investment in clean, energy efficient technologies
- g** reduce all environmental impacts arising from our energy consumption as far as is practical, consistent with the operational needs of our activities.

Medium-term objective(s)

Our medium-term objectives, over the next five years, are to (delete as appropriate):

- a** decrease our energy costs by y%
- b** increase our energy efficiency by y%
- c** decrease our emissions of CO₂ by y%
- d** decrease our consumption of fossil fuels by y%
- e** increase our consumption of renewable energy by y%
- f** increase our investment in clean, energy efficient technologies by y%.

Endorsed by the board Date

Checklist

If you already have an energy policy, you can use this checklist to assess whether it covers all the issues necessary to match current best practice.

Cross off all those issues already covered by your policy and identify any that have yet to receive attention.

PUBLISHED ENERGY POLICY

Chairman's statement

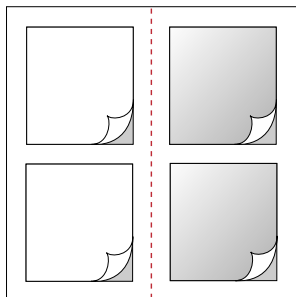
Tick as appropriate

- states full range of corporate commitments made
- acknowledges environmental impact of consumption, especially CO₂ emissions
- promotes use of clean technologies/renewable energy
- identifies past performance and commits to improvement
- shows support for voluntary initiatives

Corporate policy statement

- specifies full range of long-term corporate goals
- states medium-term objectives

5 IN-HOUSE MANAGEMENT



You need a documented in-house management system to help you to implement and review your energy policy effectively. This should comprise both a strategic action plan and detailed management aspects along the lines shown below and continued on the next page. It should contain explicit statements about who will do what and when to bring about the progress you are seeking in improving your organisation's energy performance. The formality of the document for these issues depends on:

- the size of your organisation – the degree of formality suggested below may be unnecessary in small organisations (<50 staff)
- your organisation's corporate culture – this degree of formality may also be misplaced in organisations which are not highly structured (see chapter 6).

Even if you don't choose to formalise these issues in a document, you do need to make your organisation address them explicitly if you are to implement successfully any policy it adopts.

In-house management system

STRATEGIC ACTION PLAN

In order to achieve the published objectives in our corporate policy statement, the actions to be taken within the next 12 months to gain control over and/or reduce consumption are *(complete as appropriate)*:

- a
- b
- c
- d

The individuals responsible for implementing these actions are:

- a
- b
- c
- d

The resources allocated for undertaking these actions are:

- a
- b
- c
- d

The start and finish dates for actions are:

- a
- b
- c
- d

The interim milestones for measuring progress on these actions are:

- a
- b
- c
- d

IN-HOUSE MANAGEMENT

In-house management system

MANAGEMENT SYSTEM

Corporate responsibility for managing energy as a resource is delegated to:

..... (name individual or group)

..... (the above named individual/group)
is accountable to

..... (specify as appropriate) for discharging
this corporate responsibility.

Individual responsibility for controlling energy consumption, arising from specific organisational activities, is assigned to:

- a (specify activity) (name individual or group)
- b (specify activity) (name individual or group)
- c (specify activity) (name individual or group)
- d (specify activity) (name individual or group)

Individual responsibility for paying for energy consumed, arising from specific organisational activities, is assigned to:

- a (specify activity) (name individual or group)
- b (specify activity) (name individual or group)
- c (specify activity) (name individual or group)
- d (specify activity) (name individual or group)

Responsibility for delivering advice and guidance on how consumption and expenditure should be managed is assigned to:

..... (name individual or group)

The formal channels of communication to be used for dealing with energy management issues are:

..... (specify as appropriate)

The arrangements for reporting energy performance, including activities undertaken to reduce consumption, are:

..... (specify as appropriate)

The period(s) over which energy performance will be reviewed are:

..... (specify as appropriate)

The arrangements for auditing performance (as part of environmental reporting procedures) are:

..... (specify as appropriate)

- a Board member
- b Special task force
- c Existing committee, eg environment
- d Nominated individual

- a Business director
- b Departmental head
- c Budget holder
- d Team leader
- e Nearest end user

- a Business director
- b Departmental head
- c Budget holder
- d Finance director
- e Premises manager
- f Energy manager

- a Special task force
- b Environmental manager
- c Energy manager
- d Premises manager
- e External contractor

- a Normal line management
- b Direct to special task force
- c Direct to committee
- d Direct to nominated individual

- a Annual reports to board
- b Quarterly reports to committee
- c Monthly reports to line manager
- d Monthly reports to budget holders
- e Published annual environmental report

- a Quarterly internal departmental review
- b Annual in-house corporate review
- c External third party review every 3 to 5 years

- a Audit conducted by those responsible for saving energy
- b Audit conducted by other in-house staff
- c Audit conducted by external third party

IN-HOUSE MANAGEMENT

CHECKLIST

As with the published policy document, you can use this checklist to assess completeness of contents.

Your in-house management system document should be updated annually

IN-HOUSE MANAGEMENT DOCUMENT

Strategic action plan *Tick as appropriate*

sets out actions to be taken and links them to targets	<input type="checkbox"/>
specifies who is going to take them	<input type="checkbox"/>
lists the resources allocated for undertaking them	<input type="checkbox"/>
defines start and finish dates	<input type="checkbox"/>
designates milestones for measuring progress	<input type="checkbox"/>

Management system

delegates corporate responsibility for managing energy as a resource	<input type="checkbox"/>
specifies accountability for discharging corporate responsibility	<input type="checkbox"/>
assigns individual responsibilities and authority for controlling energy consumption across organisation	<input type="checkbox"/>
allocates responsibilities to individuals for paying for consumption	<input type="checkbox"/>
assigns responsibility for delivering advice and guidance on how consumption and expenditure should be managed	<input type="checkbox"/>
specifies formal channels of communication for dealing with energy management issues	<input type="checkbox"/>
defines arrangements for reporting energy performance, including activities undertaken to reduce consumption	<input type="checkbox"/>
designates period(s) over which energy performance will be reviewed	<input type="checkbox"/>
identifies arrangements for auditing performance (as part of environmental reporting procedures)	<input type="checkbox"/>

6 CORPORATE CULTURE AND ENERGY POLICY

What does corporate culture have to do with writing and adopting an energy policy? Managing energy consumption is not just a technical issue that can be confined to premises or maintenance staff. Improving energy efficiency cuts right across an organisation. To achieve lasting savings, you have to gain the support and cooperation of many people – from the board to office cleaners.

ENERGY POLICY AND CORPORATE CULTURE

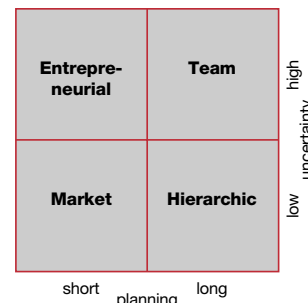
Introducing an energy policy into your organisation may require radical changes – in terms of attitudes to the environmental impact of your organisation’s activities and in everyday patterns of behaviour. So

it isn’t sufficient just to write a policy. You also need to engineer its acceptance at all levels in your organisation. To do this successfully you need to understand its corporate culture.

For simplicity, we suggest a model of just four corporate cultures, as illustrated.

APPROACHES TO ENERGY POLICY

The table below summarises how energy managers from 20 ‘leading edge’ organisations with different corporate cultures, in the private and public sectors, described how they approached devising and implementing a policy.



The diagram above shows one way of classifying corporate cultures. It has come out of the work on management development over the last few decades. The idea is that you assess your organisation by answering yes or no to two simple questions.

- Does it thrive on risk-taking?
- Does it take a long-term view?

	Entrepreneurial	Team	Hierarchic	Market
Initiative	Charismatic leader	Ground swell from staff	Perceived external threat	Middle management, with board backing
Slogan	'Stand up and be counted'	'Create a shared feeling of ownership'	'Safe rather than sorry' compliance with regulations	'As good or better than our competitors'
Champion	Director as champion	Steering committee	Key individual	Middle managers
Input	From relevant heads of departments	Local working groups	Sub-committee	Delegated 'going green' task force of middle managers
Objectives	Reduce business costs and environmental impact and improve market position	Improve well-being of organisation and staff	Safeguard existence through gradualist improvement	To improve market position
Targets	Set by technical staff	Widely agreed by all staff as achievable	Formally set by sub-committee and ratified from above	Measurable performance related targets set by task force
Responsibility for policy	Senior individual	Tough but agreeable senior manager	Line management structure	Task force
Responsibility for usage	Departmental heads	Each and every member of staff	Usually premises staff	Budget holders
Motivation	Support corporate position	Involve staff through recognition of their group achievements	Promotional campaigns. Praise for those taking action	Performance related pay
Reporting	User friendly monthly reports	Feedback through local working groups	Tailored information provided on a need-to-know basis	Existing reporting to middle managers, broad statement to board
Marketing	Glossy annual report to all staff, customers and general public	Annual report to all shareholders	Annual report	Environmental report, audited externally to ensure honest disclosure
Support	Staff training in corporate attitudes/behaviour	Appropriate training and resources allocated	Formally established procedures	Staff awareness training in performance achievement

CORPORATE CULTURE AND ENERGY POLICY

IDENTIFYING YOUR OWN CORPORATE CULTURE

How would you describe the organisation you work for? Is it a high-tech company concentrating on innovation and growth? Or is it an established concern that rewards productivity and personal achievement? Is power concentrated at the top or are staff involved in decision making?

The table below has been devised to help you understand your culture.

Tick one box in each row of the table and then sum the ticks in each column. The highest scoring column indicates your dominant corporate culture.

Culture A – Entrepreneurial

If you work in an entrepreneurial culture, its distinguishing characteristic is innovation and growth. It is outward looking, planning is short-term and there is a high tolerance of risk. Leadership is charismatic. The structure is flexible and control is often still in the hands of the ‘founder members’.

Culture B – Team

Teams are characterised by participation and cooperation. Their focus is inward and staff oriented. Planning is long-term, and risk is tolerated. Leadership is supportive, and the structure resembles a cooperative in which staff are motivated by collaboration. Authority tends to be vested in meetings rather than in individuals.

Culture C – Hierarchic

In a hierarchic culture there is a much stronger emphasis on structure and control. The main objective is organisational survival. Planning is medium-term, and there is a much stronger need for security and certainty. Leadership is conservative, authority tends to be vested in rules, and there are long established customary ways of doing things.

Culture D – Market

Finally in a market culture there is a strong emphasis on productivity, competence and achievement. Attention is focused on the market and the competitors’ position in the market. Planning is more responsive and short-term. Leadership and authority are delegated to departmental heads who have to meet performance targets.

CULTURAL MIX

In practice, most organisations contain a mixture of cultural characteristics. Knowing more about the particular culture you work in can help you understand how best to go about devising and implementing an energy policy.

	Culture A	Culture B	Culture C	Culture D
Characteristic	innovation growth <input type="checkbox"/>	participation cooperation <input type="checkbox"/>	structure control <input type="checkbox"/>	productivity achievement <input type="checkbox"/>
Focus	anywhere outside <input type="checkbox"/>	staff orientated <input type="checkbox"/>	organisation orientated <input type="checkbox"/>	towards competitors <input type="checkbox"/>
Planning	very short-term <input type="checkbox"/>	long-term <input type="checkbox"/>	medium-term <input type="checkbox"/>	short-term <input type="checkbox"/>
Risk tolerance	tolerate high risk <input type="checkbox"/>	tolerate uncertainty <input type="checkbox"/>	needs certainty <input type="checkbox"/>	prefer predictability <input type="checkbox"/>
Leadership	charismatic <input type="checkbox"/>	supportive <input type="checkbox"/>	conservative <input type="checkbox"/>	managerial <input type="checkbox"/>
Structure	flexible <input type="checkbox"/>	cooperative <input type="checkbox"/>	rigid <input type="checkbox"/>	cost centres <input type="checkbox"/>
Authority	personal <input type="checkbox"/>	meetings <input type="checkbox"/>	rules <input type="checkbox"/>	delegated <input type="checkbox"/>
TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

7 FORMULATING POLICY

When you first start preparing a policy, there are four crucial questions you need to ask.

- What format should your policy documents take?
- What should they contain?
- How should this be decided?
- Who should be involved in making these decisions?

While the relevance of the first two questions may seem obvious, the importance of the last two is often not so evident. If your policy is to be adopted by your organisation, as well as implemented effectively, then all four need to be given serious thought. There is little point in possessing:

- a well-implemented policy which suffers from being poorly conceived
- a clear and cogent policy which isn't adopted because it doesn't win backing from above
- a well-presented policy, endorsed from above, which isn't applied in practice because it doesn't win sufficient support from the rest of your organisation.

Time spent thinking about how to avoid these pitfalls will not be wasted.

SEEKING SUPPORT

Each of your policy documents requires a different level of endorsement. As its name implies, your chairman's statement needs to be signed at the highest level – by your chairman, MD or chief executive.

Your corporate policy statement needs the full endorsement of your board. Depending on your corporate culture, you may also want to seek wider support. Since it is intended for public circulation, it may need input from your marketing, public relations, or publications departments, if you have them.

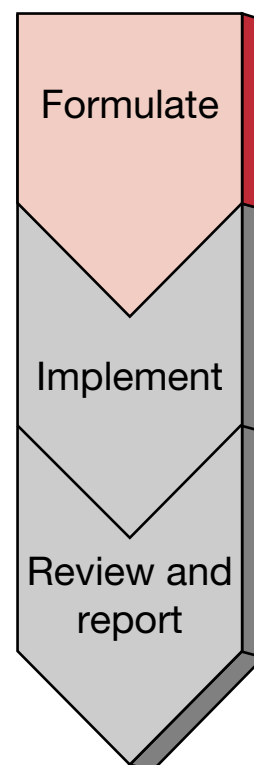
Your management system is part of in-house working documents. But its presentation still needs careful consideration, especially if you intend to give it wide internal circulation to ensure that all members of staff know:

- what your organisation is trying to achieve
- where responsibility rests
- what is expected of them as individuals.

ADOPTING AN APPROPRIATE FORMULATION PROCESS

The process you use to formulate your policy, especially to decide on its contents, will be influenced by the corporate culture of your organisation. How is policy usually formulated in your organisation? Is it initiated from the 'top down' by your board with a specific senior manager authorised to formulate it and oversee implementation? Or does the pressure for change grow from the grass roots, with policy emerging from consensus built through all-inclusive discussions? Or does your board start the ball rolling and then expect middle managers to pick it up and deliver the finished product?

Depending on your corporate culture, you may need to consult widely about what your objectives and targets should be, or you may just need to agree them with the charismatic authority figure who leads your organisation. Whatever process you use, you need to ensure that any objectives set enhance and advance, rather than undermine, your organisation's core business – or you won't get the backing you need from the top. Likewise, any targets set have to be realistic and realisable – and be seen to be so – or you won't get the support you need from the rest of your organisation.



FORMULATING POLICY

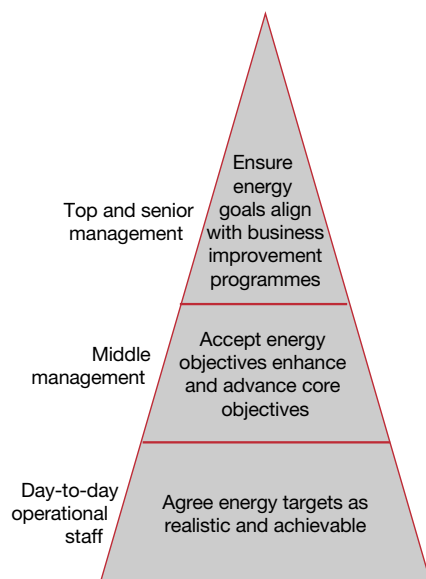
Corporate Culture	Appropriate Formulation Process
Entrepreneurial	Top down
Team	Bottom up
Hierarchic	Top down
Market	Top down and middle out

INVOLVING OTHERS IN POLICY MAKING

Regardless of your organisation’s corporate culture, don’t try to make policy on your own; you won’t be able to implement it by yourself. No one individual can expect to improve an organisation’s energy performance acting alone.

Whether your policy is best formulated from the ‘top down’, the ‘middle out’, or the ‘bottom up’, everyone in your organisation needs to have some stake in it to increase your chances of delivering it successfully. The policy formulating stage is the right time to start:

- building the alliances
- winning the backing
- generating the involvement and enthusiasm needed to implement your policy effectively.



Differing types of commitment

BUILDING CORPORATE COMMITMENT

Gaining real corporate commitment – if this is to have any practical impact – means winning support right across your organisation, from top to bottom, and from core business sections through peripheral support services to external contractors. If you are charged with formulating policy, then you are also responsible for building this range of commitment – even before the policy is implemented.

The commitment of top and senior management should be sought to ensure that energy policy goals align with any business improvement programmes underway or planned. Middle managers need to be convinced that pursuing energy objectives will enhance and advance their ability to deliver your organisation’s core objectives. Operational staff must agree that energy targets are both realistic and achievable.

8 IMPLEMENTING AND REVIEWING POLICY

So far this Guide has dealt with how to prepare your policy. From here on, it focuses on how to put your policy into practice. This chapter deals with the tactics and procedures needed to ensure the policy is adopted, endorsed and implemented throughout your organisation and how it is to be reviewed.

GETTING POLICY ENDORSED

Regardless of your corporate culture, it is important to get your policy adopted and endorsed. How you should go about getting it adopted, and whose endorsement is necessary, varies from culture to culture.

Operating formally – to ensure that policy is adopted via the correct channels and proper procedures – is important in hierarchic organisations but less so elsewhere. Ensuring that policy is formally endorsed by the board is essential in hierarchic and market organisations, but formal endorsement at this level alone is not enough in the market organisation. Here, acceptance by middle managers, who are expected to put policy into practice, is equally necessary. In a team culture, adoption and endorsement may need to be sanctioned by general agreement, but it may be unnecessary to do this formally. In an entrepreneurial organisation, you may just need to operate informally to get the backing of key, charismatic individuals.

Whichever of these routes is most appropriate in your circumstances, you still need to make staff throughout your organisation feel they have a stake in the policy and its successful implementation. How you build this commitment depends on your corporate culture. You may need to do so through formal meetings, or you may be able to do so informally, through face-to-face contact on the job. Don't forget to use existing mechanisms – departmental or team meetings, training sessions, newsletters or in-house journals, notice boards – first to explain what is being proposed and then to keep people up to date.

This type of management system isn't appropriate for every organisation. Whether it will suit yours depends on:

- your organisation's size
- its corporate culture
- its energy spend.

If your organisation is large, and especially if its structure is highly formalised too, then you may well need to adopt an explicit 'management system' of this kind. However, if your organisation is small, or its structure and way of operating are highly informal, then doing so will run the risk of 'overkill'. Before making proposals about what should be done on this front, think carefully about what would be most appropriate in your circumstances.

REVIEWING PERFORMANCE

Once its policy is in place, your organisation needs to check periodically on what progress is being made towards meeting goals and objectives and achieving targets. The intervals at which these checks are made should be spelt out in your in-house delivery system document. So too should the procedures to be used for making them. There are three different types of check your organisation can make. It is helpful to keep them clearly separate by labelling them as:

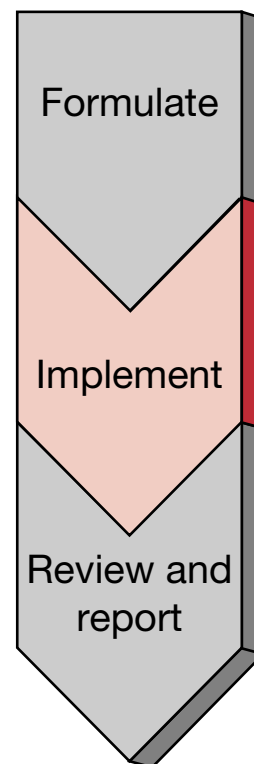
- 1 monitoring
- 2 reviewing and
- 3 auditing.

Each of these:

- operates over a different time-scale
- has a distinct purpose
- is (ideally) undertaken by different people.

MONITORING CONSUMPTION

Monitoring is undertaken to observe and record your energy consumption over time, at regular and frequent intervals. This may be achieved continuously and automatically, using some form of electronic data-logging equipment. Or it may be



IMPLEMENTING AND REVIEWING POLICY

done manually and intermittently, for example, by key staff reading meters at set times.

The purpose of monitoring is to observe the amount of energy your organisation is consuming, so that corrective action can be taken promptly should consumption rise or fall unexpectedly. Many organisations use computer-based monitoring and targeting systems to try to ensure that their consumption stays within prescribed limits (targets) over specific periods of time (usually monthly).

Operating such systems, and providing regular feedback to budget holders on their consumption, is typically undertaken by the in-house staff or the external contractor responsible for managing an organisation’s consumption of energy.

REVIEWING PROGRESS

Quite separately from monitoring consumption, your organisation needs to examine what progress it is making towards achieving its:

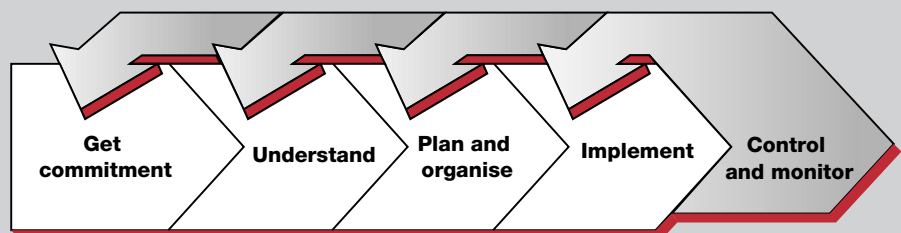
- long-term corporate goals
- medium-term objectives
- short-term targets.

To do this effectively, it needs procedures for reviewing what has been done.

Reviewing is usually an internal process, undertaken to report progress against the milestones specified in the detailed version of the action plan in your delivery system document. The interval between such milestones should suit the action being taken. It should not be more than 12 months and, for most purposes, need not be more frequent than once a quarter.

Information about progress against each item in the action plan should be provided by the in-house staff or external contractor with delegated responsibility for carrying it out. Progress should be reported, through the line management structure specified in your delivery system document, to your board – with formal reporting at least once a year.

Effective control and monitoring provides the vehicle for feedback and continuous improvement



- Reaffirm commitment.
- Identify changes in stakeholder needs.
- Revise policy.
- Reset objectives and targets.
- Refine action plan.
- Reallocate roles and responsibilities.
- Re-prioritise investments.
- Improve or rerun training.
- Rethink business integration and barriers to implementation.
- Revamp audit process.
- Improve distribution of audit findings.

IMPLEMENTING AND REVIEWING POLICY

Annual reporting is essential if the board is to discharge its corporate responsibilities. It should use this annual report as the opportunity to decide whether:

- adequate progress is being made towards its long-term corporate goal(s)
- medium-term objectives or short-term targets need to be altered
- the action plan needs to be updated or revised
- the resources allocated for improving the organisation's energy performance are sufficient.

Accordingly, three different sets of people are involved in reviewing an organisation's energy performance:

- the board as a whole – especially the board member responsible for environmental management
- the line managers responsible for overseeing environmental and energy/environmental management activities
- the particular staff responsible for delivering specific items of the action plan.

AUDITING PERFORMANCE

Your organisation may also need to audit its energy performance. The pressures to do so come from two different quarters:

- the growth in contracting out the management of energy consumption
- the rise of environmental management and reporting.

There is no legal requirement for an audit of energy performance, but there are strong voluntary pressures to move in this direction arising both from BS 7750 and the EC's Eco-Management and Audit Scheme (EMAS).

BS 7750 requires that organisations which adopt the Standard must have an environmental management system certified by an organisation

accredited by the National Accreditation Council for Certification Bodies. Their progress towards meeting their stated environmental objectives also has to be audited. Under EMAS, registered organisations have to submit their environmental management systems and environmental performance to external audit at least every three years, and publish information about environmental performance.

Publishing a report on your energy consumption

To match current best practice, coverage of energy policy in a published environmental report needs to include:

- a statement of your organisation's long-term corporate goal
- your medium-term (two to five year) objectives for reducing energy consumption and/or CO₂ emissions
- disclosure of whether you are proceeding on target
- details of last year's consumption – broken down by use (eg transport, buildings and processes) and by fuel (eg gas, oil, electricity, coal, renewables) as appropriate
- a record of your historic consumption, ideally over the previous decade – by cost, units consumed, or CO₂ emissions – as appropriate
- your level of investment in reducing consumption, expressed as a percentage of annual expenditure on energy
- identification of any voluntary initiatives, such as the MACC campaign or ESTA's Energy Efficiency Accreditation Scheme, in which your organisation is participating.

CASE STUDY EXAMPLES

The following case studies provide specific examples of the place of energy policy in environmental management in widely differing organisations. They offer an insight into how leading organisations have responded to integrating information on energy performance into their environmental reporting procedures.

9 CASE STUDIES



'The Body Shop's long-term aim is to become an environmentally sustainable business'

Board of Directors,
The Body Shop International



'... progress [is] being made. We are now nearly 30% more energy efficient on our Watersmead [production] site compared to 1991/92'

'We will work towards replacing what we must use with renewable resources.'

THE BODY SHOP INTERNATIONAL PLC

Over the past 19 years, Anita Roddick has built a reputation for The Body Shop as the high street retailer with a strong environmental commitment. This is expressed not only in the use of natural ingredients in The Body Shop's products but through its policy of 'Trade not Aid' when trading with communities in need, primarily in developing countries. Despite heading a company which is expanding globally, Roddick as chief executive still strives for 'a sense of intimacy and humanness' in the way the business is run. Above all, The Body Shop is willing to stand up and be counted. It aims, as one of its slogans says, to 'Walk the Talk' – to put its environmental and ethical ideals into practice, to close the gap between aspiration and reality.

The Body Shop's environmental policy

The Body Shop's international business is the manufacture and retailing of skin and hair care preparations and cosmetics. It prides itself that its business policies are defined by the company's core values:

- care for the environment
- concern for human rights
- opposition to the exploitation of animals
- fair trade.

It has a 10 point environmental policy. In summary, this requires

- 1 thinking globally and acting locally through staff, franchisees, subsidiaries and suppliers
- 2 achieving excellence through sound environmental management, good housekeeping, and good sense
- 3 searching for sustainability to achieve a fairer and safer world for future generations
- 4 managing growth with business decisions guided by their environmental implications as much as by economics
- 5 managing energy – working towards replacing what it must use with renewable resources
- 6 managing waste through a four-tiered approach – reduce, reuse, recycle, with disposal as the last resort

- 7 controlling pollution by reducing emissions to negligible levels
- 8 operating safely by minimising risks to staff, customers and the community
- 9 obeying the law at all times and reporting difficulties without delay
- 10 raising awareness through continuous education for staff on environmental issues and through public disclosure of environmental assessments.

Progress in implementing this policy is signalled through publishing an annual environmental report. This uses energy consumption as one of the key indicators of the company's environmental performance.

Energy policy and practices

Managing energy is treated as an integral part of the company's approach to environmental management. Because of the problems of global warming, acid rain, and nuclear energy, it aims to achieve the highest possible energy efficiency in its operations. To minimise energy use, it maintains a high level of awareness of the need for energy efficiency among staff and managers through training and strategies for promoting energy awareness and conservation.

- Equipment is specified or purchased if it is the most energy efficient available.
- Energy use by individual facilities and departments is monitored on a regular basis with results reported to appropriate managers and staff.
- Eventual energy self-sufficiency is being pursued so use of renewable energy and non-fossil fuels is given a high priority when opportunities arise.
- Where reviews and audits demonstrate potential savings, targets are set to increase energy efficiency and raise staff awareness.

The Body Shop committed itself to improving the energy efficiency of its UK shops by 5% compared with 1993/94 by 28 February 1995. This was on top of a 10% improvement achieved in the previous year.

CASE STUDIES

Policy formulation and implementation

The energy policy was formulated by the company's ethical audit department. The policy was then endorsed at board level. Serious consideration was given, throughout this process, to ensuring that the policy matched the company's culture.

Responsibility for implementing the policy is distributed across all departments which report, through the ethical audit department, to the board. Consumption is monitored as part of the environmental auditing process. Targets are set and each department is accountable for its own performance. Consumption data is developed on a weekly basis and reported monthly, against yearly information, to heads of departments.

Performance reviews

Each year, internal audits of energy performance are made jointly by the ethical audit and engineering departments. Every two to three years, these are supplemented by audits conducted by external consultants. This process has led to a 30%

improvement in energy efficiency against products made. Auditing has also made the company look seriously at using renewable energy in the form of wind power.

Performance data is published in the company's annual environmental report. This is used to communicate on environmental issues with staff and shareholders, franchisees and customers, right across the company's global structure.

Current state of energy management

To date, The Body Shop's organisational profile has only been drawn on the energy management matrix by the Watermead site energy manager. The company has expressed interest in using the matrix more formally across the whole of its manufacturing and retail organisation. It is considering introducing it into their formal environmental auditing process. This would allow independent verification in line with their principled approach to environmental reporting.

'We believe that public disclosure of environmental performance is a vital prerequisite for more sustainable operations in industry'

No time to waste, The Green Book 3,
The Body Shop 1993/1994
Environmental Statement,
Littlehampton, West Sussex.

*1995, Good Practice Guide 167
DOE Organisational aspects of
energy management: a self-
assessment manual for managers.*

CASE STUDIES

**BAA PLC**

BAA owns and operates seven airports in the UK, ranging in size from Southampton, a small regional facility, to Heathrow, the world's busiest international airport. Together they account for 72% of UK passenger traffic and about 82% of air cargo. Since it was privatised in 1987, the company has more than doubled its turnover and increased profits by 130%.

BAA prides itself on being a customer-driven business, constantly improving the cost and quality of its services and the productivity of its employees. It aims for pre-eminence in world air transport. Despite determined competition from commercial rivals, Heathrow remains the world's principal aviation hub with a take-off or landing every 90 seconds at peak times.

BAA's environmental policy

BAA has a published environmental policy setting out its own standards and goals. Its approach to environmental management is via targets for reducing the effect of its operations on the environment. Whilst acknowledging the environmental impact of airports as inevitable, the company's stated priority is to strive to reduce these where possible.

It follows six guiding principles:

- 1 to develop and promote environmental standards throughout the business
- 2 to ensure compliance with standards for
 - noise
 - air and water quality
 - waste management, and
 - energy use
 and regularly to monitor performance
- 3 to erect buildings and facilities that are sympathetic to the environment
- 4 to publish an environmental report
- 5 to communicate policies to staff, customers and others conducting business at its airports
- 6 to encourage business partners to adopt standards comparable to its own.

The company produces an annual progress report on its environmental performance. To date, it has

concentrated on setting targets against which it can measure its progress in making improvements. Aircraft noise continues to dominate the environmental agenda for BAA since airports are increasingly judged by how they handle the issue of noise control. But energy is being addressed too through publicly stated targets:

- to reduce consumption in off-airport buildings by 10%
- to reduce airport consumption by 5% in 1994/5 and by another 10% by 1997
- to improve the fuel efficiency of BAA's vehicle fleet by 15%.

Energy policy and practices

Good energy management is treated as an integral part of environmental management within the company which has long recognised the importance of preserving valuable resources. In May 1992, it signed the Government's Making a Corporate Commitment campaign on energy efficiency. To ensure that it uses energy wisely, and help to reduce air pollution, it has set up energy monitoring throughout its operations to provide managers with the information they need to control their energy use more effectively and to set targets for the future.

Although terminal facilities have expanded by 10% since 1992, their energy consumption has decreased by 10%. Passenger numbers have increased by 14%, but overall consumption per passenger has fallen by 17.2% over the same period.

Energy audits have been completed at all of its airports and used both to set targets for the next three years and pinpoint areas where investment is needed to meet these. Energy investments face the same financial hurdles as other types of projects. As 50% of energy used at BAA airports is consumed by other operators, the company is also trying to involve its tenants in energy saving schemes.

Policy formulation and implementation

Energy policy has been developed in response to the chief executive signing the MACC campaign. Local in-house energy managers have put together action plans on how this should be achieved. This

'[Our] measures put BAA in a position to develop our business while keeping to a minimum the burden that we impose on the environment.'

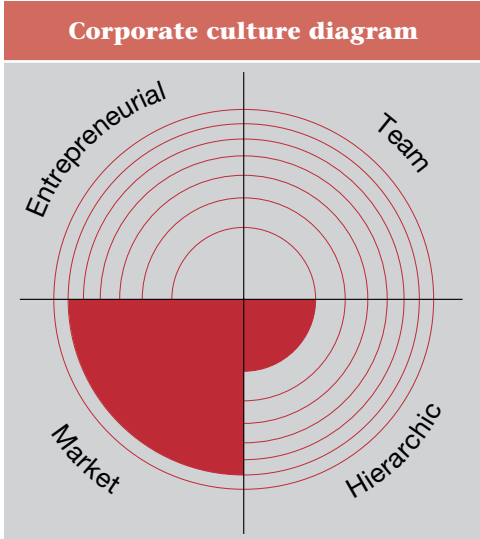
Sir John Egan, chief executive

'We have a very simple management philosophy – to generate profit from satisfying our customers and always to focus on their needs and safety.'



'People's enthusiasm, commitment and action are vital when tackling environmental issues. So it's important that we should involve our own staff, our business partners and local communities in pursuing our environmental policy.'

CASE STUDIES



has been agreed by senior management at each airport. These have been devised to support core business activities and ensure the company operates more cost-effectively. Targets have been defined by energy and engineering managers, based on audits, and then agreed at the airport, at group and board levels. At present, responsibility for achieving targets rests with local engineering managers. In line with the company's strong 'market' culture, this is to be extended to make all senior managers responsible.

Energy consumption sheets are circulated monthly and reviewed every quarter. Consumption is reported by local energy managers to the group energy manager. The member of the management committee responsible for energy issues also receives this information.

Performance reviews

Internally, performance is reviewed quarterly by an energy project board comprising mainly senior managers from all locations. Energy managers also meet regularly to review local initiatives and ideas that may benefit the group. Where appropriate, information is highlighted in half-yearly and annual reports to the management committee. An

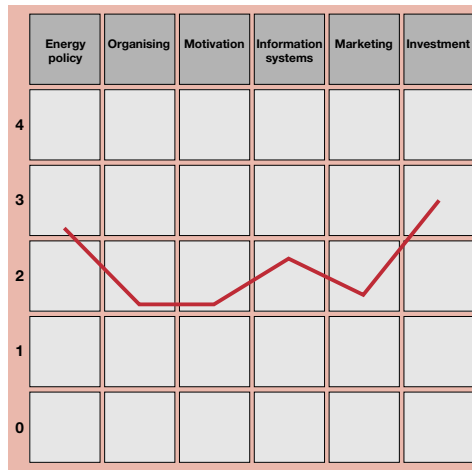
extended external review was undertaken when BAA joined ESTA's voluntary Energy Efficiency Accreditation Scheme in 1994. Staff feedback has also been collected using the DOE's energy management matrix.

Clear benefits have been identified from this pro-active stance:

- an 8% reduction in energy consumption in the last year (£1.1 m cost reduction, 26 000 tonnes reduction in CO₂ emissions)
- improvements to productivity, facilities and staff awareness
- an enhanced environmental image.

Current state of energy management

As the energy manager's organisational profile shows, there is still room for BAA to improve its approach to energy management. At present, this is slightly unbalanced. Most progress has been made, to date, on policy and investment practices. Its approach is least developed in terms of the delegation of responsibility for energy consumption (but improvements are planned here). Additional effort is also identified as necessary to raise the awareness and commitment of staff and to market the achievements of energy management services both inside and outside the company.



Organisational profile

'Gatwick uses about the same amount of energy in 40 minutes as your house does in a year and as much energy as a town of over 40 000 people'

Lighten the load – help the planet
Staff Awareness Guide.

CASE STUDIES



ICI's Safety, Health & Environment Symbol

ICI's 1994 Environmental Report



'We have established our own management system which incorporates mandatory standards across all our activities to measure, monitor and improve our safety, health and environmental performance.'

'It is ICI's policy to manage all of its activities so as to ensure that the consumption of energy and natural resources is reduced to a practical minimum.'

ICI PLC

Imperial Chemical Industries is an international group of companies with sites, for example, in the USA, Australia and Japan as well as Europe. It manufactures a wide range of products from industrial chemicals to paints and coatings, acrylics and polyester films. To secure its position in the market place, the group has been carrying out internal restructuring programmes – streamlining its structures, flattening its organisational pyramid, pushing responsibility downwards, and simplifying its business processes. As a result, since 1990, staff figures have fallen by nearly 30% while sales per employee have increased by a similar percentage.

Underlying these developments is a new culture and management style. A streamlined top management structure has introduced short lines of communication and made it easier to implement new ideas. A willingness to challenge traditional habits, to accept change, and to get things done, is being encouraged. This is impacting on the group's approach to energy management.

ICI's environmental policy

Most of ICI's activities are near the beginning of the production and distribution chain – using basic raw material such as salt and oil, considerable amounts of energy and water – with an inevitable impact on the environment. As a result, the group believes that it has two main environmental responsibilities:

- to be prudent in its use of the world's natural resources by minimising waste
- to provide customers with goods produced in an environmentally sound way.

As part of the Chemical Industries' 'Responsible Care' initiative, the group has committed itself to ensuring that all its activities world-wide are conducted safely, with the health of its employees, customers and the public protected, its environmental performance meeting contemporary requirements, and its operations run in a manner acceptable to local communities.

In 1990, to focus its efforts to improve its environmental performance, ICI set itself four objectives:

- 1** to reduce to a minimum the environmental impact of new plants by use of best environmental practice within the chemical industry
- 2** to reduce waste by 50% by 1995, using 1990 as the baseline year
- 3** to establish a revitalised and more ambitious energy and resource conservation programme, with substantial progress by 1995
- 4** to encourage recycling with its businesses and with customers.

The group publishes annual environmental reports which identify the progress it is making towards meeting its objectives. Real achievements have been made. Hazardous waste has already been reduced by 65%, surpassing the 50% target set for 1995.

Energy policy and practices

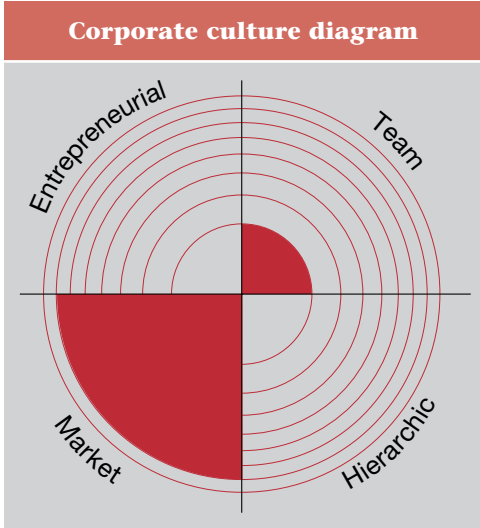
ICI's executive team is committed to conserving energy and natural resources – both as a social and commercial imperative – to maintain the group's international competitiveness whilst minimising environmental damage. This is seen as inevitable today for a leading industrial energy consumer, sensitive to its public image.

Energy consumption per unit of output has continued to fall rapidly, increasingly attributable in recent years to changes in the group's business mix. When ICI signed the Making a Corporate Commitment campaign in 1992, it decided its existing energy objective wasn't sufficiently specific. Since then it has worked towards an objective focused more clearly on conservation actions that are ownable by its engineers and managers. Its current objective is to reduce its global energy consumption/tonne of product by 10% by December 2000 (based on 1995 consumption figures).

Policy formulation and implementation

The impetus for redeveloping energy policy came from both the top and a more general groundswell – from corporate and business safety health and environmental (SHE) managers, from site managers and energy managers.

CASE STUDIES



The group's main energy-consuming businesses are not expanding significantly and so will afford few opportunities for large improvements achieved through constructing new plant. So progress must be sought, instead, mainly through comprehensive attention to minor improvements in plants and operating practices. The key task here is to win and sustain the necessary group-wide commitment. As a first step, businesses have been asked to set their own quantified targets, formulated to be compatible with:

- business activities in total quality management (TQM)
- requirements for cost reduction
- environmental issues
- programmes of capital investment
- other aspects of long-term planning.

Plans are drawn up by business, and by site, for both technical and organisation improvements. Reflecting group moves towards increased 'business autonomy' and a more market-orientated culture, decisions on staffing and funding are left to individual businesses. The chief executive officer of each business is accountable to a main board director of SHE for achieving policy objectives.

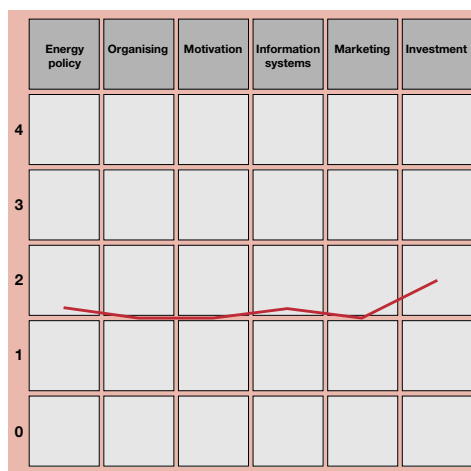
Performance reviews

Auditing of performance is conducted internally through line management. The performance of businesses is monitored monthly on a cost basis, including energy. Monthly reports are made by section, site, and business, to the group. This cost-based information is passed on in business reports to head office as the basis for annual corporate reporting. The performance of each business is reviewed annually against set targets, including energy costs.

Current state of energy management

In July 1994, ICI's Energy and Resource Conservation Lead Group used the energy management matrix to assess its state of progress up to then and to identify its strengths and weaknesses. This assessment revealed that the group's main strength was that it had a balanced profile. Fairly uniform progress had been made across all six key organisational aspects but dissatisfaction was felt with the progress that had been achieved. For, as the assessment also revealed, the group's approach to energy management was only half way towards level 4, current best practice. The matrix was used to highlight areas for improvement. 'Policy' came high on this list. The matrix assessment was identified as a convenient vehicle for initiating changes to ICI's energy policy objectives and how they are implemented.

'Our workforce recognises the environmental pressures that we have had to confront and conquer in recent years and they know that more challenges lie in wait.'



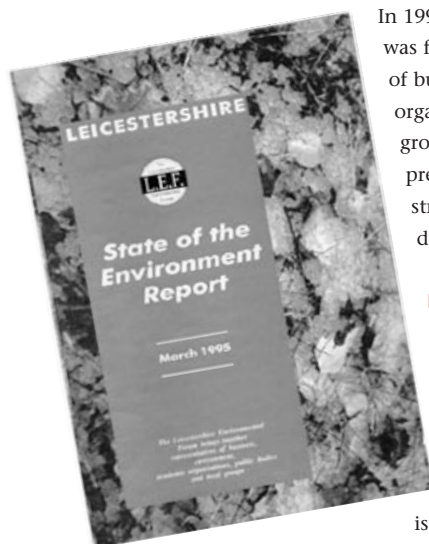
Organisational profile

CASE STUDIES



a better Leicestershire
your actions ~ our future

'The Leicestershire State of the Environment Report is the first stage in the Local Agenda 21 process and one that is fundamental to its success.'



'The well-being of future generations depends on the decisions we take today and the ability to make good decisions requires the best possible understanding of where we have been and where we might be heading.'

'[The council will] continue to support an energy conservation policy in line with the Audit Commission's recommendations and bring forward new initiatives to reduce consumption.'

LEICESTERSHIRE COUNTY COUNCIL

Leicestershire is a multi-cultural and diverse county, best described as a 'city region'. The county and the city of Leicester are closely interlinked and interdependent. Ninety-two percent of the people who work in the county also live there; 41% of the people who work in the city live elsewhere in the county.

The County Council has a general responsibility for the well-being of the community it represents, both as a direct provider of services and as a local partner with other agencies. It works within a statutory framework to shape, direct and develop services to meet local needs. It is a major employer, with over 37 000 staff and an annual budget of £579 million.

In 1993, the Leicestershire Environmental Forum was formed – bringing together representatives of business, environment, academic organisations, public authorities and local groups. Its principal task is to coordinate the preparation and implementation of a strategy for moving towards sustainable development in Leicestershire.

Leicestershire's 'State of the Environment Report'

After the 1992 Rio Earth Summit, the council committed itself to the global programme of work leading towards sustainability, Agenda 21. This programme, recognising that many issues are best dealt with at the local level, called on communities to prepare their own Local Agenda 21 action plans by 1996.

In order to prepare a 'State of the Environment Report', the Environmental Forum selected eight key indicators for measuring the performance of the county:

- 1 land use
- 2 water quality
- 3 air quality
- 4 wildlife and natural heritage
- 5 waste and recycling
- 6 transport
- 7 energy
- 8 health and well-being.

A preliminary draft of this report, completed in 1994, covered: assessing progress towards (or away from) long-term sustainability, identifying key ways of improving performance, and turning proposed changes into reality. This report is being used to:

- identify areas where there is a shortfall in information
- establish baseline information against which to measure future changes
- highlight strengths and weaknesses in the county's environmental performance
- act as a focus for encouraging improvements in that performance.

Energy policy and practices

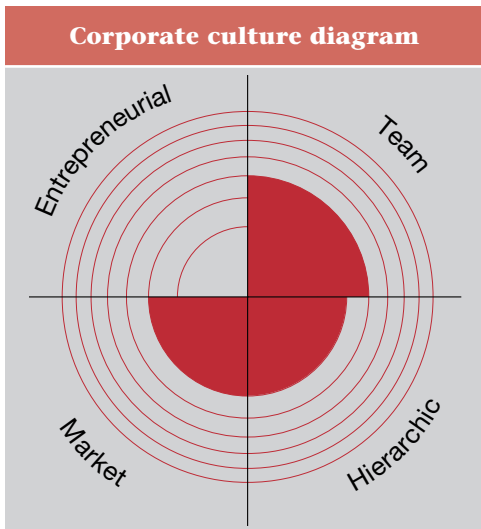
The County Council's Energy Management Section is located in the Department of Property and was formed in 1979. It undertakes fuel purchasing and tariff analysis (in partnership with the Eastern Shires Purchasing Organisation), maintains an energy database, identifies and corrects billing errors, monitors energy savings, provides training and motivational publications, and advises on energy efficient design. Since 1980, energy and tariff savings in its buildings estimated at £15 m have been made, reducing CO₂ emissions by 167 000 tonnes.

In 1992, the county's environmental strategy committed it to preparing and coordinating a 'total energy strategy' across all council departments. This task is guided by a Members Working Group whose remit is:

- 1 to ensure that the energy consumption and pollution of new developments are minimised, including building energy use and pollution from the building process
- 2 to investigate the feasibility of using renewable energy resources and improving energy efficiency in Leicestershire.

An energy audit, funded by the EC, has been conducted to determine baseline parameters for energy resources for the county. This examined the scope for reducing consumption through energy efficiency and for using renewable energy, and encouraged sustainable development strategies and actions.

CASE STUDIES



Policy formulation and implementation

Like many other authorities, the council’s corporate culture is moving, in response to external pressures, away from the strict hierarchy traditional in local government towards a more hybrid form.

The council’s energy policy was formulated by officers in the Department of Property in consultation with elected members and then agreed by the council. Annual bids for capital investment in energy efficiency measures are made by officers in accordance with strict payback criteria first suggested by the District Audit Office.

The energy manager, located within the Department of Property’s Client and Corporate Services Group, is responsible for implementing the policy and achieving its objectives; commissioning services from staff within the Department’s Business Unit; and reporting annually, through the Director of Property, to the Members’ Working Group which makes recommendations to the resources committee. Chief officers are responsible for their own department’s energy consumption.

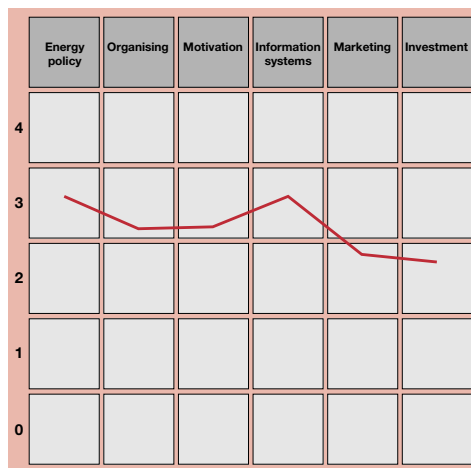
Performance reviews

Detailed investigations have been undertaken to audit the success of funded energy efficiency measures both internally by the County Treasurer’s Department and externally by the district auditor. Energy targets have not yet been set and energy performance has only been examined infrequently by the district auditor, in accordance with national auditing guidelines. This is likely to change now that the county’s Local Agenda 21 activities have turned a stronger spotlight on energy as key indicator of the council’s environmental performance.

Current state of energy management

As the organisational profile drawn by the County Council’s energy manager shows, the county’s approach to managing its energy consumption is in advance of many found in the public sector. Although fairly balanced, it is most developed in terms of energy policy and information systems and least in relation to marketing and investment. Despite the council’s pro-active stance on Local Agenda 21, there is still room for:

- improving its own management system for energy
- increasing staff awareness and commitment to reducing energy consumption.



Organisational profile

The Government's Energy Efficiency Best Practice programme provides impartial, authoritative information on energy efficiency techniques and technologies in industry and buildings. This information is disseminated through publications, videos and software, together with seminars, workshops and other events. Publications within the Best Practice programme are shown opposite.

Visit the website at www.energy-efficiency.gov.uk
Call the Environment and Energy Helpline on **0800 585794**

For further specific information on:

Buildings-related projects contact:
Enquiries Bureau

BRECSU

BRE
Garston, Watford WD25 9XX
Tel 01923 664258
Fax 01923 664787
E-mail brecsuenq@bre.co.uk

Industrial projects contact:
Energy Efficiency Enquiries Bureau

ETSU

Harwell, Oxfordshire
OX11 0RA
Tel 01235 436747
Fax 01235 433066
E-mail etsuenq@aeat.co.uk

Energy Consumption Guides: compare energy use in specific processes, operations, plant and building types.

Good Practice: promotes proven energy-efficient techniques through Guides and Case Studies.

New Practice: monitors first commercial applications of new energy efficiency measures.

Future Practice: reports on joint R&D ventures into new energy efficiency measures.

General Information: describes concepts and approaches yet to be fully established as good practice.

Fuel Efficiency Booklets: give detailed information on specific technologies and techniques.

Introduction to Energy Efficiency: helps new energy managers understand the use and costs of heating, lighting, etc.